Annual Report 2006

ROMPETROL
energy for life

THE ROMPETROL GROUP N.V.

Letter from the Chairman and the Vice Chairman

Dear stakeholders and partners,

This year we have decided to combine our traditionally separate Annual Report letters into a single letter from both of us. This reflects the increasing autonomy given to new managers (including Business Unit leaders appointed last year) and improvements in corporate governance that were also recognized by our rating agencies in 2006. The bottom line has been to produce, as we hoped for in 2006, a "new organizational structure that will leave Rompetrol's shareholders free to make decisions regarding broad strategy, major transactions and key personnel." With this in mind, we will briefly review 2006 developments in these three areas, as well as provide a look into our vision for the future.

Strategy

Netherlands-based, the Rompetrol Group N.V. (TRG) has become one of the 25 largest oil companies headquartered in the EU (as measured by revenues). It is our goal to build on this success in the coming years, to elevate our position into the "Top Ten", while increasing not only our size and scope, but also gross and net profit margins.

We will achieve this goal both by organic growth with disciplined capital investments (detailed in our first Five Year Business Plan developed in 2006) as well as by continuing to pursue logical, low-cost acquisition opportunities.

Organic growth means increasing the capacity of the Petromidia platform by 25 percent with an approximate $200 million investment program over the years 2007-2009, to a total capacity of 5 million tons/annum (while also achieving total compliance with the 10ppm sulfur Euro 5 standards in 2009). It also means developing our retail networks across Western and Eastern Europe, moving from approximately 600 retail sites today, to almost 1800 in 2009 (including through the fast track roll-out of our *Rompetrol Expres* brand mini-stations in underserved rural locations in all the countries where we operate).

Acquisitions have been an integral part of our development and shall continue to be. We believe that acquisitions must be well-priced but more importantly must be able to add disproportionately to the value of the Group as a whole. Our strategy of "trading around our assets" does *not* imply we will become primarily a trading company or take increased risks on our books. It does mean the well-planned and fast-reacting use of trading to *maximize use of our underlying assets*. The growth in trading volumes, staff and financing lines of our Trading Business Unit makes us confident in the execution of this strategy.

Major transactions

Although contracted in late 2005, France-based Dyneff Group was formally acquired on January 20, 2006, essentially doubling the turnover of TRG. We are pleased with the integration of Dyneff into TRG, and that Dyneff's operational profit this year was approximately 75 percent above its five-year average. A new commercial headquarters was established in Montpelier, and the transitional management that provided strong leadership in the initial phases has now stepped aside in favor of a new CEO recently recruited from the industry.

We declined further acquisitions in 2006 in order to concentrate on the consolidation of the internal structure and operations of the Group, but we now believe 2007 can provide interesting opportunities.

Letter from the Chairman and the Vice Chairman

We are most interested in downstream acquisitions which will balance refining capacity (4 mta currently) with our distribution customers (8 mta currently). Geographically, the area between Romania and France provides the most interesting opportunities for TRG. To evaluate these opportunities, we established and staffed a new dedicated "Mergers & Acquisitions" department at the end of 2006, reporting directly to the Chairman's Office.

Human Resources

In 2006 we embarked on and completed a restructuring of the Group into Business Units, modeled on the best practices in our industry and led by our new COO, André Naniche. This was not easy or without conflict, but it has led to a broader, more inclusive and ultimately more durable management structure. Supply chain optimization, planning and performance measurement and capital investment governance are three of the main areas where disciplined and objective management standards have been applied.

We often remind ourselves that the Group's 8,000 employees have made possible our incredible growth across 13 countries. We shall remain fully engaged in assuring that TRG is a contributor to their welfare, as well as the welfare of the communities in which we operate.

Conclusions

In past year's annual letters we have extensively addressed the political, legal and administrative challenges the Group and its executives, including ourselves, have been forced to face in Romania. Although domestic politics in this country is today as turbulent as anytime in the last decade, there are signs that Romania's process of joining the EU (ultimately successful on January 1, 2007) may produce the desirable result of a more independent judiciary than before. Although many officials of the Romanian state (including specifically those of the State's prosecution service) have, and continue to violate both domestic and international law, we believe that an independent judiciary is evolving and remains the country's best hope for positive reform. At the same time, TRG has initiated proceedings against the Romanian State under the World Bank's ICSID arbitration process and expects to win an award of damages for past and continuing conduct in violation of Romania's treaty obligations as a matter of international law.

We look forward to 2007 with optimism and a renewed sense of the direction in which the Group is headed. As always, we appreciate those of you who make both our past and future successes possible.

Dinu Patriciu

Chairman

Philip Stephenson

Vice Chairman

BUSINESS UNITS

REFINING & PETROCHEMICALS
TRADING
RETAIL & MARKETING
UPSTREAM

Letter from the Chief Operating Officer

The Rompetrol Group N.V. grew significantly in 2006 by acquiring Dyneff and thereby increasing revenues from $2.4 billion to over $5 billion per year. Dyneff expanded our geographical presence and we now run 40 separate legal entities in 13 countries focused on four specific areas of operations.

These four areas became Business Units (BU) and are now Rompetrol's core operations: Refining/Petrochemicals, Retail/Marketing, Trading and Upstream. We "placed" our 40 entities into their natural business units (or in Shared Services) and now prepare business plans, budgets and monthly reporting by Business Unit.

The restructuring process was successfully completed in early 2007. We had three primary objectives in our restructure. The first was to optimize our commodity supply chain across Business Units. We looked – and are still looking – at every aspect of the chain starting from crude oil purchase to retail sales. We established a supply chain team that continues to be responsible for optimization. The concept of "trading around our assets" was facilitated by the success of the supply team. We now evaluate over 10 different crude combinations to run at our Petromidia refinery monthly. We have, in fact, shifted our mindset from being a Refining/Marketing company to a Refining/Marketing/Trading company leveraging all our assets by trading crude and products around them.

The second area of focus was operations. We have implemented a series of initiatives that will bring operational excellence to our Group. We hired Solomon Associates to help us transition Rompetrol Rafinare – Petromidia refinery with the objective of becoming one of the top performing refineries in Europe. We brought in DuPont, the world leader in industrial safety, to help us transition ourselves and have safety become integral to our culture. We also established a rigorous Capital Governance Process. This measure ensures consistency across the Group in the selection of investment opportunities, comfort that we select projects which meet threshold requirements and a process that looks at and manages every aspect of a construction project from evaluation to implementation and delivery.

The third area of focus was Corporate Governance and best practice, which is discussed in a separate chapter.

By implementing these initiatives in 2006, TRG has successfully embarked on a path of transformation that will ultimately ensure a solid base for exponential growth and development in the years to come. For a better understanding of this ongoing process and its results. I invite you to peruse our Annual Report.

André Naniche

Chief Operating Officer

REFINING & PETROCHEMICALS

The Refining & Petrochemicals Business Unit had been created to improve synergies between the processing companies within The Rompetrol Group (TRG), and also to make their operations more efficient. It consists of three operational entities: Rompetrol Rafinare Constanța (Petromidia Refinery), Vega Ploiești Refinery and Rompetrol Petrochemicals. The main objective of the refining and petrochemicals unit is to become the most productive, efficient and innovative refining system in Central and South-Eastern Europe.
The new structure and organizational system led to very good operational results in 2006. Rompetrol Rafinare processed a record quantity of feedstock and obtained the best yield of white products since 1978. Rompetrol Petrochemicals delivered also the largest quantity of finished products in the whole history of the Company.

Rompetrol Rafinare (Petromidia)

Key 2006 Achievements

- *Processed a record quantity of 3.7 million tons of feedstock*
- *Continued its vast investment program*
- *Built the diesel in-line blending installation*
- *Produced exclusively Euro 4 and Euro 5 fuels*

During 2006, Rompetrol Rafinare completed the modernization of the refining installations initiated in 2001 when the refinery was acquired and integrated by The Rompetrol Group.

The positive impact of the modernization became clearer in 2006, both by the switch to exclusive production of Euro 4/Euro 5 fuels and the diversification of the product line, as well as by achieving record levels of processed feedstock quantities.

Last year, the company reached a real capacity of 3.7 million tons of processed feedstock, as compared to 3.26 million tons in 2005 and 1.15 million tons in 2000, before it had been taken over by TRG.
The high volume was possible due to considerable investments made in previous years, so that in 2006 the refinery reached, from April to December, a constant daily flow of 10,500 tons of refined crude – the highest level since the refinery was established in 1975.
In 2006 the company conducted various programs and studies to improve the performance of both production equipment and personnel.

Significant Technological Upgrades in 2006

Modernization of the HPR unit
The project integration led to an increase of approximately 40 percent in the processing capacity of the HPR unit (Kero Hydrotreater), the ability to process cracked diesel fuels and to the possibility to obtain Euro 5 diesel fuel with a sulfur content of maximum 10 ppm (parts per million).
The investment amounted to more than $2.7 million and was finalized in September.

Hydrogen recovery – purification using semi-permeable membrane skids
Two semi-permeable membrane skids were installed for recovering and purifying hydrogen from the hydrofining units, one on the HDV (FCC Feed Hydrotreater) purge and the other serving the purges of the HPM (Diesel Hydrotreater) and the HPR units. The operation cost was over $1.6 million and was concluded in October.
Some of the benefits of this project are the recovery and re-use of 3000 Nm3/hour of hydrogen with over 95 percent purity, an increase in the partial pressure of hydrogen in the hydrofining units and a decrease in H2 content in combustible refinery gases.

Diesel In Line Blending
With a capacity of 1,200 cm/hour, the Diesel In Line Blending automatic unit was the first of this type in Romania, ensuring a better product quality and a significant decrease in the production costs.
This unit started to operate last October, after a similar unit for gasoline had been started in 2003.
One of its main advantages is the possibility of adding a controlled percentage of vegetal oil ester (biodiesel).
In Line Blending is a technological process through which all the substances found in a certain type of fuel are combined simultaneously in precise proportions in order to meet certain standards. The process is performed automatically and the whole system has the best software programs and equipment for in line analysis.

The NCM³™ program
The 'Best Practices' NCM³™ (Net Cash Margin Maximization) Program was geared towards identifying and improving refinery expenses and maximizing profit, by means of various calculations and process simulations of operations and their results. Initiated in November, for a nine month period, it focuses on eight areas of the Petromidia Refinery – energy, optimizing and planning, hydrocarbon loss, product quality, organizational efficiency, maintenance and safety, management practices for processing units and advanced process control.

The Biodiesel Installation
The construction work for the biodiesel production unit, with a capacity of 60,000 tons/year, continued in 2006. Through Rominserv, the general contractor of TRG, the Company concluded contracts of 'basic engineering' and equipment delivery. The total amount of orders placed for this project amounted to $13.9 million last year.

Work Safety Program
Together with DuPont Safety Resources, world leader in industrial safety, a complex program had been developed to implement a safety culture and management at the highest standards. The program was designed to actively involve Rompetrol employees in reducing incident risks within all operations performed by the Group's companies on the Petromidia Platform: Rompetrol Rafinare, Rompetrol Petrochemicals, Rominserv, Rompetrol Logistics, Rompetrol Industrial Parks, GSS, Ecomaster and Rompetrol Quality Control. The partnership was established in June and continued until the end of 2006.

Residual diesel injection in fueling the coke facility
Finalized at the end of November, the project allows for transforming a fraction of residual diesel fuel from the Catalytic Cracking Unit (FCC) into light diesel fuel, a Diesel component. The first estimates show that approximately 11 percent of the quantity undergoing conversion is transformed into diesel fuel, with an ongoing performance improvement to be pursued.

Removal of benzene forerunners from the fueling of the CR unit
Amounting to approximately $0.6 million, the project was finalized in the middle of 2006 and aimed at obtaining CR (Catalytic Reforming) gasoline, a gasoline component, with a benzene content of maximum 1 percent, thus, taking over the role of the Aromatic Extraction unit.

Environmental Investments

Modernization of the gas desulfuration and sulfur recovery (DGRS) unit
In 2006, replacement of the catalytic units on three of the four existing lines was conducted for the purpose of decreasing the level of SO2 discharged into the atmosphere. As a result the degree of sulfur recovery increased to 98.6 percent.
The second stage of the unit's modernization, due by the first quarter of 2008, involves the selection and implementation of two new lines with TGS (Spectral Gas Cylinders). With an investment value of $1.4 million and a sulfur recovery degree of 99.7 percent, the unit will meet the strictest European standards in this field.

Modernization of oil product depots

In 2006, the refinery continued the extensive program of reducing the OVC (Organic Volatile Compounds) emission levels in the atmosphere; to this end, various modernizing, overhauling and/or cleaning projects were performed in the oil product depots.
The total investment for this program amounted to about $4.13 million in 2006.

Integrated monitoring system for stack emissions
The prevention of air pollution from burning installations above 50 MW, through improvement of the burning process or consumption decrease, requires a continuous emission monitoring.
To this end, the Company developed and implemented a modern extractive monitoring system for the AVD (Air and Vacuum Distillation) unit, to keep track of the following parameters: nitric oxides, sulfur dioxide, carbon monoxide, powders, carbon dioxide. This also establishes the volume, pressure, temperature and humidity of emitted gasses, the values being inserted into the control panel at the Command and Control Center of the refinery.

Processing mud from waste dumps no. 1 and 2
In order to eliminate dangerous waste products by processing them, the company allocated $170,000 in 2006 for the creation of a technological process through which the mud would become a main component of the oil coke product.

Processing mud from waste dump no. 3
The technology installed for extracting mud from waste dump no. 3 and separating it afterwards into the three components (water, oil product and solid substances), allows for both byproducts usage and the re-introduction of the oil product into the technological process.
For this investment, the raw material had been secured at a cost of more than $3.8 million.

Business Units • Refining & Petrochemicals

The Rompetrol Group

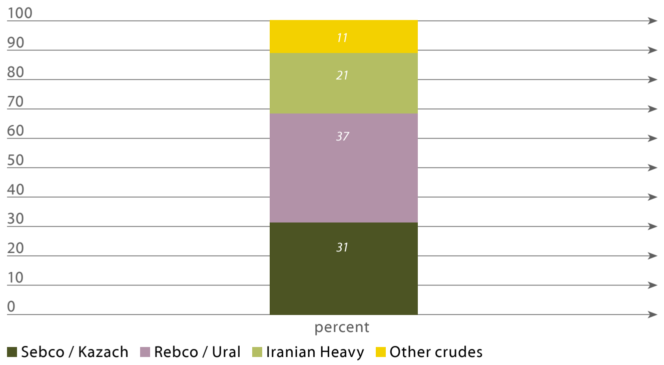
Key Products and Production Results

The refinery processed about 3.7 million tons of feedstock in 2006, delivering more than 3.4 million tons of finished products.

	Total Feedstock	Crude	Other
Tons	3,695,326	3,132,147	563,179

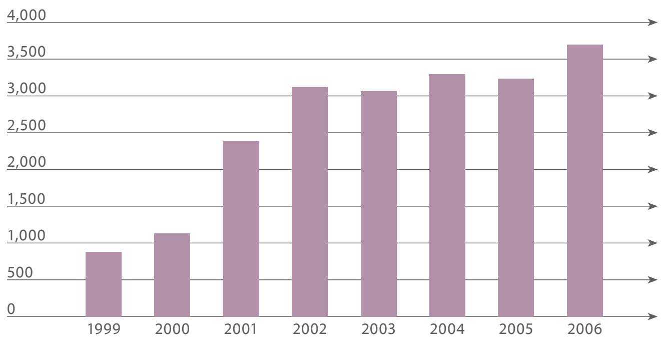
2006 Yields	tons	percent
Total feedstock	**3,695,326**	**100**
Crude oil	3,132,147	84.8
Other feedstock	563,179	15.2
Finished products	**3,470,731**	**93.92**
Gasoline	1,142,877	36.49
auto	*1,082,158*	*29.28*
Unleaded Euro gasoline	*957,939*	*25.92*
Natural gasoline COR 92	*124,219*	*3.36*
For chemical use	*60,719*	*1.64*
Diesel	1,373,652	37.17
auto	*1,341,153*	*36.29*
Petroleum	78,886	2.13
Naphta Jet A1	59,123	1.60
Heavy solvent	19,763	0.53
Light fuel oil	18,316	0.50
Fuel oil	105,216	2.85
Liquified petroleum gas	192,920	5.22
Propylene	90,390	2.45
Other finished products	**468,475**	**12.68**
Unfinished products	**13,814**	**0.37**
Total consumption	**210,780**	**5.70**

2006 Structure of processed crude



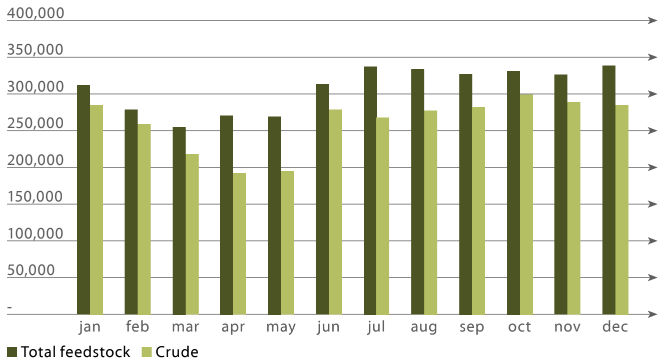
Annual Processed Crude Quantities 1999 - 2006

thousand tons



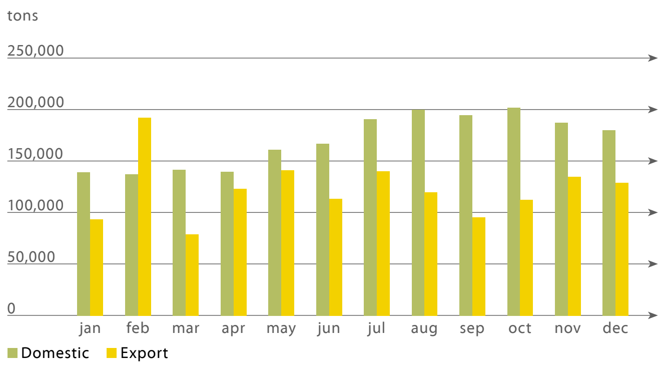
2006 Monthly feedstock

tons



The trading activity of the Company maintained its growing trend, sustained by the increase in both the quantity of crude oil supplied and in the sale of finished products. The purchase of imported raw materials had been mainly conducted through TRG's trading arm, Vector Energy. Sales increased by approximately 14 percent as compared to the previous year, due to product diversification that met European quality and environmental standards. As a result, Rompetrol Rafinare strengthened its standing and presence in traditional oil products supply markets.

Intern vs. Export in 2006

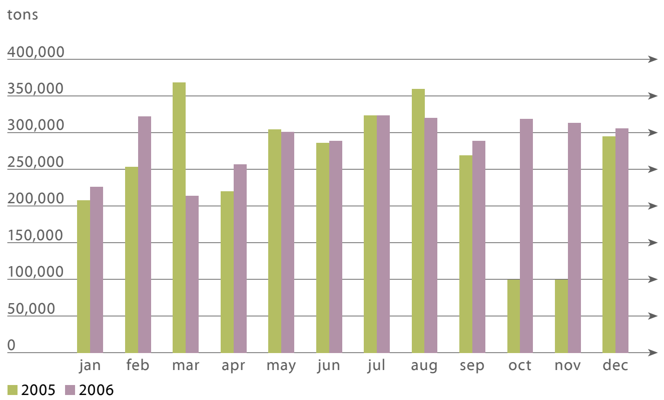


Distribution Market

More than half of Company sales in 2006 (approx. 58 percent) were directed at the Romanian market, sustaining its local market share increase strategy.

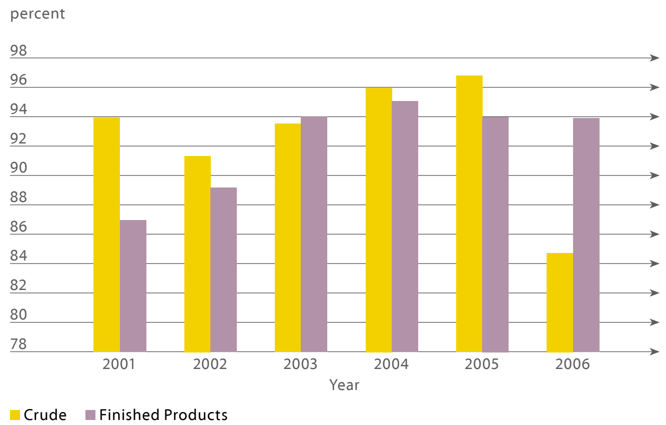
The sale volume of fuels on other markets increased by approximately 15 percent as compared to 2005, due to the expansion of regional distribution (Bulgaria, Georgia, Moldova, Ukraine and Albania). This also contributed to the consolidation of the Company's presence in markets such as Croatia, Bosnia & Herzegovina, Turkey and in Western Europe.

Total sales (domestic+export) 2006 vs. 2005

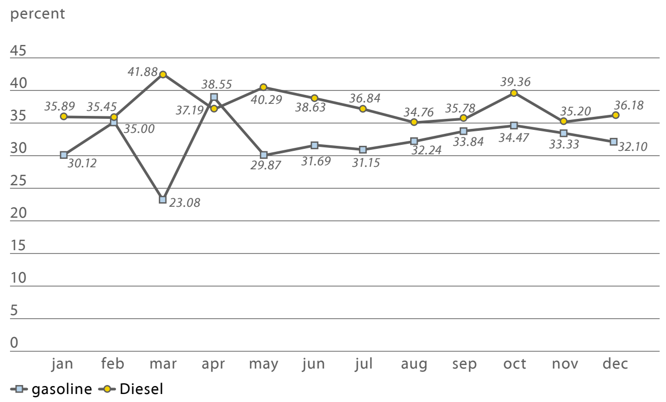


The main customers on the Romanian market included: Rompetrol Dowstream, Rom Oil, Rompetrol Petrochemicals, Air BP Sales, Rompetrol Logistics and Crimbo Gas 2000 Pantelimon. Some of the international partners and distributors were: The Rompetrol Group, Vector Energy, Totsa Oil Trading, Rompetrol Moldova and Transamonia.

Average Yearly Yields 2001 - 2006



2006 Monthly Yields: Gasoline & Diesel



Key 2007 Objectives

- *Continue the modernization and increase of the refining capacity program*
- *Increase the effectiveness of the Company's expense structure*
- *Improve the white product yield*
- *Increase the quantity of processed raw materials and finished product sales*
- *Increase the product quality, according to the European quality standards*
- *Improve the degree of compliance with current environmental standards and alignment to the European ones*

In 2007, Rompetrol Rafinare will continue its vast investment program aimed at reaching in 2009 a refining capacity of 5 million tons of raw materials and a ranking among the first 25 refineries in Europe – Mediterranean – Middle East area.

To this end, in 2007 the Company will continue the five major projects initiated last year:

- the mild hydrocracking unit
- the hydrogen factory
- modernization of the catalytic cracking unit
- improving the Void Distilled Hydrodesulfuration (VDH) in Diesel Hydrofining (DH)
- increase of the DGRS unit and the new sulfur recovery unit performance, in order to prevent air pollution

The 2007 investment package includes also the continuation of projects pertaining to business opportunities such as:

- the oil coke briquetting unit, pursuing the manufacturing of a new type of solid fuel, with a caloric power greater than that of wood
- the biodiesel unit, with the purpose of obtaining biofuels

Vega Refinery

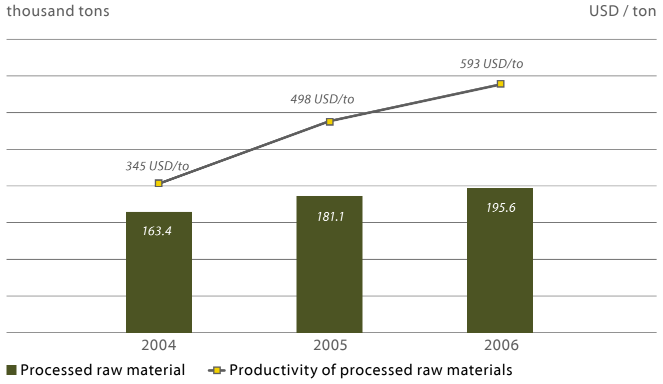
Key 2006 Achievements

- *Processed the highest level of feedstock in the past three years, 196,600 tons*
- *Produced exclusively ecological solvents employing European technology*
- *Increased white product yields to 73.8 percent*
- *Increased product exports by 76 percent by expanding into regional markets*
- *Capex program of $7.7 million, up 24 percent year-on-year*

In 2006, the Vega Ploieşti refinery maintained its special status in the Romanian oil industry, acquired by changing from a traditional gasoline and diesel fuel producer to a niche refinery with strong emphasis on delivering special products (ecological solvents, road bitumen and special bitumen, fuels such as heating oil, etc.).

Major Technological Achievements in 2006

In 2006, Vega reached its largest production capacity in the past three years.
The Company increased its quantity of processed raw material by approximately 8 percent as compared to 2005, reaching a volume of 195.6 thousand tons.
Furthermore, the productivity of raw material processing also increased, from $498/ton in 2005 to $593/ton in 2006.



The integration within the Refining & Petrochemicals BU allowed the exploitation of synergies between the two refineries of the Group and the increase in productivity for light naphta product. Another advantage of the integration is the 55 percent increase in the production of n-Hexane, Vega being the only manufacturer of this product in Eastern Europe.

Changes in the structure of processed raw materials occurred last year as a result of processing light naphta instead of slurry and heavy solvent aimed not only at an increase in productivity, but also at obtaining a larger quantity of naphta gasoline (1,326 percent above the previous year). This played an important role in meeting the needs of our partners in the Balkans.

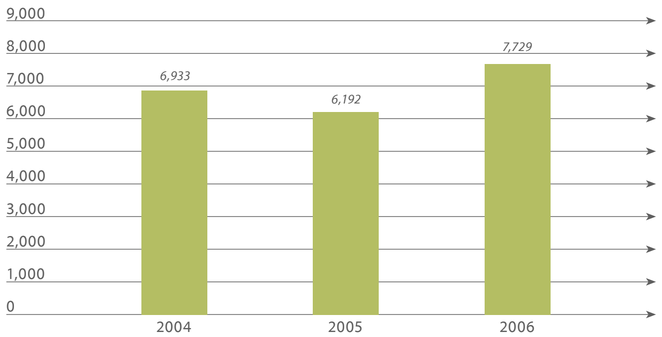
The investments made by Vega throughout the year amounted to more than $7.7 million, registering a 24 percent increase compared to 2005. Approximately half of this amount was used for the modernization of the bitumen facility, so as to obtain modified polymeric road bitumen. The work on this facility is scheduled to be completed during the first half of 2007, and will help achieve a leading position in the road and special bitumen market, in which the refinery has a 30 percent share. Rompetrol will become the only domestic manufacturer of this type of bitumen in Romania.

The other investments had as main objective the improvement of product quality, operational safety and environmental protection.

In 2007, Vega will continue to modernize and upgrade its installations, designed to improve quality and increase product yields. Another important Company goal is upgrading the storage facilities, drains and technological pipelines.

Investment Level 2004 - 2006

thousand USD



Business Units • Refining & Petrochemicals

Environmental Projects

In 2006, the environmental projects focused on preventing accidental spills at the refinery and on the links to the purifying station, discontinuing the storage of oil waste products and alumina silt and processing of the acid tar from the settling tanks by Ecomaster. The environmental projects are correlated with the compliance plan mentioned in the integrated environmental authorization obtained at the beginning of last year.

Representative Products and Production Results

The production of the Vega refinery is structured into groups of special products:

- Solvents: ecological solvents – *Rompetrol SE*, light solvents and n-Hexane
- White spirit and petroleum
- Fuels
- Bitumen

Vega Ploieşti is the only Eastern European manufacturer of n-Hexane, used both in polypropylene manufacturing and in the extraction of vegetal oils in the food industry.
The Vega refinery is also Romania's sole manufacturer of:

- Ecological solvents – *Rompetrol SE* – they ensure a low toxicity level by decreasing the sulfur and aromatic hydrocarbon content. In 2006, the Gasoline Dearomatization unit worked at its maximum capacity.
- Light solvents – a very good raw material for the Pyrolysis facilities.
- Special bitumen, used in bituminous cement manufacturing and waterproofing works in the construction industry and for anti-corrosive protection of the metal pipelines.
- Road bitumen.

In Romania, the refinery has a market share of approximately 71 percent for white spirit, delivering about 35,149 tons in 2006 internally and for export. The white spirit is used as a solvent in the varnish and paint industry, in the rubber industry and for pesticide conditioning.

The Company also manufactures ecological heating fuels, marketed under the brand name *Calor*. The quality of these fuels meets the European standards and has similar qualities to any heating oil product marketed in Western European countries.

The Rompetrol Group

Key 2007 Objectives

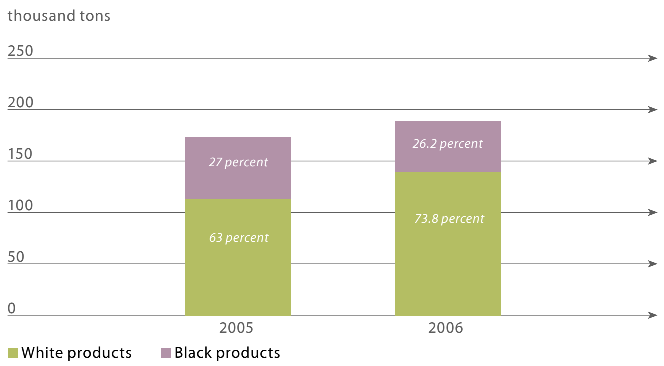
- *Processing of 283,000 tons of raw material, up by 45 percent compared to the previous year*
- *A 50 percent increase in revenues as compared to 2006*
- *Increase productivity of the refinery's operations:*
  - increase equipment usage levels
  - decrease the related technological consumption
  - integrate the utilities consumption monitoring system
- *Starting the polymerized road bitumen installation, a special product widely used in layers of surfacing for heavy-traffic roads.*

In 2006, the refinery production focused on improving white product yields, achieving an 11 percent increase as compared to the previous year. This reinforced its presence on international markets and also allowed for an adjustment to the requirements of the Romanian market.

The main white products manufactured in 2006 are:

- special gasoline, 32 percent yield, as compared to 27 percent in 2005
- ecological solvents, 12 percent yield, as compared to 5 percent in 2005
- n-Hexane, 9 percent yield, as compared to 6 percent in 2005

2006 vs. 2005 Yields



Distribution Market

Vega's goals for 2006 were to find new clients and to penetrate new markets, steps which determined a 76 percent increase in the quantity of oil products delivered to export markets, as compared to 2005.

For the n-Hexane product, identifying new clients in the region and modernizing the manufacturing installations, resulted in a 58 percent increase for exports, compared to the previous year (from 8,900 tons in 2005 to 14,100 tons in 2006).

Increasing the quality of solvents obtained in the new Gasoline Dearomatization unit up to European technological levels, brought the benefit of a 44 percent increase in deliveries to export markets, and also helped the Company enter the Ukrainian market. The expansion in the regional markets also led to a 2,658 percent increase for exports of light naphtha (from 767 tons in 2005 to 21,161 tons in 2006).

Rompetrol Petrochemicals

Key 2006 Achievements

- *Concluded a 14-year partnership with Dow Chemical for providing high and low-density polyethylene (HDPE and LDPE)*
- *Finalized the modernization and restarted the LDPE unit*
- *Built a liquefied gas marine terminal for supply of ethylene and propylene*
- *Started the modernization and overhaul program designed to reopen the HDPE unit*
- *Increased the capacity of the PP (Polypropylene) unit beyond the designed level: 89,100 tons manufactured PP as compared to 60,000 tons designed capacity*

In 2006, Rompetrol Petrochemicals continued on a growing path for both its financial indicators and product deliveries. Manufactured and sold finished products, for instance, increased by 30 percent compared to 2005. Last year was also characterized by a focus on increasing the production capacity and diversifying product sales, for the purpose of creating a strong and profitable business in the petrochemical sector. The strategy was focused mainly on developing new products, including launching a new product type (low-density polyethylene) in the specialized markets in 2006. As a result, revenues went up by 18 percent in 2006, while new product marketing efforts led to a 25 percent decrease in operational profit compared to the previous year.

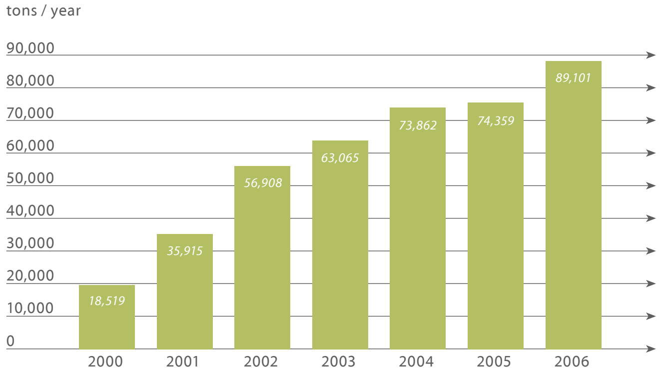
By concluding the upgrade work on the LDPE unit (compressors, reactors, extruder) and on the adjoining facilities (cryogenic depot, warehouses) in 2006, the production capacity of the Company increased by approximately 60,000 tons/year.

The company's goal is to become an important player in the industry market in Central and Eastern Europe by 2010-2011, with an overall polymer sale of 500,000 tons/year. The total investments for reaching this goal are estimated at approximately $400 million.

Main Technological Achievements in 2006

In 2006, an extensive overhaul and modernization process of the LDPE unit had been completed, in order to restart the installation mothballed in 1996 due to lack of raw material (ethylene). The investments pertaining to this project amounted to $30 million, and its completion contributed significantly to the increase in sales volume. The Company invested in creating and overhauling the cryogenic depots, needed for supplying the PP (polypropylene) and LDPE units with raw material. The completion of the liquefied gas terminal provided the logistics conditions necessary for unloading the imported ethylene and propylene. Also, the replacement project of the catalytic system in the polypropylene unit led to increased flexibility in the production process and to a superior product quality. In 2006, the Company implemented an extensive work quality and safety improvement program, designed to decrease the risk of operational process incidents. This program was aimed at creating an operational safety culture and management.

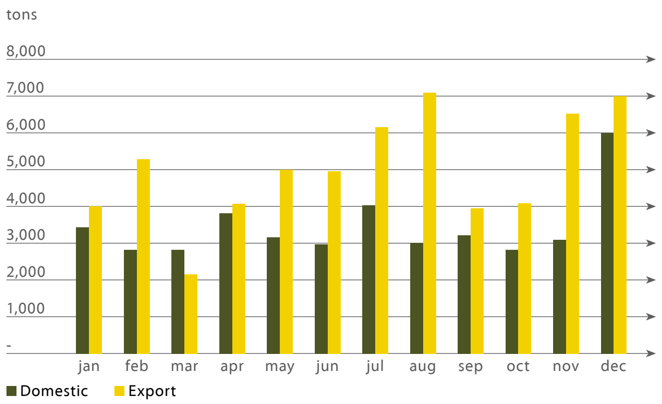
Polypropylene Production



Production

Polypropylene production, which is the Company's core business, registered a 20 percent increase in 2006 compared to the previous year. As a result, the estimated daily production of 240 tons of polypropylene was often exceeded. At the end of 2006, the low-density polyethylene unit (LDPE) had also been started. The LDPE production registered an ascending trend starting with October, the first month of operation. The expectation for 2007 is to see an improvement of the LDPE unit performance, exceeding the estimated daily production of 144 tons.

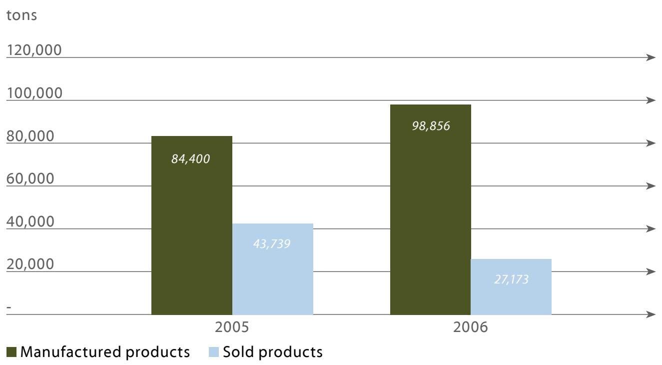
2006 Sales and Destination



Trading

Rompetrol Petrochemicals is Romania's only polypropylene manufacturer, with more than 60 percent market share of the domestic market (according to data provided by the National Statistics Institute for 2006). Its dynamic development strategy secures a competitive position of the Company in both the domestic and the regional markets – the Black Sea and Mediterranean Sea regions, as well as Central and Eastern Europe.

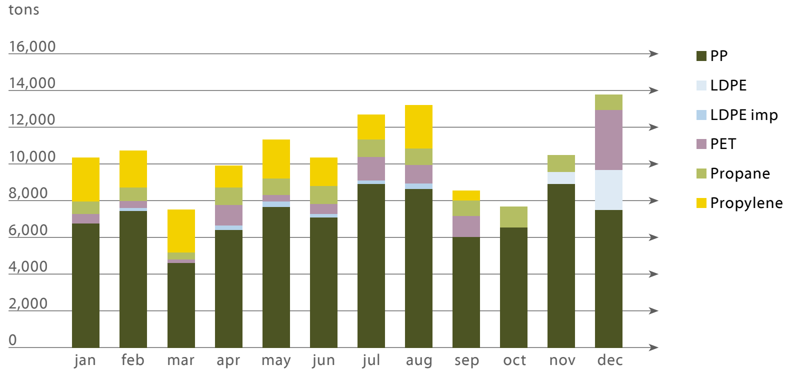
Sales Volume



Sales from the Company's own production increased by 17 percent last year compared to the previous year.
The Company also provides a large variety of petrochemical products – special types of polypropylene, high-density polyethylene (HDPE) and PETs.

Business Units • Refining & Petrochemicals

2006 Monthly sales by types



Key 2007 Objectives

- *Complete the overhaul and restart the high density polyethylene unit (HDPE)*
- *Modernize the ethylene installation*
- *Increase revenues by 85 percent year-on-year*

Quality

In 2006, the Company strived to improve quality of products and services by acquiring new laboratory equipment and entering into international partnerships with other companies, such as Dow Chemical, the world leader in the polymer market. Rompetrol Petrochemicals is ISO 9001:2000 certified for quality management and ISO 14001:2004 certified for environmental protection management. At the end of the year, the audit for certification of the health and safety management system took place, in accordance with OHSAS 18001.

Key 2007 Objectives

For 2007, Rompetrol Petrochemicals estimates an 85 percent increase in revenues, due especially to the continuation of its investment plan and to the consolidation of its position in the specialized markets.

Regarding sales, the company is aiming to increase its market share through diversification of the product line offered regionally and in Europe. To support this goal, Rompetrol Petrochemicals will develop and provide "door to door" services and technical support at the client's location.

In 2007, the Company will continue its strategy of restarting the units which are currently in conservation. By investing its own financial resources and external funding, the high-density polyethylene (HDPE) unit, with a nominal capacity of 60,000 tons/year, is scheduled to become operational in the first semester of 2007. The process of overhauling and modernizing the ethylene unit will also begin in 2007, in order to supply raw material for PP, LDPE and HDPE.

The automation of the PP unit will also be concluded which will lead to a higher reliability and efficiency in the production process. Plans for activity expansion also include the construction of new technological lines, such as a PET line which would make Rompetrol Petrochemicals the only PET manufacturer in Romania.

TRADING

The Trading Business Unit focuses on optimizing the supply chain of raw materials and finished products within The Rompetrol Group (TRG) and it is active in all markets from the Caspian Sea to the Western Mediterranean. Through its operations, the Trading BU is the main consolidating element of the link bridging crude oil resources in the East with the distribution markets in the West. TRG enables this connection, ensuring a constant flow of raw materials and responding to consumer demand for European standard products.

The Trading BU is responsible for identifying raw materials that meet the qualitative and quantitative requirements of TRG's refineries, based on technical information provided by the Refining & Petrochemicals BU. One of the priorities is to take advantage of available opportunities on the worldwide markets, to ensure feedstock is acquired at the best available net margins at any given moment. This BU also handles the distribution of all products, either to TRG's Retail & Marketing BU or to other customers.

TRG owns and operates crude and fuel depots with a total capacity of 1,330,000 cubic meters (cm) in Romania, France, Spain, Bulgaria, Georgia, Ukraine and Albania. The Group is present in strategic locations at the Atlantic Ocean, the Mediterranean Sea and the Adriatic Sea, as well as on both the Eastern and Western shores of the Black Sea. The Group holds feedstock and fuel depots with a capacity of 883,000 cm in Eastern Europe and 447,000 cm in Western Europe.

The Trading BU is comprised of the following operational entities:

Vector Energy
Byron Shipping Ltd
Romanian Operations Division
Rompetrol Logistics – primary distribution logistics (railroad)

Vector Energy

Key 2006 Achievements

- *Supplied all the crude necessary for Petromidia refinery*
- *Integrated supplies for Dyneff as a result of TRG's unified trading policy*
- *Traded all Petromidia products for third party, non TRG customers*
- *Significant turnover increase year-on-year*
- *Implemented the concept of "trading around assets"*

Key 2007 Objectives

- *Improve supply chain control and optimization*
- *Consolidate business transacted with traditional partners and the concept of "trading around assets"*
- *Increase sales to 7.8 million tons of products*
- *Strengthen the team and the Company structure to enable a pro-active reaction to increased market volatility and to current trading environment challenges*
- *Closer integration with the Group's existing infrastructure, as well as extending support for future acquisitions and for TRG's expansion into Western Europe*

Vector Energy AG is a consolidated affiliate of TRG, registered and based in Zug, Switzerland. Vector Energy was established in 2004 to act as the international trading arm of TRG, a goal achieved in 2006.

In 2006, a transition year, Vector Energy secured 74 percent of total average crude supplies, and in 2007 will deliver all the crude needed for processing at TRG refineries. A similar direction applies for fuels deliveries to international customers of TRG, who in 2007 will be supplied through Vector Energy.

The deliveries of Petromidia refinery products to TRG "near-abroad" subsidiaries (Bulgaria, Georgia, Ukraine, Moldova) will be handled by the Romanian Operations Division in 2007. Vector Energy will also handle this supply chain, once the Group's integration is complete, a process expected to last until early 2008.

Vector Energy had completely integrated the supply for French subsidiary Dyneff, once the takeover process by TRG had been completed in January 2006.

A new concept of procurement, price settlement and risk management was implemented for all Western European activities. Today, Vector Energy directly manages stock and storage capacities in locations such as Fos, Port la Nouvelle, Dunkerque and Strasbourg.

This activity requires the use of sophisticated risk management procedures, while allowing for a pro-active pricing strategy in this geographical area. This approach allowed the Company to consolidate its pricing capability, as well as its standing on the French market. The same commercial strategy is coordinated by Vector Energy with the Dyneff Trading Team and is applied to all other oil product storage locations in France and Spain.

As a result, Vector Energy's sales have significantly increased from $519 million in 2005 to $1.96 billion last year.

The Company expanded beyond deliveries to TRG's refining and distribution businesses from Romania and Western Europe, strengthening its niche position in the Mediterranean and surrounding regions.

Byron Shipping Ltd.

Key 2006 Achievements

- *Closed three-year time charter agreements for four double-hulled tankers*
- *Significant raise of shipping component within trading*

Key 2007 Objectives

- *Increase trading flexibility through efficient use of the time chartered tankers*
- *Optimize shipping activities*
- *Optimize average utilization costs for tankers by expanding the fleet with at least two more Aframax ships*
- *Maintain a low average fleet age*

The strategic link between trading and shipping is continuously developing, especially due to synergies between product flows and the need to transport them to consumer markets.

Last year marked a substantial increase in this activity, carried out through Vector Energy's fully owned shipping subsidiary, Byron Shipping Ltd, the vehicle for spot voyage charter, time charter and tanker ownership. Agreements concluded in 2006 led to signing four modern double-hulled tankers on time charter, each for a three year period, all arranged by Riverlake Shipping of Geneva.

Two new ships of 12,222 tdw, owned by the Netherlands based W-O Shipping Group, will be delivered from Harlingen Shipyard, near Rotterdam. The first ship, MT W-O Devocean, was scheduled for delivery in the month of February, 2007. The second, MT W-O Emocean, will be delivered by the month of April, 2007.

In addition, two more Aframax vessels of 105,000 tdw, built during 2005/2006, the property of Novoship Group, will be added to the fleet operated by Byron Shipping. Both ships are scheduled for delivery in the Mediterranean Sea in the first trimester of 2007.

The average age of the Byron fleet is now less than one year, making it one of the most modern in the world, fact well approved by major oil companies.

Taking a position on the Aframax market will enhance Vector Energy's possibilities to hedge their increasing exposure to the shipping market as a consequence to the substantially increased crude oil volumes during the last 12 months of operation. The positioning on the clean tankers market through the leasing of two new ships, also comes as a result of the increase of fuel volumes commercialized during the same period.

The long-term lease ships are part of the corporate strategy to control the volume transported by TRG through Byron Shipping and implement best practices in this field.

TRG aims to also increase its safety standards and improve its financial and insurance rating.

Business Units • Trading

Romanian Operations Division

Key 2006 Achievements

- *Optimal handling of product flows to TRG Romanian and "near abroad" subsidiaries to meet growing volume demand*
- *Reorganized the division to match the new TRG trading strategy*
- *Managed the contracts for feedstock acquisition and product sales in preparation for Romania's entry into the EU*
- *Handled secondary feedstock and product supplies ensuring the best terms for TRG*

The main objective of this division is to conduct the trading activities linked to TRG's refineries in Romania, by managing feedstock supply contracts and sales of products through various distribution channels. The division also aims to optimize costs and the supply chain for crude intake and product trading at the refineries.

Another role for the division is to extend operational support to Vector Energy and contribute to the optimal functioning of TRG's trading activities.

In 2006 the division's trading activity has continued to be dynamic, registering increases in both crude delivery and sold products volumes.

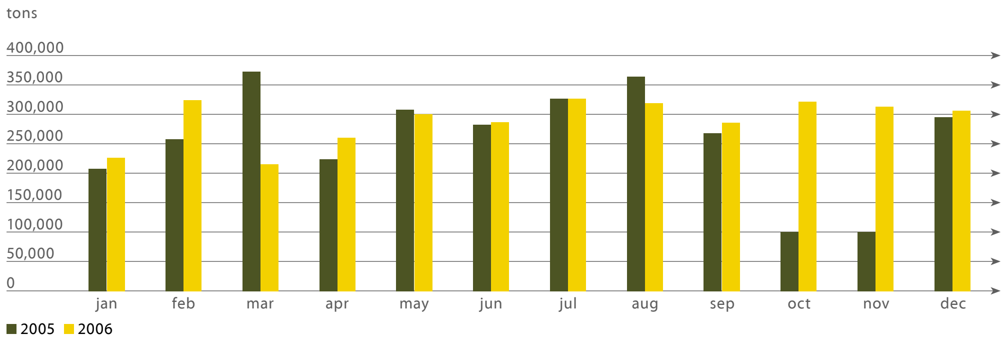
Sales went up by 14 percent in 2006, compared to the previous year, leading to a strengthening of TRG's presence in its traditional markets. This increase comes as a result of a more diverse product range, meeting EU quality and environmental standards.

Key 2007 Objectives

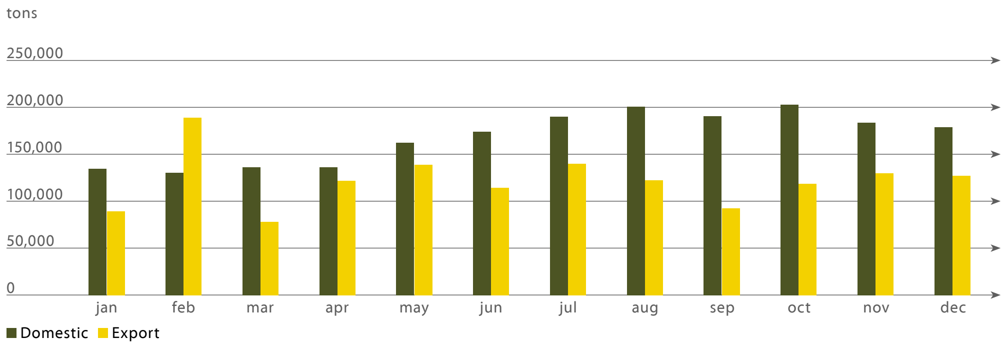
- *Implement best practices in this field and identify all cost cutting options related to acquisitions and sales*
- *Improve communication with Vector Energy to ensure that the back office support offered by the Romanian Operations Division helps optimize the Trading Business Unit*
- *Consolidate the division's role as the link between the three large Business Units of TRG: Refining & Petrochemicals, Trading and Retail & Marketing, through efficient balancing of their needs*
- *Increase the level of involvement in the planning activity to optimize supply chain flows for the TRG refineries*
- *Strengthening of the operations team to handle the increased volumes of feedstock and products on markets with different characteristics*

The graphics below represent the monthly volume of gasoline and diesel supplied in 2006 by Petromidia refinery through the Romanian operations division.

Sales 2006 vs. 2005

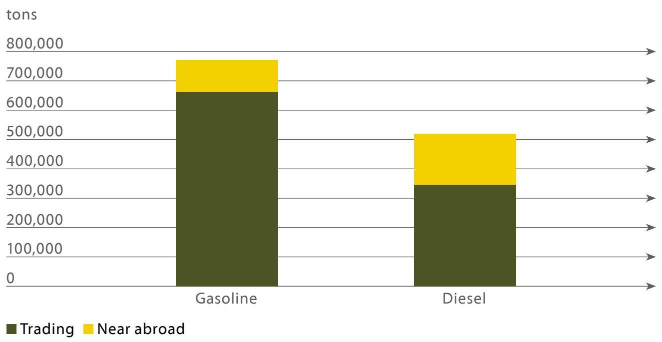


Domestic vs. Export in 2006



The Rompetrol Group

Near abroad vs. Trading



In 2006, the Romanian market attracted the largest part of the division's sales (approximately 58 percent), confirming TRG's drive to increase its market share in Romania.

At the same time, the volume of fuel sales to regional markets increased by about 15 percent in 2006 compared to the previous year, primarily to countries where TRG has subsidiaries (Bulgaria, Georgia, Moldova, Ukraine, Albania). The Group also consolidated its position in markets such as Serbia, Croatia, Turkey and Western Europe, through the trading activity of Vector Energy.

Rompetrol Logistics (Primary)

Key 2006 Achievements

- *Ensured the logistics support for the two TRG refineries in Romania*
- *Managed rail transportation without any incidents*
- *Significant increase of the rail engine and tanker cars fleet to meet higher transport demand for the refineries*
- *Effective operations of the Midia Harbor oil terminal*

Key 2007 Objectives

- *Continuous upgrade of rail fleet and operating infrastructure to reduce transport cost and time*
- *Optimize existing railway routes and open new ones to meet growing transport demand from TRG refineries*
- *Implement the newest safety regulations and practices for railway transportation and the operation of the Midia Harbor oil terminal*
- *Decrease the standby time for tankers to reach a high level of utilization for the Midia oil terminal and reduce product sales costs*

Rompetrol Logistics is a TRG company with extensive experience in railway and maritime transportation of petroleum products.

The Company lands its specialized support for a steady distribution of fuels (gasoline, diesel, LPG) and feedstock for the Vega refinery. Rompetrol Logistics offers reliable and efficient delivery of these products through its specialized rail transport department that owns 30 railway engines and operates over 600 rail tanker carriages.

With a portfolio that includes integrated logistics services for TRG refineries (Petromidia and Vega), and its six local warehouses, the Company is on its way to becoming one of the most significant railway operators in Romania.

Rompetrol Logistics manages TRG's contracts with international railway operators, using its expertise in petroleum products transport flow optimization from TRG refineries to overseas customers.

The second component of Rompetrol Logistics is its Maritime Department operating the oil terminal in Midia Harbor. Petromidia refinery receives crude and exports products through this harbor located on its premises. This strategic advantage allows for lower loading/unloading operational costs and a rise in volumes handled through the Midia Terminal.

Through its team of experts, Rompetrol Logistics ensures safe harbor facilities operations, prepares documentation needed to facilitate vessel access to Midia Harbor and prepares all documents necessary for loading/unloading. Through its shipping agency, Rompetrol Logistics offers agent services to tanker ships, completing the range of services offered to vessels operated through the Midia Harbor. The shipping agency also offers agent services in Constanta harbor, for vessels operated on TRG's behalf.

RETAIL & MARKETING

The Retail & Marketing Business Unit represents one of the central pillars of The Rompetrol Group, through which TRG achieves a superior profit rate for its products and services.

The main goal of TRG is to become the leader in the Romanian distribution market and to gain a top position in the other markets of activity, which would also raise the brand value of the Company. To this end, Retail & Marketing, through a dynamic strategy and a competitive management, promotes the development of the distribution networks as well as the integration of interconnected commercial activities.

The Retail & Marketing activity within TRG covers several dimensions:

- Supports operational units to ensure alignment of local policies to Group strategy
- Understands consumer needs and market development trends
- Identifies existing opportunities and defines necessary strategies
- Defines value promises pertaining to relevant market segments in order to ensure market share increases as well as securing the competitive advantage
- Develops and implements strategic projects able to sustain defined objectives
- Plans, positions and implements communication strategies, as well as validates the efficiency of these strategies

The following operational entities are part of this unit: Dyneff Retail, Rompetrol Downstream and Romoil, Rompetrol Bulgaria, Rompetrol Moldova, Rompetrol Albania, Rompetrol Georgia, Rompetrol Ukraine, Romcalor Oil Services, Rompetrol Financial Group, Rompetrol Gas and Rompetrol Logistics (Secondary).
Retail & Marketing operates a network of more than 600 gas stations, through its subsidiaries in Romania, France, Bulgaria, Albania, Georgia and Ukraine.

The Rompetrol brand portfolio includes:

- *Rompetrol* – the most important and most powerful brand
- *Efix* – fuels brand that includes two products: gasoline and diesel
- *Fill&Go*– brand dedicated to services and having two components: *Fill&Go Personal* and *Fill&Go Corporate*
- *Hei* – a convenience store and restaurant concept

Last year's activity materialized in the launch of several important projects supporting the Group's global development strategy, along with the steps taken to consolidate the Rompetrol brand in all the countries of operation for TRG.

Among the services launched last year is Fill&Go Personal, the first pay-at-the-pump card designed for individual customers in Romania.

Another important moment in 2006 was the launch of Efix, the first fuel brand launched by Rompetrol, positioned in the market as a product designed to protect the engine.

Retail & Marketing's main objectives for 2007 are focused on:

- expanding the existing network in all of the countries in which the business unit operates
- developing retail distribution in countries where only wholesale exists
- diversifying products and services offered throughout the network
- increasing the profitability rate for products and services

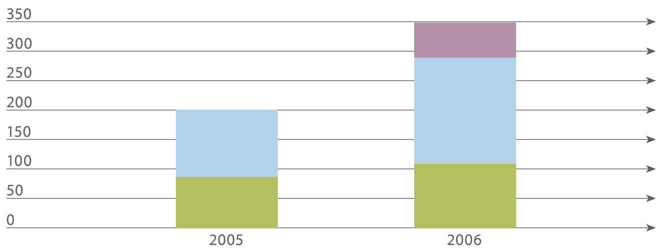
Rompetrol Downstream

Key 2006 Achievements
- *Expansion of COCO and DODO distribution network*
- *Launching of "Rompetrol Expres"*
- *Expansion of "Hei" concept*
- *Launching "Fill&Go Personal"*

TRG's retail division, operating a network of more than 300 fuel distribution stations in Romania, also carries out wholesale distribution to independent distributors and large industrial consumers.
Last year, Rompetrol Downstream continued its multi-directional strategic development, contributing to the consolidation of its activities. The Company owned network grew to more than 100 stations by the end of 2006, ensuring national coverage in Romania.

Change in number of fuel distribution stations in Romania

No. of stations



Expres: Expres-type modular stations
DODO: *Partener* franchise stations (Dealer Owned Dealer Operated)
COCO: Rompetrol-owned distribution stations (Company Owned Company Operated)

Key 2007 Objectives
- *Developing Rompetrol Expres and expanding coverage area*
- *Strengthening the COCO and DODO distribution network*
- *Expanding customer portfolio for Fill&Go through loyalty schemes*

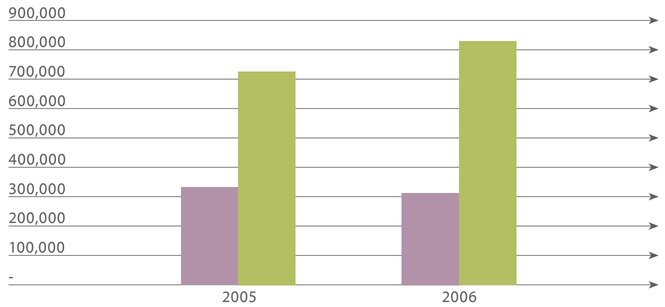
Rompetrol Downstream carried out a series of projects in 2006 aimed at improving the quality and diversification of services offered to customers, in an increasingly competitive environment marked by distribution channels development. The implementation of the new Rompetrol distribution station shops continued, *Hei* being a welcoming space where clients can shop, serve a meal or access the Internet in a pleasant and relaxing ambiance. The newly built stations feature this concept designed to raise service quality to customers. Sales figures and reviews emphasize the success of this project among customers.
Rompetrol Downstream continued to develop in 2006 the network of stations operating under the franchise system, *Partener Rompetrol*, reaching more than 175 stations by the end of the year. In addition to the sales increase in the retail segment, extending the franchise network also contributed to the significant increase in service points where corporate customers can use their fueling cards linked to the *Fill&Go* fleet management system.

In 2006 the Company started a new project, *Rompetrol Expres*, which is a mobile fuel distribution station designed for rural and small town individual customers, small farmers and small businesses. This market segment is currently ignored by international fuel distribution networks, being dominated by small individual distributors who cannot offer a high and constant fuel quality or adequate territorial coverage. The *Rompetrol Expres* network has 70 stations in place, with a rapid expansion envisioned for all of TRG's retail distribution markets. *Rompetrol Expres* can cover a very important consumer segment that will be attracted by the comfort of rapid access to a fuel station and the certainty of quality products.
A commercial novelty for Romania, in addition to the payment methods available in all Rompetrol stations, each *Expres* station is also equipped with a cash payment terminal where customers can pay for their fuel before filling up.

Due to these investments, the fuel and shop sales increased substantially in 2006, and Rompetrol Downstream staff grew from 1,402 at the end of 2005 to 2,183 employees at the end of 2006.
The expansion goal for 2007 sees the network develop to 127 company owned distribution stations, a continuous development of the franchise network to 242 stations and the growth of the *Expres* network to 600 stations. Other major objectives of Rompetrol Downstream are the development of the *Fill&Go Personal* and *Fill&Go Corporate* projects by attracting more clients to Rompetrol products, as well as improving the existing stations by implementing the *Hei* concept.

Sales Evolution Romania

tons



Gasoline Diesel

Rom Oil

In order to ensure a unitary approach to the Romanian market, TRG's two wholesale distribution companies, Rompetrol Downstream and Rom Oil, started to merge in the second half of 2006, a process scheduled for completion by Q2 2007. As a result of this integration process, the Rom Oil activities and operations will be folded into Rompetrol Downstream.

This merger is estimated to have a positive effect on operations and on the services offered to our clients, as well as avoid redundancies in handling clients and processing commercial contracts, in particular those carried out for the *Partener Rompetrol* franchise network. Another important aspect is the fact that Rompetrol Downstream boasts a sales force, the systems, and the processes to help improve customer relationships, such as call center, customer billing, as well as payment history and payables tracking systems. This process of wholesale consolidation eliminates duplication of certain administrative functions and facilitates mobilizing these resources elsewhere within TRG where they are needed.

Key 2006 Achievements

- *Increasing the productivity of the COCO network*

Key 2007 Objectives

- *Building the first Rompetrol stations including the "Hei" concept*
- *Implementing the "Fill&Go" system*

Dyneff Retail

The aggressive expansion strategy facilitated TRG's entry into the European Union space through the acquisition of Dyneff Group S.A., the largest independent distributor of petroleum products in France, with a 4 percent market share and more than 40 years of fuel import, distribution and storage experience.

Dyneff has a network of 185 fuel distribution stations, with 27 owned by the company and 158 operated under franchise.

In 2006, the owned network recorded an increase in fuel distribution of 17 percent in volumes and 16 percent in price mark-up, at a distributed volume of 58,758 cm. The implementation of a specific offer in the stations shops allowed for a turnover increase of 59 percent. The franchise network ensures an important visibility for the Dyneff brand through the "Les Stations Soleil" (The Sun Stations) concept. This network represents fuels volume sales of 93,960 cm. In 2006, the hardening of regulations led to the closing of several small size stations. The reduction in the number of distribution points led to compacting of volumes, compensated by a margin improvement (increase in margin by 1.7 points).

The distribution activity of oil products, as well as heating and motor fuels is ensured by a network of 15 commercial agencies located throughout the south of France.

In 2006, the retail distribution margin registered an 11 percent increase coupled with a four percent volumes decrease.

Dyneff is TRG's first access point to the energy markets of Western Europe. The strategy of access to these markets is based on the creation of pan-European adapted brands and the implementation of specific supply and logistics methods.

At the distribution level, the French entity has become the first network through which TRG's brands can be introduced to the Western European markets: the Rompetrol brand for retail fuel distribution, the *Hei* concept for station shops and for fast-food restaurants, the *Fill&Go* brand for payment and fleet management services.

The program for 2007 also includes the growth of Dyneff's franchise network, especially through a strategy of consulting and training for fuel distribution station administrators.

TRG's retail activity had a significant impact also in South-Eastern Europe, through its fuel distribution operations handled by its subsidiaries in Albania, Bulgaria, Georgia, Moldova and Ukraine. TRG's network in this part of Europe consists of 62 company owned and franchised stations which distribute only Euro standard products. The development of these networks in 2006 is presented in a separated chapter of this report, which details TRG's regional expansion.

Romcalor Oil Services

Key 2006 Achievements
- *Increased sales volumes by expanding Romanian network nationwide*

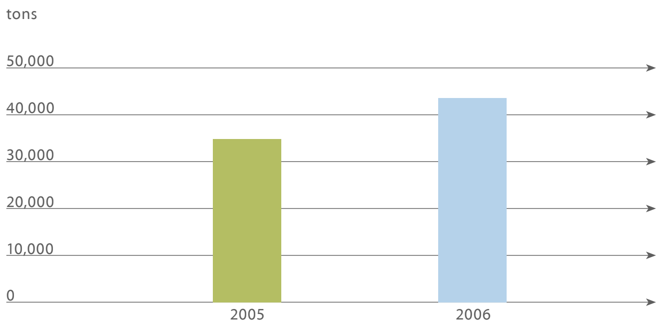
Key 2007 Objectives
- *Increase sales by improving services offered to customers*

Romcalor Oil Services SA is active in the liquid combustible market in Romania as a designated distributor of products for the TRG refineries, Vega and Rompetrol Rafinare (Petromidia).

Sales in 2006 went up by 27 percent compared to the previous year, due in large part to *Calor's* distribution market expansion to a national level in Romania.

The development strategy for 2007 anticipates a growth in sales volume of 30 percent compared with 2006, as well as the creation of a permanent sales force within the Retail & Marketing BU, which would ensure complete territorial coverage by the end of the year. Another goal designed to bring added value to the network is the deployment of a Customer Relationship Management system which would automate the supply chain for our clients.

Calor Sales Evolution



Rompetrol Gas

Key 2006 Achievements
- *Started a dedicated arm and reorganized the LPG trading activity*

Key 2007 Objectives
- *Expanding the distribution network and increase market share*
- *Consolidate the Rompetrol Gas brand on the market*

Rompetrol Gas is TRG's new trading company for liquefied petroleum gas (LPG), started in July 2006. This operational entity has its roots in the LPG business of Rompetrol Logistics, and aims to expand its distribution network nationally in Romania, for both the auto market, as well as for the household segment, known under the brand name *Rompetrol Aragaz*.

The sale of the first volumes of gas began in November 2006 (more than 1,800 tons of auto LPG and propane, bulk sales).

The Company intends to enhance TRG's presence in the LPG market, essential to this end being the quality of products and services, as well as the safety and professional customer service offered by its team. The projects for 2007 forecast an increase in market share by approximately 2 percent in order to reach the objective of 8 percent of the Romanian LPG market. Other important objectives are the optimization of the retail distribution network, by opening 65 auto LPG stations, bringing the total to 81 stations, as well as the introduction of bottled propane in 10 kg., 20 kg. and 35 kg. containers. Last but not least, the aim is to build and consolidate the Rompetrol Gas brand on the market, establish pricing strategies and a policy for quality, health, safety and environment, as well as implement sales channels management strategies.

The experience and capacity of the Company will also be supported by ample ongoing investment projects, such as the construction of new LPG terminals in Bacău and Arad (Romania), at a total value of approximately $20 million.

Rompetrol Logistics (Secondary)

Key 2007 Objectives

- *Enlarge the auto tanker fleet to support TRG's retail distribution network*

Rompetrol Logistics is TRG's company offering oil product transport services. At the secondary level for logistics, the company owns 20 auto tankers with a capacity of between 7 and 28 cm, equipped with pump and debit meter, and used for secondary fuel distribution (gasoline, diesel, heating oil *Calor*). Rompetrol Logistics ensures the secure and efficient transport of these products through its specialized departments.

Rompetrol Logistics has initiated an investment program which includes the acquisition of an additional 20 modern auto tankers equipped with electronic level meters, temperature equalizers and with a GPS/GPRS traffic monitoring system.

The company operates two auto tankers for LPG transport of 20 and 30 cm respectively. Rompetrol Logistics also owns a fleet of vehicles and equipment used for general merchandise transports, as well as special transports to oil wells and overweight transports through hard-to-access routes.

Rompetrol Logistics also owns an accredited auto repair shop which handles inspections and auto repairs both for its own fleet, as well as for other third parties. Through its specialized staff, the repair shop ensures the mounting, audit, inspection and repair of odometer equipment, as well as installing the rings for the *Fill&Go* system.

FinGroup

Key 2007 Objectives

- *Launching of the Fill&Go Credit card in Romania*

FinGroup was created at the beginning of 2006 to offer financial products complimentary to those offered by Rompetrol, focusing on financing and crediting of TRG's clients. The first step in this direction is the launch of *Fill&Go Credit*, a credit card issued under the MasterCard license.

The *Fill&Go Credit* card offers a line of credit in lei (RON) and is a modern payment instrument which can be used in Romania as well as abroad. An advantage offered by the *Fill&Go Credit* card compared to other credit cards already existent on the market is the preferential interest rates for purchases in the Rompetrol network. This card can also be used for electronic payment at the pump in Rompetrol stations.

The product is to be commercially available in Romania in Q1 2007 and the pilot program anticipated the issuance of more than 1,800 cards.

UPSTREAM

The Upstream Business Unit covers The Rompetrol Group's drilling, workover and well completion, special well services and exploration and production (E&P, Rompetrol Well Services-Petros, and Drilling and Well Services Department). Upstream is active in Romania, Kazakhstan, the Middle East, North Africa and Latin America.

Exploration and Production

Key 2006 Achievements

- *Organized data room for five exploration concessions (Zegujani, Satu Mare, Greşu, Nereju and Focşani), to enter negotiations with partners in order to farm-out Zegujani and Satu Mare*
- *Signed a concession agreement with Romania's National Agency for Mineral Resources (NAMR) to explore a new block at Goleşti*
- *Concluded a new geological study to identify high potential exploration areas at Greşu, Nereju and Focşani*
- *Concluded consultancy contracts with international operators*

In 2006, in the Zegujani concession, 251 Km of seismic 2D seismic lines were acquired and processed and more than 573 Km of old seismic lines were reprocessed. The interpretation of the entire set of geological and geophysical data led to highlighting of an entire portfolio of leads and prospects. In 2007, Rompetrol will continue the exploration program in the north-western part of the block and plans to drill the first exploration well and to acquire 150 km of new seismic lines.

In the Satu Mare concession the Company is currently reprocessing a volume of more than 1,100 km 2D seismic lines acquired before 1990. In 2007, Rompetrol will continue its exploration activity, including a potential combination between seismic acquisitions and exploration drilling.

A new geological report prepared in 2006 for the Greşu, Nereju and Focşani concessions identified areas with a high exploration potential. More than 230 Km of 2D seismic acquisition is planned for 2007 for these three concessions.

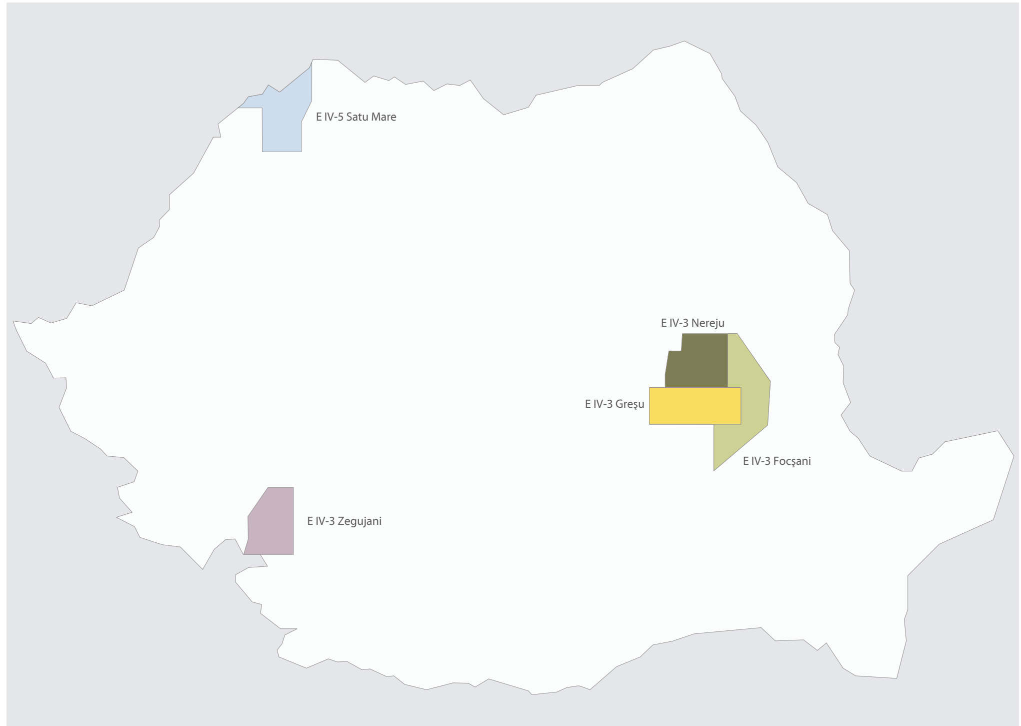
In June 2006 Rompetrol S.A. signed a Development and Production concession agreement with Romania's National Agency for Mineral Resources (NAMR) to restart production and prepare experimental Underground Gas Storage (UGS) in the P VII -13 Goleşti concession. A geologic and production investigation and a well-reactivation program will be started in 2007. The gas fields at Goleşti could be a potential candidate for an UGS facility due to its geographic position and the type of reservoir.

Rompetrol has also been involved in feasibility studies to determine the opportunity of acquiring production assets in Russia and Kazakhstan. The Exploration and Production division also developed the geophysics consultancy capability in exploration projects, concluding two contracts in 2006, in Greece and Libya.

For 2007 the Upstream E&P Division will continue the research, selection, as well as the evaluation of exploration-production opportunities in Russia, Kazakhstan, the Middle East and Africa. Approximately $1 million has been invested in exploration and production activities in 2006.

Key 2007 Objectives

- *Drilling an exploration well in Zegujani concession*
- *Acquire 240 km of 2D seismic data for the Greşu, Nereju and Focşani concessions*
- *Complete interpretation of reprocessed data for the Satu Mare concession*
- *Continue to search for and evaluate production fields in Russia, the Caspian Sea, the Middle East and North African regions*



Rompetrol exploration concessions in Romania

In Romania, Rompetrol holds exploration licenses for five concessions: E-IV 03 Zegujani (Dolj and Gorj counties), E-IV 05 Satu Mare and EP-I Greşu, EP-I-6 Nereju and EP III-5 Focşani (Vrancea county) – the last three, situated in the external area of the Eastern Carpathians, acquired by transfer from Forest Romania Corporation, with the approval of NAMR.

Rompetrol Well Services (Petros)

Key 2006 Achievements

- *Achieved a record operational profit, more than 40 percent higher compared to the previous year*
- *Modernized the slick-line services to the highest technological level*
- *Completed services worth more than $1 million in Northern Iraq*
- *Received certification for its integrated management system for quality, safety and environmental protection*

Rompetrol Well Services (RWS) offers special services for crude and natural gas wells. In 2006 the Company posted a turnover increase of more than 15 percent compared to the previous year. Revenues derived from services performed outside Romania increased by more than 16 percent compared to 2005.

In 2006 RWS continued to upgrade its technologies used for specialized services, with an emphasis on cementing services. A new system equipped with the latest technology had been acquired for slick-line services. The equipment and technology used for special operations with nitrogen and those destined for well testing operations have also been modernized.

The process of concentration for the main operational bases in Romania had been accelerated, mainly in the areas of oil and gas exploration, to ensure the most optimal and efficient use of the equipment fleet. To this end, RWS consistently followed a strategy of diversifying its client portfolio and balancing revenues between different operational areas. In 2006 the Kazakhstan branch of RWS opened two new operational bases, adding to its portfolio two new clients, reputed oil operators in that region. The Northern Iraq operations base opened in 2005, had been expanded with the addition of several pieces of equipment used for well production testing.

RWS obtained its integrated quality management certification in accordance with the ISO 9001, ISO 14001 and OHSAS 18001 standards, becoming the first Romanian company in the oil services sector certified for this integrated system. We concurrently continued our campaign to rejuvenate our operations supervision personnel by hiring young graduates with specialized academic background. The new staff went through intensive training to ensure the implementation of new technologies in a timely manner.

RWS carries out specialized services in oil and gas fields in Romania and internationally. These services include cementing, consolidation and wrapping services, stimulations, testing, instrumentation, slick line and casing running for wells 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 packing operations are handled for more than 200 oil, gas and gas storage shafts 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 operations for productive layer testing are carried out for each individual customer. Slick-line installation instrumentation and casing and liner running, as well as other specialized services, are offered to the majority of oil field 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 Ploieşti, Romania, offering technical support for 14 locations in Romania, Kazakhstan and Iraq.

Key 2007 Objectives

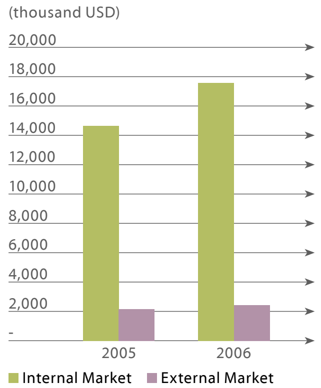
- *Modernization of the cementing services through the acquisition of the state-of-the-art equipment*
- *Develop the operational capacity in Kazakhstan*
- *Open new operational bases in the Middle East in partnership with local companies*

In 2007 RWS intends to continue the modernization of its special operations technologies through renewing its equipment fleet, as well as through the acquisition of automated pumping and mixing units capable to meet requirements on the international market.

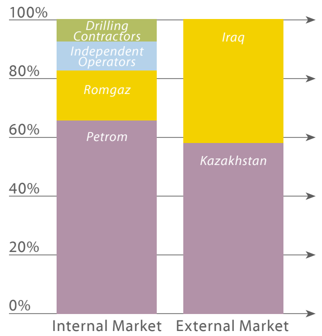
The Company will continue to develop its operational capacity in Kazakhstan, aiming to also grow the client portfolio, while concurrently looking to establish medium and long-term agreements with existing clients.

RWS is currently negotiating with several companies based in the Middle East and Northern Africa to develop operational capacities in these regions. Considering the requirements of these markets, the development of these facilities will be made in partnership with powerful local companies with expertise in the oil and gas field exploitation.

Income development from well services



Clients Structure



Drilling and Well Services Department

Key 2006 Achievements

- *Increase of turnover by 30 percent compared to 2005*
- *Increase in operational profit by 23 percent compared to the previous year*
- *Tripling of the value of investments compared to 2005*
- *Maintaining of ISO 9001, 9002 and ISO 14001 certification*

The Drilling and Well Services Department is a well-known provider of drilling services in more than 15 countries, currently present in Northern Africa and Latin America with its workover, drilling and mudlogging services. Dedicated to adapting to high professional standards and having the ability to work in different environments and cultures, the department is successful in being considered a preferred partner, both in traditional markets, as well as in new ones. Through investing in technology requested by our clients, as well as through efficient management, the team maintains a high standard of services in this highly competitive and constantly changing field. The Drilling and Well Services Department, through Rompetrol, is ISO 9002 certified and its Libyan branch, Geomin Oilfield Services Co., is ISO 9001 and ISO 14001 certified by Germanischer Lloyd.

A member of the International Association of Drilling Contractors (IADC) since 1985, the department offers drilling services for oil, gas and water wells, the completion of drilled wells, drilling and well workover operations management, HSE consulting, supervision of drilling parameters with the newest geologic monitoring equipment, cementing of water wells, casing and tubing running operations, repairs of drilling rigs and equipment and rental of tools and equipment. The department's international activity as well as the technical support required are monitored and coordinated from Rompetrol's offices in Romania. In 2006, the Drilling and Well Services Department accomplished remarkable results by ensuring a high quality of services through efficient management, creativity and optimized economic solutions.

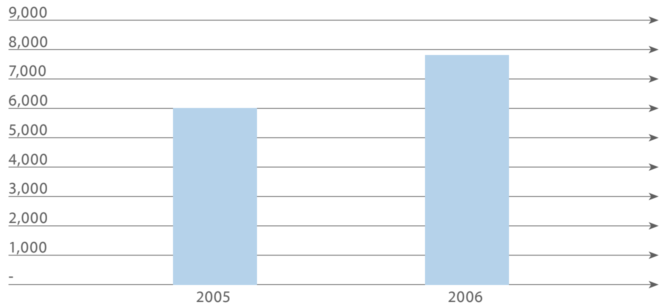
Business Units • Upstream

Key 2007 Objectives

- *Reactivate deep drilling services through the acquisition of high capacity drilling rigs*
- *Develop drilling parameters monitoring through the acquisition of two new geologic units*
- *Entry into new markets in North Africa and the Middle East through partnership with local companies*
- *Ensure QHSE standards at the highest possible levels and apply the highest international operational and work standards*
- *Development of human resources by investing in specialized staff training*

Income Development Drilling and Well Repair

(thousand USD)



The 2006 revenue rise was due as much to the increase in the number of drilling and workover rigs as to the diversification of the services offered.

In 2007 the department will concentrate on meeting the growing international demand for drilling, workover, and associated services by reactivating the deep drilling services and acquiring new equipment.

The Rompetrol Group

MANAGEMENT & SUPPORT COMPANIES

Center for Technical Excellence

In 2006, The Rompetrol Group started an ample process of reorganizing its operations intended to support the new development strategy of the Company, while maintaining a high performance level.

The Center for Technical Excellence was created within the new operational structure, consisting of three companies: Rominserv, Palplast and Rominservices Therm.

Rominserv offers technical support required for the investment, modernization and development projects carried out by all TRG companies, as well as the management of maintenance services of installations and equipments for the two TRG refineries, Rompetrol Rafinare (Petromidia) and Vega.

In 2006, Rominserv finalized 163 projects with a total value of $64.5 million. Other 30 projects, amounting to $110 million were ongoing and 65 projects, amounting to $122 million, were launched in 2006. Rominserv completed the project for starting the low density polyethylene unit (LDPE), a TRG investment of $30 million. The works focused on the overhaul and modernizing of the LDPE unit and the contiguous facilities (cryogenic depot, storage), building a marine liquefied gas terminal for the supply of ethylene, as well as the installation of a new automatic packaging line.

Starting from September 2006, TRG's Petromidia refinery has been producing Euro 4 and Euro 5 diesel, after Rominserv completed the modernization of the HPR unit (Kero Hydrotreater). The completion of this project increased reactor oil processing capacity by 40 percent and allowed for desulphurization of up to 10 ppm (parts per million), the Euro 5 European quality and environmental standard.

Another project completed by Rominserv has been the diesel In Line Blending automatic unit (ILB), which enhances manufacturing efficiency for diesel fuels Euro 3, Euro 4 and Euro 5.

In order to meet the European Union requirements concerning the reduction of sulfur content in gasoline, Rominserv also modernized the hydrogen recovery and reutilization units at Petromidia.

In addition to the projects carried on in the oil, gas and petrochemical field, Rominserv is also active in thermal energy distribution. The Company took part in the modernization of the thermal energy centralized supply system in the city of Oneşti, Romania.

Aside from projects completed, Rominserv continued to develop projects in 2006 expected to bring significant benefits to TRG, such as:

- The mild hydrocracking unit - Mild Hidrocracking – which would increase diesel output and allow for production of Euro 5 gasoline;
- Increasing transit capacity through Berth 9 in the Midia harbor up to 120 tons of gasoline and 120 tons of diesel per month;
- Restarting and modernizing the high density polyethylene unit (HDPE) to nominal capacity (60,000 tons/year);
- Commissioning at the Vega refinery of a unit to produce road bitumen modified with polymers, a product which has a higher strength and reliability compared to the existing solutions used in the asphalt manufacturing process.

Management and Support Companies • Center for Technical Excellence

To comply with European environmental protection standards, Rominserv started the technological upgrade of the mud processing equipment and the modernization of the stripping gas incineration system.

In 2006, Rominserv developed a whole series of other projects for the construction of new gas stations, the modernization of the networks operated by Rompetrol Downstream and by *Partener Rompetrol*, along with the development of new products, such as *Rompetrol Expres* and dedicated fleet stations, all designed to support the development of the retail segment.

In 2006, Rominserv modernized 65 stations of the *Partener Rompetrol* network, build 10 new company owned stations including the *Hei* shop concept, and modernized another 30 company owned stations to include *Hei* shops for the Romanian network. Rominserv also delivered 70 *Rompetrol Expres* stations, with the number of this type of stations expected to grow rapidly in the next two years, along with corporate fleet stations located at the customer's premises.

Rominserv sustained the development of these projects, from the research, design, and equipment acquisition phase, up to the serial manufacturing of mobile units, at the Rominserv Valves IAIFO Zalău plant. The installation on location, operation, and maintenance of these stations will also be provided by Rominserv.

In the region, Rominserv renovated 19 distribution stations for Rompetrol Georgia and provided "know how" and investment assessment services for Rompetrol Moldova and Rompetrol Albania in order to purchase and renovate distribution stations. Through its Bulgarian subsidiary Rominserv plans to build in 2007 eight new gas stations including the *Hei* concept, as well as upgrade another two stations purchased by Rompetrol Bulgaria.

Rominserv Valves IAIFO Zalău diversified its production and became the first Romanian supplier of industrial fittings and cast semi-finished products for Emerson by wining two bids put up by the American company through its subsidiaries in Hungary and France. The Zalău factory will produce 27 types of semi-finished products (taps, pistons, joints) designed for the driving systems, and it will manufacture parts for engines and electrical generators for major European customers.

An important achievement is the cooperation with Romania's Thermal Energy Distribution Administration (RADET), as part of a project funded by the European Bank for Reconstruction and Development (EBRD), which consisted of the delivery of special taps for the heating network in Bucharest.

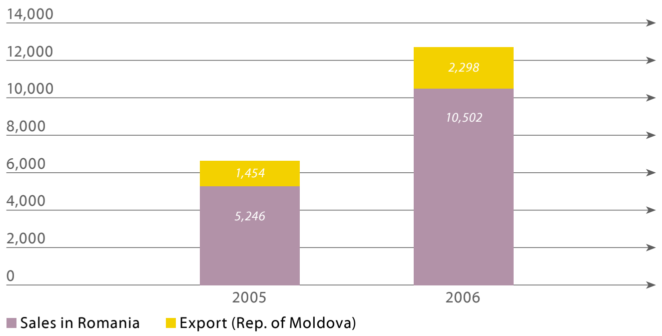
Rominserv Valves IAIFO is a responsible company having invested in 2006 alone more than $1 million in environmental protection technology and in the modernization of its manufacturing equipment, in order to protect its employees and the community. To this end, the noxious gas capturing and treatment system within the foundry has been modernized and the sand regeneration equipment has been put into operation, allowing a reduction in raw material consumption and waste generation. The new Computerized Digital Command Center (CNC) reduces the processing time, which translates into a 20 percent reduction in manufacturing costs for the body of a fitting, and an eight percent increase in revenues.

Palplast Sibiu, TRG's manufacturer of polyethylene pipes and fittings acquired by Rominserv at the end of 2005, recorded the best results in 2006 since inception, producing 4,700 tons of pipes, with a record of 620 tons in the month of September. The pipes were ordered and delivered to important water and natural gas distribution companies, as well as to contractors. They were used mainly for different rehabilitation projects of the public utilities infrastructure. As a result, Palplast turnover almost doubled in 2006 compared to the previous year, exceeding $12 million. The 2006 capital investment program amounted to approximately $500,000 dollars and targeted manufacturing and storage international expansion, as well as modernizing of a production line, and of additional quality assurance systems. Palplast sales projections estimate a significant increase in deliveries to the markets of the Balkans, as well as to countries of the European Union.

The Rompetrol Group

Romania Palplast Sales

(thousand USD)



Key 2007 Objectives

One of **Rominserv**'s objectives is the establishment of long-lasting partnerships with reputable companies in this field, and joint participation in projects, intended to promote revenue increase from third party customers outside of TRG. Through the ongoing modernization and investment projects Rominserv supports the Rompetrol Rafinare strategy of ranking among the top 25 refineries in Europe, contributing in this way to the regional consolidation of TRG.

Rominservices Therm is active on the thermal energy production and distribution market, in partnership with the municipality of the Romanian city of Mangalia on the Black Sea coast. In 2006 the drive towards increased business efficiency has materialized in infrastructure modernization and in the use of renewable thermal energy production technologies, such as solar panels.

As such, investment in infrastructure modernization exceeded $2.2 million, leading to a 3.6 percent increase in the global efficiency for the production and supply of thermal energy. Also, last year a second installation for the use of solar energy was designed and installed, with a surface of 200 square meters of solar panels. The practical experience of 2006 showed that in the case of the first solar energy unit installed in 2005, the thermal energy produced from solar energy represented 19.2 percent of the total output of this power plant, allowing a 20 percent reduction of hydrocarbon liquid fuel consumption.

Rominservices Therm estimates revenue to reach $4.87 million in 2007, and aims for a five percent market share growth on the local heating market in Mangalia.

Rominserv Valves will focus on covering entirely the refining segment, the petrochemical industry and other related industries, as well on the production of *Rompetrol Expres* stations. For exports, customized products manufactured based on customer specifications ensure higher profit margins, since large mass producers cannot cover this niche. The Company aims to raise its fittings market share by 15 percent in 2007.

QHSE

Quality, Health and Safety, Environment

Key 2006 Achievements

- *Expansion of application for the integrated management system to all TRG operations*
- *Significant reduction of the frequency and severity of occupational accidents*
- *Efficient and effective use of resources*

In 2006, The Rompetrol Group revised all operational processes, as well as its organizational structure. This will enable a sustainable business development, based on a clear strategy that will better reflect TRG's new growth directions. To this end the policies on quality, health and safety, and environmental protection were redefined and a new operational model was adopted to allow the successful implementation of this strategy. All TRG entities are able to quickly meet the QHSE strict requirements, which are becoming more demanding in the oil and gas industry.

Aside from the consulting and strategy department operationally integrated at all levels of the Group and with a cross-organizational management role, the QHSE entity comprises two other companies: Rompetrol Quality Control and Ecomaster Ecological Services S.A. The QHSE Department ensures the use and observance of principles focused on customer orientation, environmental protection and health and labor safety. All TRG companies are fully committed to applying, maintaining, and improving an integrated management system according to ISO 9001:2000, ISO 14001:2004 and, where needed, OHSAS 18001 certifications.

Relevant statistical data shows a significant improvement of QHSE performance in 2006. During the past six years, there were no fatal injuries among employees of any TRG entity. Also, for most of the operational units, the frequency and severity of accidents decreased significantly. These results are due particularly to the effort of creating and maintaining a solid preventative culture for TRG staff.

Vega and Petromidia refineries meet the EU product quality standards for both sulfur and aromatic hydrocarbon content. At the same time, the production increased by about 13 percent linked to an important boost in the number of distribution stations, leading to an increase in the amount of sold volumes meeting the 2007-2009 EU requirements.

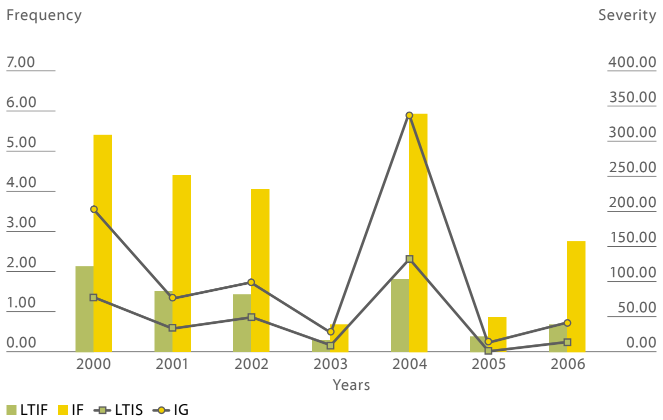
Management and Support Companies • QHSE

The 2006 investments had a positive impact on QHSE, and shareholders validated the successful implementation of the main goals of the corporate QHSE policy. Some of the main achievements in this field are:

- Expansion of application for the integrated management system to all TRG operations
- Significant reduction of the frequency and severity of occupational accidents
- Efficient and effective use of resources
- Enforcement of Process Safety Management practices focusing on Process Hazard Analysis (PHA)
- Stricter monitoring, evaluation and selection of subcontractors (including based on QHSE criteria)
- Distribution of information regarding best QHSE practices
- Consistent reporting and systematic solutions for near-miss situations (potentially dangerous situations, without negative consequences) as a form of preventative approach

Given that health and safety are essential elements of management principles, TRG introduced for all its entities the principle of "above industry average level" with regard to health and labor safety and to the handling of machinery in safe conditions. To this end the Company initiated a project together with DuPont, the world leader in industrial safety, intended to implement a true safety culture at the Petromidia refinery.

Indexes BU Refining: aggregated (Vega, Petromidia, Petrochemicals)



The project to implement a near-miss reporting culture is now maturing and it is functional in all of TRG's subsidiaries. This ensures that all processes are safe for TRG, its customers and neighbors, as well as for its contractors and subcontractors. This project is being developed simultaneously with the implementation of PHA techniques and methodologies.

Lost Time Injuries (LTI) Occupational accidents resulting in the partial or total loss of work capacity, permanently or temporarily. This includes fatal accidents, cases resulting in permanent disability or temporary work incapacity.

LTIF = LTI Number x 200,000 (or 1,000,000) / hours of exposure - (LTI frequency)
LTIS = ITM Number of days x 200,000 (or 1,000,000) / hours of exposure - (LTI severity)

For Rompetrol Downstream operations:

Total Recordable Injuries (TRI) The total number of reportable incidents.
Fatal accidents + full permanent disability + ITM cases = LTI, cases of workload reduction, cases requiring medical attention other than first aid.
Formulas for TRIF and TRIS are similar to those for LTIF and LTIS.

Key 2007 Objectives

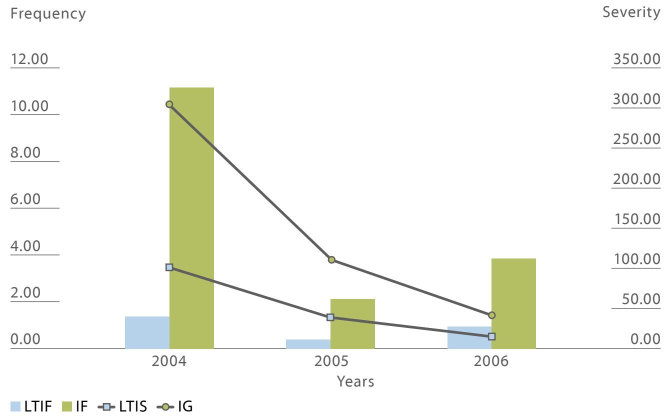
- *For each TRG entity, as appropriate: the renewal, maintaining, update, obtaining of the third party certification of the relevant QHSE management system (e.g., according to ISO 9001:2000 and ISO 14001:2004)*
- *Expansion of the QHSE awareness program to all Group operations*
- *Expanding the applicability domain for QHSE audits*
- *Theoretical basis for performance management in QHSE areas*

The graphics include frequency indicators (IF) and gravity indicators (IG) defined and measures according to regulations in Romania.

For Refining & Petrochemicals, in the cases of Vega and Petromidia refineries, both the frequency (aggregated LTIF) and the severity (aggregated LTIS) increased last year compared to 2005 (LTIF – from 0.32 to 0.67, and LTIS – from 3.8 to 15.86.) Notable is that this increase is due to the improvement of the reporting process. The result is satisfactory if we take into account the fact that the values are below those of 2004, and that the number of employees has been reduced as a result of process automation.

Even if the Retail & Marketing BU registered an increase of the TRIF indicator from 0.24 to 0.44 and of the TRIS from 0 to 1.25, this is explained by the significant increase of exposure (the expansion of the distribution station network and the higher number of employees). Preventative policies, as well as the procedures and practices implemented led to a very good performance in the QHSE sector, in 2006. The very ambitious goal for 2007 is to keep maintaining the "zero LTIF" level of 2005 and 2004, while undergoing network expansion. It should be noted that, in order to present consistent reporting, in the particular case of Rompetrol Downstream, it is more relevant to report TRIF and TRIS indicators instead of the LTIF and LTIS indicators (since these last indicators have been systematically zero for the past five years).

Indexes Rominserv



Rominserv, TRG's general contractor, showed a significant improvement of reporting quality (the increase of LTIF from 0.24 to 0.87, along with the decrease of LTIS from 37.35 to 14.5). Even if subcontractor related reporting is done separately, the effort to constantly improve QHSE performance across all TRG operations is clearly visible. Subcontractors are required to observe the relevant laws and regulations, as well as TRG internal standards. The QHSE criteria are very important for the evaluation and selection of subcontractors who have to conduct their activities under hazardous conditions.

Last year was also important for improving handling of emergency situations and response capacity. The number of theoretical simulations, local alarm exercises, functional simulations as well as larger scale exercises increased by 18 percent, for the global index, while associated preventative indexes also show an improvement of the quality and relevance of such preventive programs.

The Rompetrol Group

Key 2006 Achievements

- *Compliance with the best European environmental techniques available*
- *Expanding hazardous industrial waste market by opening two new locations and warehouses in Romania, in Arad and Sibiu*
- *Increase the number of customers by 193 percent and the income from waste oil and sludge processing by 116 percent compared to 2005*
- *Increasing the water recirculation level at the Ecomaster Midia treatment station by 30 percent and reducing the amount of pollutants discharged into the recipient located downstream from the treatment station by more than 50 percent, in full compliance with the relevant environmental standards*

Key 2007 Objectives

- *Launch the operations of a new hazardous oil waste processing plant at Rompetrol Rafinare (Petromidia), with a capacity of approximately 48.000 tons/year*
- *Starting final disposal facilities for hazardous waste and acid tar for TRG as well as for third parties*
- *Launch the project concerning the wastewater treatment station at Vega refinery*

Ecomaster Servicii Ecologice S.A. is the leading Romanian provider of waste oil and hazardous waste integrated management services, providing industrial ecological services to a number of more than 400 Romanian and multinational companies. The clientele is made up mostly of oil companies but also automotive, bearings manufacturers, and the chemical and pharmaceutical industries. In 2006, the Company focused on rendering the existing technological lines more efficient and increasing the market share together with an intense research of the hazardous waste and industrial wastewater treatment markets in preparation for new development projects. Ecomaster made a series of investments in the rehabilitation of utilities networks and of some energy-intensive technological equipment, leading to the reduction of utilities consumption. Last year the Company increased its processing capacity of waste oil by 18 percent, while the processed sludge amount went up by 115 percent, showing increased customer confidence in the quality of services and products. The amount of processed waste oil is expected to increase by at least 25 percent, to capture a 10 percent market share by the end of 2007.

Improvement of the treatment process after the modernizing project at the Rompetrol Midia treatment station, resulted in an increase in the volume of recirculated treated waters by more than 30 percent and a decrease in the amount of pollutants discharged in the recipient by more than 50 percent, which is a unique achievement in the field of wastewater treatment in the chemical and petrochemical industry. Ecomaster will replicate this project by building an industrial wastewater treatment station at the Vega refinery, and by expanding the use of this type of services to the Romanian industrial wastewater treatment market.

The Ecomaster plan for the following years is to strengthen its leading position on the environmental integrated services market in order to be able to provide "one stop shop" solutions to its customers both in the planning and strategic environmental management field (through specialized consulting services) and in that of practical solutions for the environmental issues of industrial operators.

Products and Services Offered

Ecomaster offers industrial ecological services aimed at:

- removal and processing of acid oil waste and hazardous industrial waste;
- processing oil waste from cleaning tanks, storage recipients, railway and auto tankers;
- collecting and processing mineral oil waste, sludge and slurry;
- modernizing and operating industrial wastewater treatment stations;
- cleaning-up contaminated sites, particularly sites containing oil waste;
- specialized consulting services on environmental protection.

Key 2006 Achievements

- *First laboratories in Romania able to complete biodiesel analyses in accordance with international standard EN 14214*
- *Management takeover and integration of Vega refinery laboratories*
- *Turnover increase of 106 percent compared to 2005*

Key 2007 Objectives

- *Develop activity by offering new consulting services for industrial and environmental testing*
- *Expanding by opening a new oil product and environmental laboratory in Western Romania*
- *Double client portfolio from 300 to 600*

In 2006, **Rompetrol Quality Control (RQC)** launched consulting services in the areas of industrial analysis and monitoring of environmental indicators. RQC took over the management of the Vega refinery laboratories, after in 2004 successfully outsourced the laboratory analysis services of Petromidia. Through investments, RQC was able to meet the new requirements in the field, Rompetrol laboratories becoming a benchmark and having their achievements recognized internationally.

RQC is a guarantor of high quality products, with a low sulfur content (<10 ppm), provided by TRG' two Romanian refineries.

In 2006, RQC doubled its number of third party customers, reaching more than 300 compared to 150 in 2005. The increase was determined by inclusion of Vega laboratories and the expansion on the Romanian market on the back of diversified services on offer. Ongoing efforts to improve quality are also confirmed by the certificates of excellence obtained as a result of various international inter-laboratory tests: CALITAX (Spain), South-Eastern European Interlaboratory Study "Water Analysis" (Serbia and Montenegro) – for water, air, and soil analyses, InterTek Caleb Brett (Netherlands), Institute for Interlaboratory Studies – IIS (Netherlands) and British Petroleum Laboratories – Air BP (UK) – for oil product analyses.

RQC implemented more than 30 new types of analyses for oil products and environmental factors in 2006. RQC is currently the only Romanian Automotive Registry (R.A.R.) certified company to conduct biodiesel analyses in Romania and one of the very few such laboratories in the Balkans. Outfitting the laboratories with the equipment needed to perform such analyses represents an important step forward in the environmental protection field, in line with general QHSE guidelines of TRG.

RQC holds certifications in all its areas of activity from all the bodies in charge with supervising these sectors:

- RENAR SR EN ISO/CEI 17025:2001 accreditations for most types of analyses performed
- ISCIR (Romanian Government Inspection Authority for Control of Boilers, Pressure Vessels and Lifting Equipment) license – for metallic-graphic trials and boiler-water tests
- AFER (Romanian Railway Authority) licenses – for railway product trials (diesel and oils), and for environmental laboratories for most analyses
- Competency certificate for staff in charge of technical equipment and industrial space facilities with a risk of explosive environments, provided by INSEMEX (The National Institute for Safety in Mines and Explosion Protection)
- Authorization to conduct professional toxic emissions measurements issued by the Ministry of Health – Public Health Department
- Acknowledgement by the Ministry of the Economy and Trade as active party (test laboratory) in the "Fuel Quality Monitoring National Program"

Shared Services

The Shared Services entity offers resources, expertise, and assistance for daily activities of the four main business units of The Rompetrol Group. The business model leans towards 'centers of excellence' intended to provide best practice integrated programs to all TRG units. The services offered are essential to enable TRG units to carry out their activities in good operational conditions. The Shared Services entity comprises the Legal, IT, Human Resources, Communication and Public Relations, Purchasing and General Administration departments as well as Global Security Services, Industrial Parks and Eurojet companies.

The **Purchasing and General Administration** department is responsible for the implementation of purchasing policies for the entire Group. In 2006 the department implemented a process of defining specific procedures that would govern TRG purchases. The implementation of these procedures will be final in the first half of 2007 with all of the purchases made by the IT, Marketing and Administrative departments to be supervised by the Purchasing and General Administration department. These efforts of aligning purchasing policies to industry benchmarks will results in important cost reductions.

The **IT Department** (IT-SS) of TRG carries out its activities, alongside the companies of the Group in 13 countries. TRG and its business units depend on the informational systems implemented and operated by the IT department.

The IT Department purchased and operates last generation IT systems, simultaneously succeeding to keep operational costs under tight control. A series of projects with impact on TRG's activities initiated in 2006 saw the automation of the financial and accounting activities, as well as introducing new technical solutions. Among these are the integration of Dyneff's IT structure, the implementation of Oracle Applications in Rompetrol Bulgaria and the implementation of a new communications solution via satellite for *Rompetrol Expres* stations.

The implementation of ERP systems in France and Bulgaria will be finalized in the first quarter of 2007 and both companies are to start using the new software. Financial, accounting, fiscal and consolidated reporting processes are covered by this system. The systems were integrated with the retail networks of both companies enhancing data transfer and processing capabilities. The implementation of this application facilitates a better organization of the internal processes, a tighter collaboration with the other TRG companies, an improvement in the accuracy of reported and consolidated data, and better control upon activities.

The IT department succeeded also in establishing a third ECDL Rompetrol Center in Ploieşti, adding two more ECDL certified testers and obtaining the accreditation for the training rooms. The first TRG external contracts to obtain ECDL certification were concluded between Rompetrol SA (the ECDL center) and Constanța City Hall (104 students), Zalău City Hall (50 students) and the Prahova Environmental Protection Agency (46 students).

Management and Support Companies • Shared Services

Last year the **Human Resources** function started to implement the integrated operations process in all 13 countries of activity for TRG. The development of mid-term Human Resources strategies is based on three prioritized directions:

- Care for individuals
- Resource development
- Collective efficiency improvement

Putting together an efficient human resources team open to both internal and external needs of the Group has been another priority of the department.

In addition to introducing the performance management system, the creation of flows between different TRG locations is based on generating responsibility and supporting the operations strategic adaptation process, taking into account the specific cultural and geographic need of each entity.

The consolidation of the reorganization process for the human resources function demonstrates its strategic partnership role in the development of the Group and its contribution to meeting TRG's strategic objectives.

An important achievement in 2006 has been the roll out at Group level of the most extensive program of preparation and integration into the organization designed for recent graduates, Rompetrol Trainee, designed to ensure a continual development of human resources capable to sustain TRG's rapid growth.

In order to adapt to a dynamic business environment, 2007 will bring a transition to a more flexible model of job definition and evaluation. This model is based on roles and job groups, accompanied by a fair and motivating performance-based payment system, the redefinition of managerial roles and the identification of competencies associated with success in this function. Sustaining business continuity will also be based on increased internal mobility, intensive managerial culture development programs, and stressing the transfer of this culture to all countries in which the Group operates.

Through its entire human resources strategy TRG intends to become a center of excellence in the field of identification, valorification, and development of the human potential, taking into consideration each person's regional and cultural background.

An essential component of corporation life, the **Communication and Public Relations Department** has kept a clear and consistent messaging line by identifying maximum interest subjects and by concentrating on the audience.

Transparency has been again in 2006 the strong point of TRG in the constant flow of information exchanged with shareholders, investors, with the authorities, partners and clients. The publication of the Annual Report and the release of quarterly and annual financial results, as well as periodical meetings with financial analysts, led to a more accurate coverage of TRG achievements.

Information on the Company has been accessible to the general public through mass-media, with a consistent, sustained and alert rhythm depicting accurately the Group's dynamism and spectacular evolution. Communication with Romanian and foreign journalists primarily stressed the expansion and development of Rompetrol, the financial aspects, and especially, Rompetrol's contribution in the new European context.

Access has been permanently maintained to Company news, through organizing important events for the Group, and through press releases and news bulletins constantly transmitted to newsrooms. The acquisitions and development of business partnerships, as well as new products and services, had a guaranteed immediate public exposure. The Group's business units were also supported in the implementation of communication campaigns targeting business partners, the financial community, or the authorities. Particular attention has been given to international media channels, raising Rompetrol's awareness at European level.

The attitude of transparency and openness has been maintained in relation to the abusive investigations against the Company's management and to the related ongoing court cases. We continued, however, to highlight each time the procedural errors and legislation violations directed against TRG.

Another important information channel has been the revamped Internet portal, www.rompetrol.com, a modern and accessible site with a dynamic and informative bilingual content on more than 400 pages.

TRG also participated last year in a series of national and international oil industry events, where its analyses and projects were well received by participants, helping to raise the visibility of the Group among its peers and the business community.

For **Eurojet** 2006 represented a development year, succeeding to gain the loyalty of an important portfolio of domestic clients in Romania, while promoting the company in the international brokerage market. The Company gained numerous international clients and successfully registered with one of the most utilized specialized brokerage sites in the industry - Avinode. This increase in activity came largely as a result of acquiring a Cessna Citation Encore business jet.

With two aircraft offering commercial flights to more than 30 international airports in Europe, CIS and the Middle East, Eurojet's revenues reached $2.42 million last year.

The Company offered the following services in 2006:

- passenger charter flights
- medevac charter flights
- air transport brokerage activities
- travel agency

The main goal of the travel agency services is to centralize all TRG staff travel requests and make them more cost effective. Last year, the travel department has been successful in perfecting important contracts with service providers (hotels, airlines, tourism agencies) in order to ensure the best price/conditions offered to TRG staff. It also supported the organization of TRG's Annual Management Meeting.

Key 2007 Objectives

Eurojet aims to acquire in the first part of the year, a Learjet 60 business jet manufactured by Bombardier. This purchase will be concluded on the basis of an international financing contract negotiated by Eurojet.

For 2007 the Company estimates an increase in flight hours of about 50 percent compared to 2006 as well as a revenue hike based on the estimated number of flight hours (about 1,500 hours). The travel agency offer is also slated for development on the basis of diversified products promoted and distributed effectively.

Corporate Governance

Along with reorganizing into Business Units, we have also restructured the balance of our organization. We have implemented or have started implementation on a series of new structures and controls to ensure we mitigate as many risks as possible in our daily business and to comply with Corporate Best Practice as regards controls and segregation of duties.

We have taken operational forecasting and budgeting functions away from Finance and formed a new group called PPM (Planning and Performance Management). PPM reports operational results (that reconcile to our financials), leaving Finance to report financial results. Our objective in reporting operational results is to segregate controllable results from non-controllable (e.g. market price fluctuation). PPM is a support function that reports operational results in these two categories identifying areas of performance that can be controlled and improved and making sure all business opportunities are properly exploited. These two groups, PPM and Finance "surround" our business units providing management with the necessary information to understand the key drivers of our businesses and to have the data in hand to make proper operational and financial decisions.

We have implemented project "Score" that will reengineer all our commercial processes across the Group to ensure we have a formal system of delegated authority, an IT system that provides real-time reporting across the Group, and a system of real time controls linked to our delegated authority. We have established an Internal Audit department responsible for both financial and operational audits across the Group. This department will ensure that the highest risk areas across our organization are in compliance with established policies, procedures and controls.

In the medium term, the Internal Audit function of The Rompetrol Group (TRG) is set to provide shareholders and management with assurance that the group's business processes ultimately allow TRG entities to operate together with proper controls.

Internal Audit is independent as it reports both to the Chief Executive Officer and the Chief Operating Officer and with dotted line reporting to the Board Audit Committee. The mission of TRG's internal audit department is to provide independent, objective assurance, and consulting services designed to add value and improve the organization's operations.

We outline below the scope of work of TRG internal audit function:

- significant financial, managerial, and operating information is accurate, reliable, and timely;
- identification of risks to be reported to senior management and the corporate risk;
- employees' actions are in compliance with policies, standards, procedures and applicable laws and regulations;
- resources are acquired economically, used efficiently and adequately protected;
- quality and continuous improvement are fostered in the organization's control process;
- significant legislative or regulatory issues impacting the organization are recognized and addressed appropriately;
- opportunities for improving management control, profitability and the organization's image may be identified during audits.

The energy market, by default, exposes Rompetrol to specific risk factors, such as market volatility or operational and environmental factors. There are also non-specific risks which may have a strong impact; among them, credit, foreign exchange, IT, legal and political.

Our general approach is to manage risks at source, within the operating business entities. There are several exceptions. Group Treasury is responsible for centralized management of foreign exchange, interest rate and liquidity risks. Operational and hazard risks associated with the major assets are handled at corporate level also, while the QHSE Division and the IT Department are handling across the Group all risks within their area of competence.

Corporate Social Responsibility

The Rompetrol Group is able to grow only through the sustained work and efforts of its employees to create not only a business, but a way of life and a brand name meant to inspire respect and admiration. Rompetrol understands to take on social responsibility and to react to the needs of the community to which it belongs. The values in which we strongly believe: creativity, independence and success, have determined us to contribute to the well-being of the society, becoming involved in important social responsibility projects. Wishing to be close to those around it, to support them in their endeavors, and to change perspectives and mentalities, Rompetrol has engaged in the civic life of the communities in which it carries on its activities.

From a desire to offer children from disadvantaged social backgrounds a new chance, TRG has chosen to support, in a constant and active manner, a series of educational programs emphasizing schooling, medical services and nutrition – in short, access to a normal life. To this end, TRG has granted important financial assistance to Ovidiu Rom Association in the implementation of programs intended to combat poverty, illiteracy and social exclusion (the 'Steluța' program through which hot meals were offered to underprivileged children at the Saint Stelian Education Center, the 'Ready, Willing and Able' program through which hot meals were offered to mothers who benefit from counseling and professional training from a specialized center).

Among projects supported by Rompetrol there are also those tied to environmental protection, carried out in cooperation with local authorities and NGOs, as well as those tied to education and culture. The involvement of Rompetrol in the field of education has gone even further, supporting gifted young individuals by offering opportunities to perfect themselves.

The recently concluded internship program offered by Rompetrol Rafinare had been attended by 88 high school graduates and senior-year college students, of which 29 were selected for the next training stage. The goal of the internship is to offer young people the chance to get to know the work environment and the values of a multi-national company with local origins. The most talented ones will be supported by professional development programs designed to help them build a meaningful career with potential within TRG.

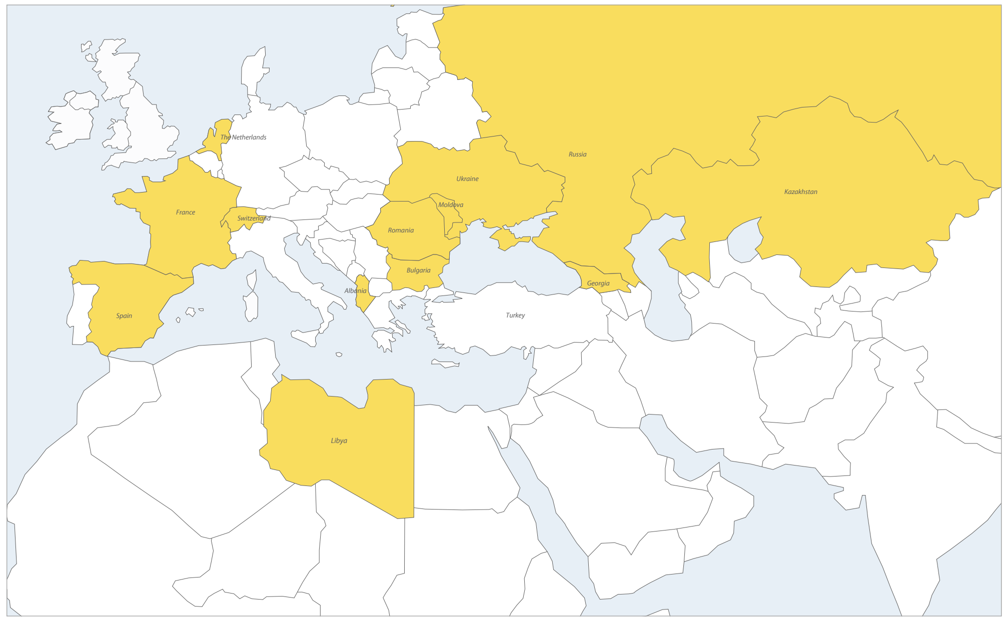
Another significant program supported by Rompetrol was the IDEA 2006 International Youth Forum, a public debate competition on current world affairs attended by about 230 guests, high school students, teachers and instructors from more than 35 countries.

The Group plans to develop other projects, being fully aware of the importance of social responsibility of large corporations. These projects will be carried out through the newly established Energie Vie Foundation, created precisely in order to intensify the involvement of the Company in issues of relevance for the society, focusing especially on education.

In 2007, the Energie Vie Foundation plans to start a national scholarship program for high school students in Romania. We believe that academic abandonment due to lack of financial resources is one of the serious problems with a long term impact the Romanian society has to face. The 'Invent Your Future!' program is designed for current and future high school students, and aims to select highly gifted young people who would be supported in their studies. The selection criteria combine the students' academic performance with their financial and family situation. We believe strongly that TRG's corporate and social responsibility activities will lend real support to the general efforts of creating a modern and prosperous Romanian society.

EXPANSION

Mergers and Acquisitions



The Rompetrol Group Expansion

The Rompetrol Group accelerated its international expansion program in 2006 by consolidating its presence on traditional regional markets and gaining access to new markets. The most important step in this direction has been the takeover of the French Group Dyneff that took place effectively on January 20, 2006, and led to a significant increase in TRG revenues. This acquisition represented also the starting point for major operations on the oil product retail and wholesale distribution markets in Western Europe, in addition to existing trading and management activities TRG had already developed in this region. As a result of the Dyneff acquisition, TRG controls a market share of 4 percent in France and 1.5 percent in Spain.

At the same time, the Group pursued its regional growth in the Black Sea and Mediterranean regions, by opening operational branches and developing already existing ones in Albania, Bulgaria, Georgia, Moldova and Ukraine. This laid the foundation for TRG to contribute to regional and European energy security, by serving as a link between Eastern hydrocarbon resources and the increased Western demand for high quality products.

In 2007, TRG is interested in acquisitions in the downstream sector, which would balance the refining capacity (currently 4 million tons/year) with the distribution to clients (currently 8 million tons/year). Geographically speaking, the area between Romania and France offers the most interesting opportunities for TRG. To evaluate these opportunities, a dedicated “Mergers and Acquisitions” department has been established at the end of 2006, reporting directly to the Chairman’s Office.

The following pages present a summary of TRG’s activities in the 13 countries of operation.

The Netherlands

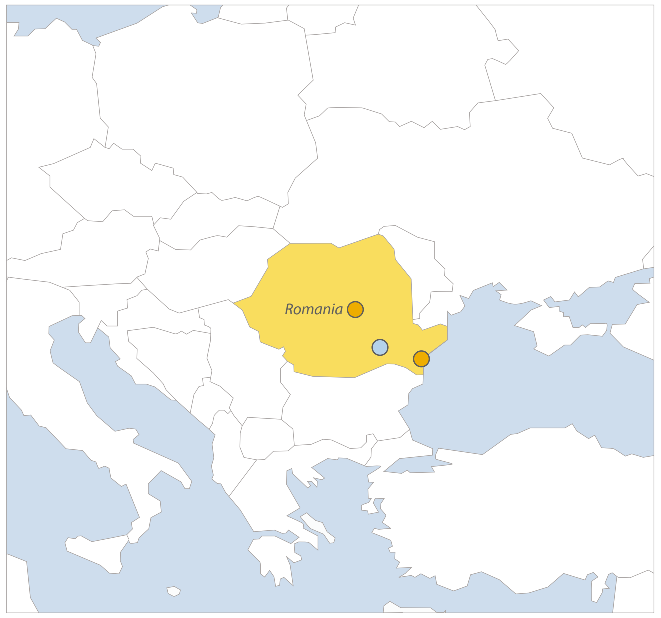
The Rompetrol Group N.V. has its head office in Amsterdam, The Netherlands. The company registered its seat as a holding in The Netherlands in 1999 when it started acquiring significant assets in Romania and continued by expanding to its current 13-country operation. TRG’s shareholders pursued the vision of building a regional independent oil group by developing a sound structure, upon which an energy bridge linking Eastern hydrocarbon resources with Western consumer demand would be established. To perform this task and seamlessly integrate its expanding asset base, TRG realized early on the advantages of managing its operations in a transparent manner from a stable, well-regulated and mature base.

Internationally financed and rated, TRG NV has been able to leverage its ranking and develop by acquiring affordable assets and expanding them through proactive management and technically astute turnarounds. In 2006, TRG gained one more significant foot in Western Europe after acquiring and integrating Dyneff of France, while continuing to expand its trading operations through Swiss-based Vector Energy. These moves carefully orchestrated by an expanded international management team allowed the Company to gain critical mass and move to a model of “trading around its assets” where the realized gains stand to exceed its actual size or existing processing capacity.

The successful expansion of the Group has seen it develop in a short time from a pure refiner of crude oil to an ambitious refining, marketing and trading mid-sized European player ranking among the top 25 oil companies in the EU by revenue.

These developments have determined, and equally been driven by, an increased need for oversight and corporate governance, in line with shareholders and financers expectations. As a result all Supervisory Board and some of the most crucial senior management functions are located in the Amsterdam headquarters, along with some vital support functions such as Treasury, Finance and international legal and communications practices. Starting from this solid base TRG will continue its planned expansion aiming to become one of the “Top Ten” oil companies in Europe.

Romania



Offices Refineries

The Rompetrol Group developed its assets in Romania prior to starting its international expansion. Today, TRG, headquartered in The Netherlands, has become the first multinational corporation with Romanian origins.

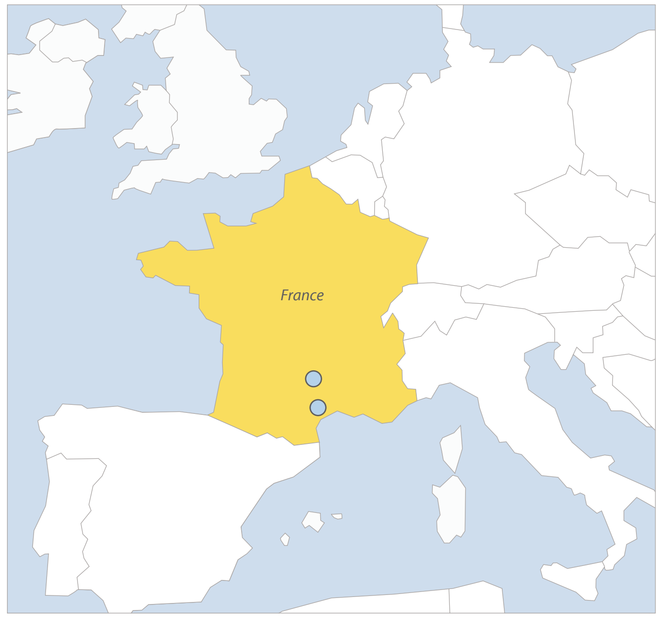
In 2006 TRG expanded significantly into Western Europe evolving from a medium-size regional company to become a pan-European company active throughout the continent and its contiguous regions.

The Romanian base of TRG offers management services and co-ordinates the activity of the Group's two refineries, Rompetrol Rafinare (Petromidia) and Vega – as well as the retail distribution and industrial production activities. The Shared Services entity provides the four main business units of the Group with resources, expertise and assistance in carrying out daily activities.

The business model is based on creating "centers of excellence" designed to provide integrated best practice programs for all Group entities. The services provided are essential to TRG's business units, enabling them to operate under optimal conditions benefiting from specialized and consistent assistance. The Shared Services entity consists of the following departments: Legal, IT, Human Resources, Communication and Public Relations, Purchasing and General Administration, as well as service companies.

One of the priorities for Shared Services has been the operational integration and harmonization of procedures for the Group's entities in all of the 13 countries where it is active. Development strategies and implementation of decisions are monitored by TRG's Supervisory Board and its Management Committee from the Amsterdam headquarters.

France



The Rompetrol Group operates through its French subsidiary, Dyneff, a network of 185 fuel distribution stations, of which 27 are company owned and 158 are under partnership.

In 2006 the company owned network obtained three new highway concessions on A61 (Narbonne-Toulouse) and A52 (Aix-en-Provence to Aubagne) and also acquired the regional product shop on route A61.

The development of the distribution network has been augmented by a partnership concluded with Brioche Dorée to offer customers qualitative fast and reputable restaurant services.

In 2006, the company owned network registered a 17 percent hike in fuel volume sales and a 16 percent increase of the gross margin, on a distributed volume of 58,758 cm. The introduction of a specific offer in the convenience stores led to a 59 percent increase of revenue for this segment.

The partner network ensures a significant visibility of the Dyneff brand, under the concept "Les Stations Soleil" (The Sun Stations.) This network distributed a fuel volume of 93,960 cm. In 2006, tougher regulations led to the closing of several small size stations. The decrease in the number of distribution points triggered volume compacting compensated by a margin improvement (1.7 points increase in margin).

The distribution of heating and auto fuels is provided through a network of 15 sales agencies in Southern France. In 2006, Dyneff launched and completed its network reorganization strategy based on a careful segmentation of its client portfolio.

In parallel, Dyneff started to distance itself from non-profitable markets. This strategy makes it easier to guarantee commercial productivity, a product and service-offer adapted to each category of customers, and increased overall activity efficiency. In this context, the trading and wholesale coordination has been concentrated particularly in Montpellier, which enabled close management in collaboration with the Supply and Operations & Logistics Departments.

Dyneff expanded its coverage area by setting up a new agency in the Central Pyrenees. This agency, located in Toulouse, provides services to individual customers, craftsmen, small and medium size enterprises, farmers, etc. In 2006, the retail distribution margin increased by 11 percent, along with a decrease in volume of 4 percent.

Operation and activity development in the context of seeking an European energy balance between Eastern resources and the Western markets:

For TRG, Dyneff represents the first access pillar to Western European energy distribution markets. The access policy to these markets is based on the creation of unified pan-European brands and the implementation of specific supply and logistics strategies.

Dyneff strengthened its supply chain on international markets with the help of Vector Energy. At the same time, the implementation of new logistics strategies will facilitate enhanced product circulation, ensuring a better commercial efficiency.

Currently, Dyneff benefits from access to two new ships for finished products under a concession agreement through Byron Shipping Ltd. (Trading BU), providing coverage of the Mediterranean Sea and the Black Sea and especially for the Fos and Port La Nouvelle depots.

The French distribution network is the first Western European network to implement some of TRG's brands:

- the *Rompetrol* brand for fuel retail and wholesale distribution through service stations
- the *Hei* concept for convenience stores and upgrade of the highway network
- the *Fill&Go* concept for payment and fleet management services

This development represents the second pillar in the creation of brands which combine innovation, quality and services in the European markets.

Key 2007 Objectives

The 2007 strategy for the company owned network includes the building of the first Rompetrol branded station and of two other Rompetrol and *Hei* branded stations during the first quarter of the year.

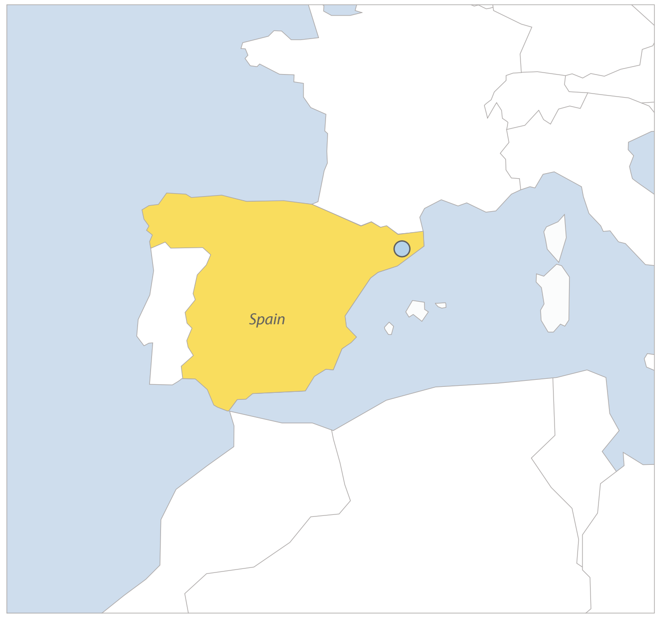
The launching of the *Fill&Go* brand will take place in both the company owned and the partner networks making available new services for the customers, especially through the internet.

The 2007 program includes also an expansion of the centers of Dyneff's partner network, particularly through a policy of fuel station manager training and professional development. The two networks will also expand their product line by launching new products and services, among which AdBlue (ecologic additive for trucks) and E85 (bioethanol).

In the retail agency network the expansion of the activity in order to include individual customers will be supported by establishing partnerships with local distributors and enhancing the offer by introducing specific payment services such as bank card payment. The offer for wholesale customers will also become wider, and their training with regard to product usage and storage will be intensified. The coverage area for the Dyneff brand will be expanded particularly as a result of acquiring new distributors and fuel stations. In parallel, the large upgrading program of the secondary depots network launched in 2006 will boost the logistics productivity and lead to better services for our customers.

Also, the commercial and trading activity will be developed on a national level. Two new depots located in Strasbourg and Dunkerque will support the development in Northern France. The product lines and price ranges will be expanded in order to meet the new customer expectations. Strategic partnerships will be concluded with large and medium size enterprises in order to consolidate volumes and profit margins.

Spain

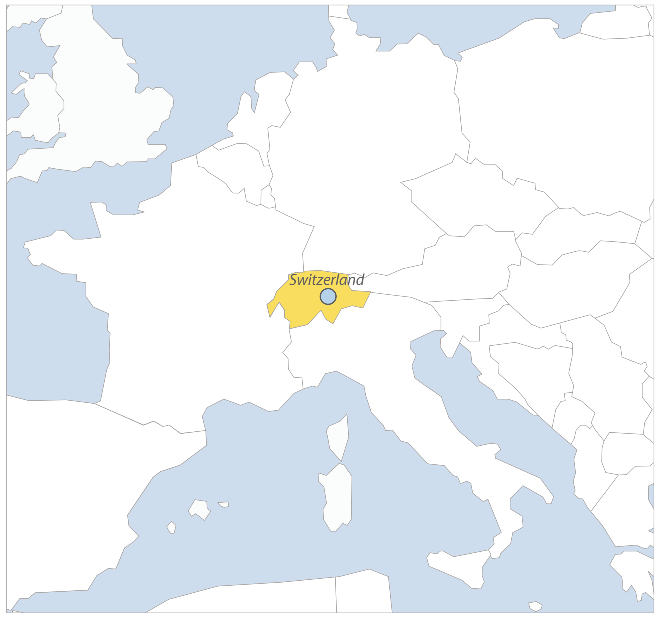


The Rompetrol Group is active in the Spanish market through a network of four wholesale agencies of Dyneff. In 2006 sales volume in Spain reached 544,000 cm based on shifting the distribution towards corporate clients. The new distribution strategy allows for a better segmentation of the client portfolio and for distancing from unprofitable market areas.

The main objective in Spain is to raise the presence of Dyneff to a significant level on the retail fuel stations market. This development will be supported by the experience of the Company in France and by the distribution plans designed at Group level.

The marketing strategy in Spain will focus on developing the Rompetrol brand for distribution in fuelling stations and on the introduction of the corporate fleet management system *Fill&Go*. This offer launched to Spanish retail stations aims to have the first units installed by the spring of 2007. *Fill&Go* will allow corporate clients to make card payments for fuel and carwash services, as well as managing and optimizing fuel consumption and associated costs, being able to monitor this data in real time online.

Switzerland



The Rompetrol Group conducts its international trading activities through the Vector Energy AG. subsidiary, headquartered in Zug, Switzerland. Crude and feedstock purchases for TRG refineries, as well as the export of the majority of products to international markets, are currently conducted through Vector Energy. The Romanian Operations Division will continue to ensure the delivery of products from the Rompetrol Rafinare refinery to “near abroad” TRG subsidiaries until the conclusion of the integration process by 2008, when Vector Energy takes over these distribution flows as well.

The Group’s trading revenues through Vector Energy almost quadrupled to $1.96 billion in 2006, compared to $519 million in 2005.

The control and optimization of the supply and distribution flows have been the main areas of focus for the Swiss subsidiary of the Group. The Swiss branch helped implement a new concept for the supply chain, price setting, and risk management for the entire activity conducted in Western Europe. This activity implies the application of sophisticated risk management procedures, but, at the same time, allows for the implementation of a pro-active pricing policy in this geographic area. This aspect enabled the Group to consolidate its price-setting capacity, as well as its position on the Western European markets.

Shipping activities, correlated with the trading ones help amplify the synergies resulting from the flow of products and the need to ship these products to consumer markets. The strategic connection between trading and shipping continued to develop in 2006 and registered a substantial increase in this respect. International transport of feedstock and products for TRG is carried out by Byron Shipping Ltd, a shipping subsidiary of Vector Energy.

Contracts concluded in 2006 led to the leasing of four modern double-hulled tankers on time charter, each for a three-year term, through Riverlake Shipping of Geneva. The long-term rental of tankers is part of TRG’s corporate strategy for control of shipped volumes through its Swiss subsidiary.

Bulgaria

Key 2006 Achievements

- *Sales volume of 200,000 tons*
- *Expanded the Company owned gas station network to 10 locations*
- *Expanded the franchise gas station network to 20 locations*
- *Equipped the Ruse depot with new technology including a vapor recovery unit*

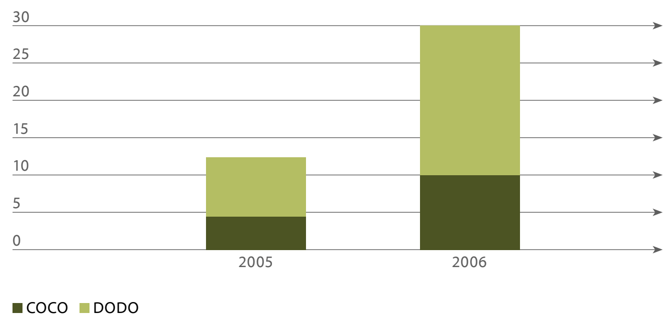
In 2006 Rompetrol Bulgaria launched an aggressive development plan of its retail operations on the local market. Investments amounted to about $7.9 million dollars, an increase of 150 percent compared to the previous year.

The Ruse depot is now equipped with a modern vapor recovery unit compliant with the EU regulations regarding environmental protection and with the newest market technologies.

The network of distribution stations under operation developed significantly, with six new stations acquired and an additional 12 stations included in the franchise program. Rompetrol Bulgaria operates now 30 retail locations offering fuel to end consumers.

Fuel Distribution Stations

No. of stations

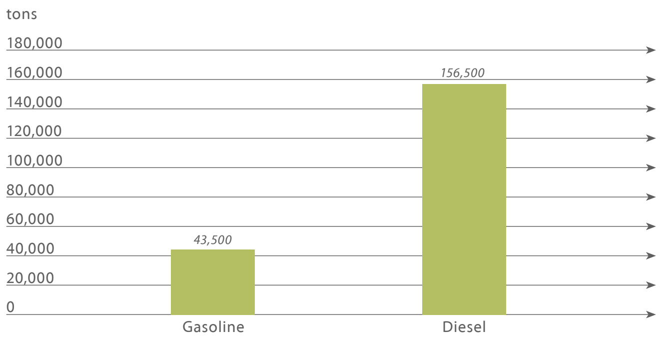


Key 2007 Objectives

- *Expand the distribution network to provide national coverage*
- *Increase the number of owned gas stations to 20, and franchise stations to 50 locations*
- *Introduce the Rompetrol standards of excellence in service such as Fill&Go for fleet customers and the Hei shops*
- *Increase the degree of customer satisfaction and loyalty*

Volume of Rompetrol product sales in 2006 reached 200,000 tons of fuel.

Rompetrol Bulgaria 2006



The main goal of Rompetrol Bulgaria for 2007 is to continue expanding its distribution network through the two channels: company-owned stations and franchise stations. Other 10 company-owned stations will be added to the network, which, together with 30 extra franchise stations will increase the network's size to 70 locations. Based on this national coverage, a series of auxiliary services will be launched, aiming to increase sales and improve service quality, in order to gain customer loyalty. The *Fill&Go* program for corporate customers will be introduced, along with the *Hei* concept for the convenience stores, throughout TRG's Bulgarian gas station network.

Albania

Key 2006 Achievements

- *Increase of the fuel volume distributed through depots and fuel stations*

Key 2007 Objectives

- *Expanding the distribution network to 15 stations and, as a result, increasing regional coverage*
- *Attracting a larger number of customers and, therefore, increasing the cash flow*
- *Secure a 15,000 cm storage capacity for the purpose of improving logistics and product distribution speed*

During 2006, Rompetrol Albania sold a total amount of 6,300 tons of fuel through its depots and fuel distribution station network.

Rompetrol Albania has a staff of 50 employees, of which 11 at its headquarters and 39 in the field employed at the nine fuel distribution stations throughout the country.

Russia

Key 2006 Achievements
- *Evaluation of the status of the petroleum industry in Russia*
- *Identification of main business opportunities*
- *Entering into strategic partnerships with the most important representatives of the local business environment*

Key 2007 Objectives
- *Create a production base with reserves of about 30 million tons of crude*
- *Achieve a yearly output of about 1 million tons petroleum*
- *Establish direct contacts and partnerships with petroleum suppliers*
- *Monitor the raw material flows and evaluate the potential supply routes*

By continuing the expansion policy aimed at consolidating TRG's position in Europe, in June 2005, the Group opened its permanent representation office in Russia, headquartered in Moscow.

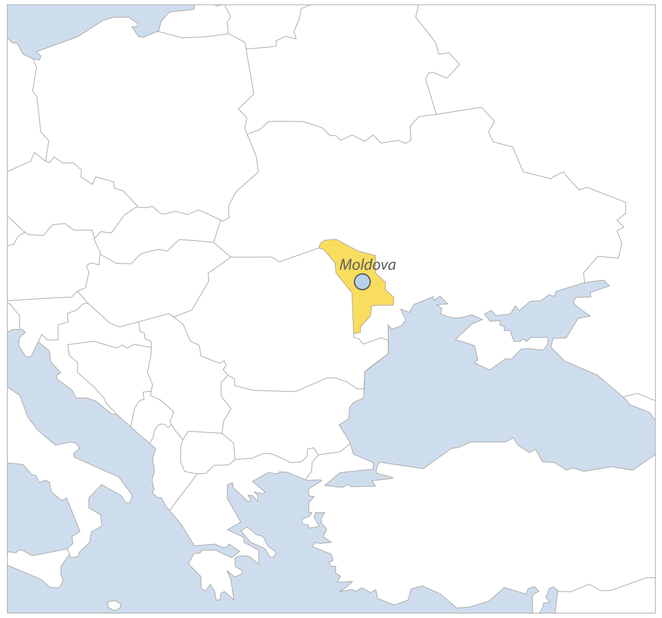
The main objective for establishing the new representation office was to assess existing opportunities and to continue development of a crude production base in this country rich in oil deposits, aiming to enable a flow of hydrocarbon resources for the two refineries of the Group located in Romania.

During 2006, the main activity of TRG in Russia had been focused on identifying the main business opportunities and entering into strategic partnerships with the most important representatives of the local business community.

TRG's major goal in Russia is to develop within the next few years an efficient production base with proprietary reserves of about 30 million tons of crude and a yearly output of about 1 million tons of crude.

In addition to the upstream core activity, the representation office provides constant support to TRG management and to its business units responsible for feedstock supply and trading. The current and future activity will consist of monitoring feedstock flows, establishing direct contacts and partnerships with crude suppliers, and evaluating potential supply routes.

Moldova

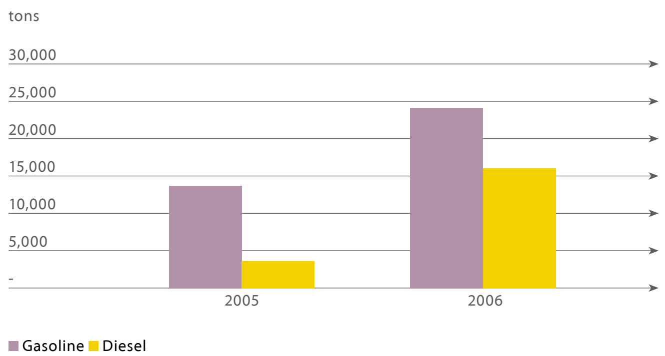


Key 2006 Achievements
- *Increased product volume sales and almost tripled revenues*
- *Expanded fuel distribution network*
- *Introduced the card payment system in the gas stations*
- *Increased the market share and created the distribution network for high density polyethylene products*

Key 2007 Objectives
- *Develop the Company's own fuel distribution network*
- *Increase the sales volumes for all fuel categories*
- *Increase the Company's market share*
- *Maintain the existing business relations*
- *Identify new business opportunities in the CIS region*

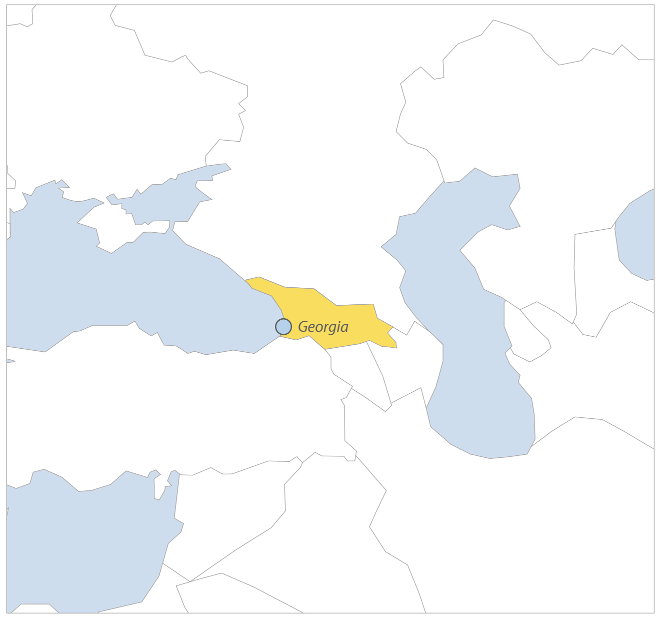
In 2006, Rompetrol Moldova raised sales volumes and almost tripled its revenues compared to the previous year. The opening of new gas stations and the introduction of the new card payment system in the Rompetrol stations were other important coordinates of TRG's business in the Republic of Moldova. Aside from the results obtained from oil product distribution, the market share for the high-density polyethylene products increased and a distribution network has been established for these products in the Republic of Moldova.

Sales Moldova 2006 vs. 2005



The Company's major goal for 2007 and for the coming years remains the development of its own fuel distribution network, the increase in sales volume for all fuel categories as well as the increase of market share through constant expansion of the gas station network. Special priority is given to maintaining existing business relationships and to identifying new commercial opportunities in the Community of Independent States.

Georgia



Key 2006 Achievements
- *Introduction of Rompetrol oil products on the local market distributing through 19 gas stations*
- *Supply of the fuel market through wholesale distribution and the depots located near Tbilisi and in Batumi*

Key 2007 Objectives
- *Expand the current distribution network to 25 gas stations*
- *Modernize existing gas stations, as well as newly purchased/rented stations, a process involving the technical improvement of the stations, equipment and system implementation*
- *Raise awareness of the Rompetrol brand among the general public, through a consolidated communication plan*
- *Train the operational and financial staff in order to succeed in the implementation of technical and operational improvements proposed*

Rompetrol Georgia operates on the Eastern shores of the Black Sea and the neighboring regions. The fuel import and distribution activity started in April 2006. By the end of the year, the Company had developed a network of 19 gas stations, under various forms of ownership, operated under the Rompetrol trademark and covering the entire country. Wholesale distribution is done through two depots, with a storage capacity of 10,000 cm. These facilities and a number of 140 employees allowed Rompetrol Georgia to introduce on the local market a flexible policy of retail prices and services based on coupons, in order to attract customers and promote the quality of Rompetrol products. In October 2006, the company started training the operational staff in Bucharest, in order to improve management capabilities in line with company development. During the eight months of activity in Georgia last year, the company distributed 29,000 cm of fuel, the equivalent of 7.2 percent of the entire local fuel demand.

Another objective is to train and increase the degree of professionalism of the operational and financial personnel, in order to reach a high level of management qualification to support the implementation of development strategies. The long-term objectives are to improve the position on the local market, to cover a significant part of the fuel demand in Georgia (more than 10 percent), to support constant and full development of Rompetrol standards, and to implement the *Fill&Go* system, as well as other TRG brands.

Ukraine

Key 2006 Achievements
- *Establishment of Rompetrol Ukraine as a TRG subsidiary*
- *Operational start of Rompetrol Ukraine in September 2006 and wholesale fuel deliveries on the local market in the first three months*
- *Registering a net profit of $97,000 in the first three months of activity*

Key 2007 Objectives
- *Develop a network of 109 gas stations, owned, rented or operated in a franchise system*
- *Increase the retail volume of distributed fuel to up to 60,000 tons*
- *Develop wholesale distribution up to a volume of 145,000 tons*

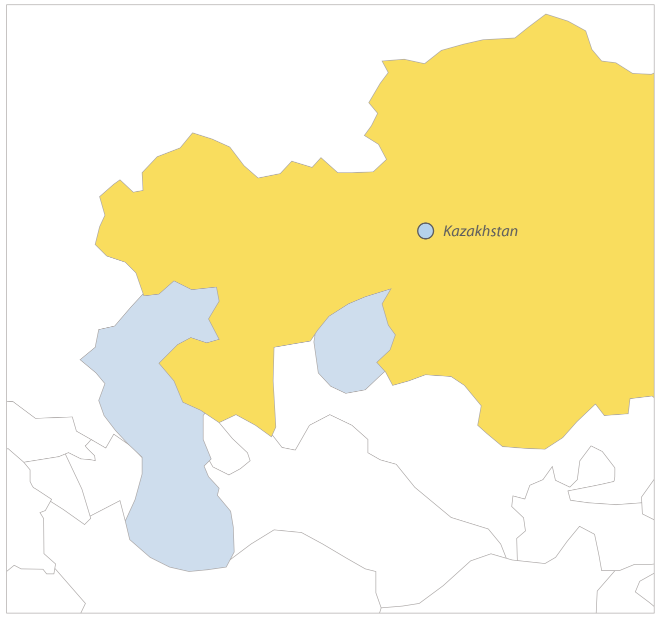
Consistent with its regional expansion policy, TRG launched its Ukrainian subsidiary in September 2006. Through this venture TRG introduces on the local market European quality standard fuels, placing itself in the premium segment of the market and addressing the demand of rapidly increasing numbers of customers who own cars produced in the European Union.

Last year, Rompetrol Ukraine activated on the wholesale distribution market, selling more than 8,500 tons of fuel. The Company, with headquarters in Odessa, also opened an office in the capital city of Kiev and by December 31, 2006 the company had a number of 16 employees.

In 2007, Rompetrol Ukraine aims to develop a network of 109 fuel distribution stations, which will operate as a combination of company owned and franchises.

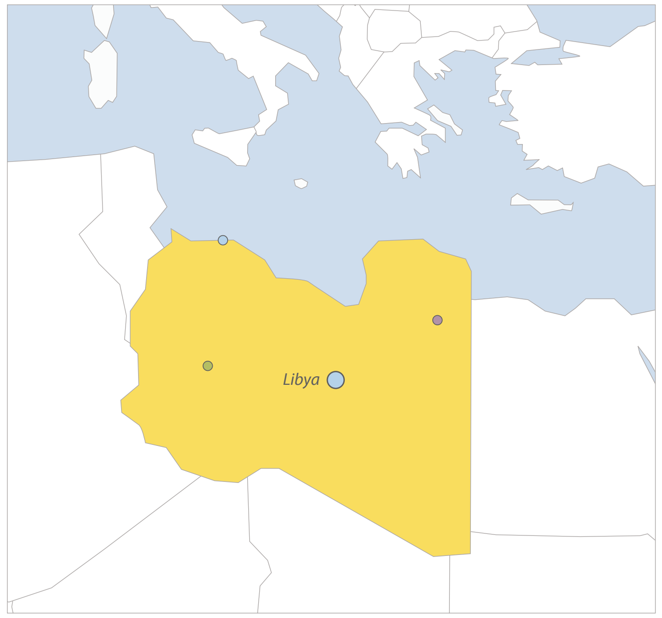
Kazakhstan

Key 2007 Objectives
- *Develop the operational capacity by increasing the equipment fleet by about 20 percent*
- *Establish medium and long-term contractual relationships gaining customer loyalty*
- *Improve financial performance*



The Rompetrol Group is active in Kazakhstan through a subsidiary of Rompetrol Well Services, established in 2002 as part of the corporate development strategy in the Caspian Sea area.
The local branch has quickly developed from a single operational base opened in 2003, to three operational bases in 2006, located near the oil production fields in the western part of the country. The bases are equipped with modern machinery for supplying oil and gas rigs with cementing and stimulation services. The activity is conducted by local staff under the coordination and supervision of Romanian specialists.
Among the customers of the branch are important petroleum operators, such as OMV, Max Petroleum, Ministry of Geology of Kazakhstan and others.
In 2006, the branch obtained revenues of more than $1.5 million dollars and a gross profit of more than $300,000.

Libya



Geomin Oilfield Services Company (GOFSCO) is the Libyan subsidiary of The Rompetrol Group for drilling services, rig repairs and auxiliary services in the oil and gas sector. Throughout its 25 years of activity, GOFSCO has provided highly professional services for large international companies such as: Repsol Oil Operations, Veba Oil Operations (PetroCanada), Lasmo Grand Maghreb Ltd, Repsol Exploration Murzuk S.A. and others.

Among achievements to date are the drilling of 73 development oil and gas wells and 12 water wells, in the Nc 115 concession at the El Sharara field, using Romanian equipment.

TRG upgraded the equipment of its Libyan subsidiary, GOFSCO, which now uses Dreco high-end technology. The Company has performed rig repairs on more than 130 rigs in the Murzuk basin and more than 23 rigs in the Libba and Amal basins for various customers.

GOFSCO's main objective for 2007 will be to resume depth drilling services by acquiring high-performance equipment adequate for this type of drilling.


FINANCIAL RESULTS

Analysis of The Rompetrol Group N.V. 2006 Financial Results

Business environment

		2006	2005
Brent Dated	USD/bbl	65.13	54.50
Ural Med	USD/bbl	61.35	50.84
Brent-Ural Differential	USD/bbl	3.78	3.65
PVM Ural Cracking Margin	USD/bbl	5.75	6.15
Premium Unleaded 50 ppm FOB Med	USD/t	610	514
Diesel ULSD 50 ppm FOB Med	USD/t	600	538
RON/USD Average exchange rate		2.81	2.91
RON/USD Closing exchange rate		2.57	3.11
RON/EURO Average exchange rate		3.53	3.62
RON/EURO Closing exchange rate		3.38	3.68
USD/EURO Closing rate		1.32	1.18
Inflation in Romania		4.88 percent	8.72 percent

The international business environment remained favourable for the refining industry during 2006, after an exceptionally profitable 2005.

Crude prices continued their rise going up by 20 percent during 2006 (43 percent for 2005), sustained by the continued economic growth in the United States and China, and due to heightened tensions mounting across the Middle East, from Iraq to Lebanon and Iran.

The Ural discount to Brent remained at high levels compared to historical averages, factoring in the imbalance between the increasing international demand of low-sulfur crude (Brent) and incremental production increases of high-sulfur crude (Ural) in Russia.

The refining margins decreased by seven percent in 2006 with a slight impact on industry profitability. In addition, a weaker 2006 Atlantic hurricane season had a smaller impact on crude prices compared to the previous year.

During 2006, the petroleum products markets favoured light distillates (gasoline), a switch from the previous year's emphasis on middle distillates, especially diesel. These relative profitability positions resulted from enhanced middle distillates yields determined by 2005 market prices, a warmer than expected winter season and the lack of structural issues linked to MTBE replacement with ethanol for gasoline fuels in the US market.

On the forex market the Romanian currency continued to appreciate in 2006 against both Euro and US Dollar (USD), following the trend of above-average growth of Romanian economy for the past three years, and supported by positive expectations triggered by Romania's January 1, 2007 European Union accession.

The dollar depreciated during 2006 against the European currency due to growing concerns regarding the US commercial deficit, and despite the favourable interest rates differential between the US and the EU.

The inflation in Romania continued to decrease in 2006 due to structural changes implemented by the National Bank of Romania, despite an upsurge of mortgages and consumer credit in the last two years.

Consolidated accounts

The consolidated accounts are fully disclosed in the next chapter of this report and further analysed in the following sections for each business unit.

	2006	2005
Gross revenues	5,300,920,178	2,405,910,286
Gross profit	362,436,287	267,014,054
EBITDA	164,563,675	163,646,525
Capex	151,066,015	151,856,071

(figures in USD)

During 2006, consolidated gross revenues more than doubled due to TRG's expansion in France, higher prices of crude oil and petroleum products, as well as due to the continued downstream market integration of Petromidia refinery in Romania and the rest of South-East Europe.

2006	Refining & Petrochemicals	Trading	Retail & Marketing	Upstream	Management & Services	Consolidating Adjustments	Consolidated
Gross revenues	2,747,100,933	2,515,752,542	3,966,139,592	30,029,371	166,093,722	(4,124,195,982)	5,300,920,178
Gross profit	132,114,386	35,053,963	197,814,655	14,015,971	27,550,649	(44,113,337)	362,436,287
EBITDA	107,865,458	28,396,912	49,543,994	6,497,071	(10,099,894)	(17,639,866)	164,563,675
Capex	66,774,750	3,555,628	75,867,249	5,701,685	15,624,484	(16,457,781)	151,066,015
2005							
Gross revenues	2,224,035,344	1,125,953,281	1,311,067,463	24,238,201	155,500,887	(2,434,884,890)	2,405,910,286
Gross profit	179,996,133	12,753,704	66,194,059	10,409,101	27,588,795	(29,927,738)	267,014,054
EBITDA	141,739,320	9,726,346	24,520,175	5,666,958	(7,561,587)	(10,444,687)	163,646,525
Capex	95,219,432	905,095	51,819,578	4,936,656	6,902,448	(7,927,138)	151,856,071

(figures in USD)

Gross profits for 2006 were in line with 2005, normalized for the acquisition of Dyneff. The Refining & Petrochemicals segment was exposed to lower product cracks compared to international market levels. The Retail & Marketing segment in Romania and South-East Europe yielded improved gross profits as a result of higher sales and superior wholesale margins. Trading margins were mainly boosted on the back of crude and products supplied to Petromidia refinery and the French operations.

The Group recorded in 2006 an operational profit (EBITDA) slightly above the previous year's results. Last year EBITDA was more evenly distributed among business units compared to 2005 when 87 percent was earned by the refining and petrochemicals unit.

Selling, general and administrative expenses ran higher in 2006 compared to the previous year, for the most part on salaries and related taxes, as well as on other overhead costs generated by distribution network development. The main drivers of these developments are the appreciation of Romanian currency and Euro against the USD, and the narrowing of the wage gap between the EU and Romania and South - Eastern Europe.

Analysis of The Rompetrol Group N.V. 2006 Financial Results

Financial expenses rose in comparison to 2005 due to greater financial leverage and higher base interest rates. The net foreign exchange result reflects a strong influence of the Euro appreciation against USD affecting the outstanding balance of the hybrid instrument.

Consolidated non-current assets increased with the addition of Dyneff's assets and due to investments in the refineries and petrochemical plants, as well as retail network expansion. Current assets and liabilities were adjusted in relation with higher prices of crude and petroleum products, as well as with the extended commercial credit required by downstream integration.

Non-current liabilities, bank debt in particular, expanded in 2006 in order to sustain the acquisition of Dyneff, development of the retail distribution network, and higher working capital demands.

During 2006, TRG continued its capital investment program at a sustained pace, especially in the refining and petrochemical assets, network development and logistics expansion.

The acquisition of Dyneff had been supported by a structured bank finance granted by Société Générale of France. The remaining part of the interest-bearing debt increase during 2006 was used to sustain the working capital requirements triggered by the retail and wholesale operations expansion in Romania and the rest of South-East Europe.

The coupon paid for the hybrid instrument in 2006 increased in comparison with 2005 in line with higher EURIBOR base interest rate and appreciation of Euro against the USD.

Refining & Petrochemicals Business Unit

	2006	2005
Gross revenues	2,747,100,933	2,224,035,344
Gross profit	132,114,386	179,996,133
EBITDA	107,865,458	141,739,320
Capex	66,774,750	95,219,432

(figures in USD)

EBITDA per company:	2006	2005
Petromidia	96,160,764	126,569,612
Vega	5,422,879	6,457,544
Petrochemicals	6,281,815	8,712,164

(figures in USD)

		2006	2005
Feedstock processed	Kt	3,695	3,259
Gasoline produced	Kt	1,190	1,006
Diesel & jet fuel produced	Kt	1,453	1,314
Motor fuels sales - domestic	Kt	1,305	1,198
Motor fuels sales - export	Kt	1,336	1,190
Export	percent	51	50
Domestic	percent	49	50
Gross cash refinery margin/tons	USD/t	59.72	75.86
Gross cash refinery margin/bbl	USD/b	8.22	10.45
PVM Ural Cracking Margin	USD/bbl	5.75	6.15
Net cash refinery margin/tons	USD/t	22.46	41.90
Net cash refinery margin/bbl	USD/b	3.08	5.74

The Rompetrol Group

Feedstock processed during 2006 at the Petromidia refinery reached a historical high, 13 percent up on the previous year, taking into account the refinery overhaul of 2005.

The refinery recorded solid operational results in 2006, yet they were below the previous year's exceptional figures mainly as a result of unfavourable market conditions in the first quarter.

The gross refining margins continued to remain high (see PVM reference margin), although slightly behind 2005 levels, but above historical averages, as the international refining capacity is still behind global demand, especially for the EURO 4 and 5 or similar quality grade fuels.

Moreover, Petromidia continued to enjoy in 2006 its well-known competitive advantages compared to the other regional and European refiners: ideal geographical position on the Black Sea coast, low logistics costs, and its ability to process high-sulfur crude, to capture the existing Ural discount against Brent international crude prices.

The investment program carried out in the past four years allowed Petromidia to optimise the production and adjust the relative yields of light and middle distillates in order to benefit from the opportunities existing in the international market: gasoline in 2006 or diesel in 2005. The overall white products yield remained one of the highest in the region, reaching 80.5 percent in 2006 compared to 79 percent in 2005 as a result of the refinery's superior technological complexity. Starting with 2006, the refinery embarked into a restructuring program aimed at reducing the conversion costs toward a higher net refinery margin, as well as initiating a careful review of general and administrative costs. This optimisation exercise is necessary in order to mitigate de effects of increased utilities costs, especially natural gases, and the expected effect of EU integration on Romanian staff costs. In regard to the reduction of utilities costs, Rompetrol is also continuing to pursue the acquisition of Midia power plant and is exploring the potential to operate its own pipe to the Romanian gas network in order to cut additional distribution tariffs.

The petrochemical plant processed 108,000 tones of propylene during 2006, a record throughput and 30 percent higher than in 2005.

During the last two years, Rompetrol Petrochemicals has invested more than $49 million for the technological overhaul and restart of the low density polyethylene (LDPE) plant, part of the major restructuring program intended to enable the plant to operate at full installed capacity and add another 60,000 tones of polyolefins. The LDPE plant started its operations in October 2006.

Rompetrol Petrochemicals turnover increased by 18 percent in 2006 compared to 2005, based on the continuing consolidation of Rompetrol's share of Romanian and regional markets, the restart of the LDPE plant, and the increase of international prices for petrochemical products and raw materials.

The total quantities sold during 2006 reached a similar level compared to the previous year. Margins have improved due to polypropylene and LDPE production increases against trading activities designed to capture market share.

The operating result recorded a temporary decline compared to the previous year as an effect of a decrease of polypropylene and low density polyethylene cracks available in the market. The restart of the LDPE plant also contributed to the results due to higher consumption rates of raw material and utilities in the first months of operations.

The refinery continued to be an important contributor to Romania's fiscal budget with $828 million paid during 2006, an increase of 14 percent above 2005 aggregated amounts.

		2006	2005
Propylene processed	Kt	108	83
Sold from own production	Kt	96	84
Sold from trading	Kt	30	44
Total sold	Kt	126	128
Export	percent	51	41
Domestic	percent	49	59

Trading Business Unit

	2006	2005
Gross revenues	2,515,752,542	1,125,953,281
Gross profit	35,053,963	12,753,704
EBITDA	28,396,912	9,726,346
Capex	3,555,628	905,095

(figures in USD)

EBITDA per company:	2006	2005
Vector Energy	19,937,617	6,263,388
Rompetrol Logistics (Primary)	4,909,200	3,019,884
TRG - trading activity	3,550,095	443,074

(figures in USD)

Gross revenues earned by the Trading BU in 2006 more than doubled year-on-year, mainly as the result of feedstock delivered to Petromidia refinery, petroleum products delivered to South – East Europe subsidiaries and the Group's expansion in France.

This increase in activity and financial results was achieved by pursuing four main goals:

- assuring qualitative and quantitative optimisation of refinery acquisition flows;
- facilitating distribution of petroleum products to Retail & Marketing BU and to "near abroad" subsidiaries;
- optimizing wholesale trading through TRG storage facilities located on the coasts of the Atlantic Ocean, Mediterranean Sea, Adriatic Sea and Black Sea;
- providing petroleum products for the French market.

The gross revenues earned by Vector Energy increased from $519 million in 2005 to $1.9 billion in 2006, mainly due to higher quantities of crude and other feedstock sold to TRG's refineries. Last year Vector Energy provided approximately 74 percent from the total feedstock processed by the Group's refineries.

Gross profit and EBITDA increased with 175 percent and 192 percent respectively, on the back of higher gross revenues. In 2006, Vector Energy closed the year with $5 million in net profit compared to $1 million in 2005. These results were achieved by Vector Energy following a development program finalized in 2006, through which it became the international trading company of TRG.

Following the acquisition of France-based Dyneff Group, a purchase and risk management program was developed, in order to enable TRG to optimize its activities in Western Europe. During 2006, approximately $500 million in turnover had been derived from sales to French subsidiaries.

The shipping activity, carried on through Vector Energy's subsidiary, Byron Shipping Ltd, increased during 2006, reaching a total turnover of $15 million compared with $5 million in 2005. During 2006, Byron Shipping concluded rental contracts for four vessels, for a period of three years, which will limit Vector Energy's exposure to shipping market variations.

Retail & Marketing Business Unit

	2006	2005
Gross revenues	3,966,139,592	1,311,067,463
Gross profit	197,814,655	66,194,059
EBITDA	49,543,994	24,520,175
Capex	75,867,249	51,819,578

(figures in USD)

The Retail & Marketing BU recorded its best year ever in 2006, even without the positive effect of integrating Dyneff's operations at the beginning of the period.

EBITDA per company:	2006	2005
Downstream	10,929,320	13,684,114
Rom Oil	3,136,850	5,829,791
Gas	348,487	-
Romcalor	617,408	246,376
Bulgaria	3,076,456	2,186,042
Georgia	(647,701)	-
Moldova	1,775,921	337,140
Ukraine	144,118	-
Albania	(950,323)	(787,258)
Rompetrol Logistics, except primary	16,897,716	3,023,970
Dyneff	14,215,742	-

(figures in USD)

Fuel sales is also boosted by the continuing growth of Romania's auto market in 2006 — 14 percent year-on-year according to APIA (Romanian Car Import and Manufacturing Association) — a trend encouraged by the relatively low cars-per-capita ratio, the increase of average incomes, and the reduction of interest rates available for leasing contracts.

The evolution of Romanian retail and marketing operations reached another historical record following the overall increase of fuel quantities sold, improvement of wholesale margins available in the market, and continuous appreciation of RON against USD.

		2006	2005
Motor fuels quantities sold in retail	Kt	296	209
Quantities sold in wholesale	Kt	746	733
Retail Gross Margin	USD/t	116	122
Wholesale Gross Margin	USD/t	37	30

The excellent operational results realized in the retail segment during 2006 were based of the expansion of Rompetrol network to more than 100 company owned distribution stations and an additional 175 franchises.

Fuel sales in company owned stations increased during 2006 as a result of the modernisation program launched in the summer of 2005, as well as building on the success of several marketing campaigns. The new shop concept developed under the *Hei* brand in the modernised stations offers additional services in a pleasant environment, such as restaurant and internet kiosk. The positive market reaction validated the improved services offered to customers and contributed to consolidating the Rompetrol brand.

Corporate customer sales reached an even higher level in 2006, confirming Rompetrol's position as the leader of this segment on the Romanian market. This result is based on sustained innovation in technology and products under the *Fill&Go* brand, enabling value-added cost and mileage control services for corporate car fleet managers.

Beginning with 2005 Rompetrol launched a franchise program aimed at consolidating its market share and developing a broader national coverage for its corporate clients in Romania. The franchise operators are independent distributors entering into long-term partnership contracts with Rompetrol. The results of 2006 operations substantiate our strategic commitment to this marketing segment.

In October 2006, Rompetrol Downstream launched a new family of products developed under the *Efix* brand, a new fuel category based on an optimum blend of additives and active compounds that clean up deposits, protect against corrosion, optimize engine behaviour and reduce consumption.

The expansion strategy for Romanian retail and marketing business is based on the following objectives, as outlined in 2005:

- build or acquire additional retail sites up to a total of 200 Company Owned Company Operated (COCO) stations by the end of 2010;
- develop a franchise network of 300 Dealer Owned Dealer Operated (DODO) stations by the end of 2008;
- innovate and capture the emerging market of large corporate fleets via *Fill&Go* system;
- increase non-petroleum sales contribution with the new concept of *Hei* shops.

The LPG market served by Rompetrol Logistics is thriving in the high gasoline prices environment, following the successful model of diesel in the recent past. Rompetrol is following these new opportunities with increased interest and intends to develop a retail distribution network build on strong fundamentals.

Management and Support Companies

	2006	2005
Gross revenues	166,093,722	155,500,887
Gross profit	27,550,649	27,588,795
EBITDA	(10,099,894)	(7,561,587)
Capex	15,624,484	6,902,448

EBITDA per line of business:	2006	2005
Center for Technical Excellence	5,947,504	6,601,009
QHSE	1,366,181	1,041,908
Shared services	(17,413,579)	(15,204,504)

The financial results obtained by the Center for Technical Excellence last year are in line with those from the previous year, with a slight decrease for Rominserv, balanced by an increase in activity for Palplast.

The 2006 turnover decrease for Rominserv has to be viewed in correlation with the $30 million overhaul project completed for Petromidia refinery at the end of 2005, which boosted the revenues of the Company for that year. With such general overhaul scheduled only once every four years, Rominserv did not have a repeat project of this size for the Petromidia client. Notwithstanding, in 2006 Rominserv finalized 163 investment projects valued at $64.5 million, started another 65 projects, with a total value of $122 million and continued an additional 30 projects, valued at $110 million. These ongoing projects are expected to have a positive impact on future results.

Last year, Rominserv finalized several investment projects impacting on TRG's bottom line:

- restarting the LDPE plant for Rompetrol Petrochemicals in October;
- upgrading the HPR unit (Kero Hydrotreater) in September, enabling the Petromidia refinery to produce EURO 5 standards diesel fuel;
- diesel in-line blending, allowing the Petromidia refinery to enhance the quality of diesel products and to reduce the production costs.

Also, Rominserv supported Rompetrol Downstream's retail network expansion and continued the distribution station *Hei* shop modernization program launched in 2005.

Palplast, TRG's polyethylene pipes and fittings producer, registered the best year yet, with an increase in turnover of 91 percent in 2006 compared to the previous year.

The Quality, Health and Safety, Environment (QHSE) segment recorded a slight increase in turnover, gross profit and EBITDA, especially as the result of increased activity in Rompetrol Quality Control. The company increased its customer portfolio to more than 300 up from about 150 in 2005. This client surge was determined by an increase of services, with more than 30 new types of tests on oil products and environmental factors offered.

Auditors' Report

To: The Rompetrol Group N.V., Amsterdam

Introduction

We have audited whether the accompanying abbreviated consolidated financial statements of The Rompetrol Group N.V., Amsterdam, for the year 2006 have been derived consistently from the audited consolidated financial statements of The Rompetrol Group N.V., for the year 2006. In our auditors' report dated April 6th, 2007, we expressed an unqualified opinion on these consolidated financial statements. Management is responsible for the preparation of the abbreviated consolidated financial statements in accordance with the accounting policies as applied in the 2006 consolidated financial statements of The Rompetrol Group N.V. Our responsibility is to express an opinion on these abbreviated consolidated financial statements.

Scope

We conducted our audit in accordance with Dutch law. This law requires that we plan and perform the audit to obtain reasonable assurance that the abbreviated consolidated financial statements have been derived consistently from the consolidated financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these abbreviated consolidated financial statements have been derived consistently, in all material respects, from the consolidated financial statements of The Rompetrol Group N.V. for the year 2006.

Emphasis of matter

For a better understanding of the company's financial position and results and the scope of our audit, we emphasize that the abbreviated consolidated financial statements should be read in conjunction with the unabridged consolidated financial statements, from which the abbreviated consolidated financial statements were derived and our unqualified auditors' report thereon dated April 6th, 2007. Our opinion is not qualified in respect of this matter.

Amsterdam
April 27th, 2007

Deloitte Accountants B.V.

P. J. Bommel

Abbreviated Consolidated Financial Statements

*The Rompetrol Group N.V.
Consolidated Balance Sheet
for the years 2006 and 2005
(in compliance with IFRS
as adopted by the EU)
Figures expressed in USD*

	December 31st, 2006	December 31st, 2005
Non-current assets		
Intangible assets	15,714,265	8,445,362
Goodwill	18,952,412	2,979,134
Property, plant and equipment	852,104,606	671,879,735
Investments in associates	22,689,038	8,597,976
Deferred tax asset	824,477	-
Long-term receivable	5,885,773	8,235,709
Total non current assets	**916,170,571**	**700,137,916**
Current assets		
Inventories, net	414,177,195	261,766,846
Trade and other receivables	453,024,265	168,127,946
Derivative Financial Instruments	5,783,413	-
Cash and cash equivalents	59,028,612	31,074,267
Total current assets	**932,013,485**	**460,969,059**
TOTAL ASSETS	**1,848,184,056**	**1,161,106,975**
Equity and liabilities		
Capital and reserves		
Issued capital	131,710	118,320
Share premium	2,631,512	2,631,512
Revaluation reserve	28,477,946	28,477,946
Other reserves	146,823,448	146,823,448
Retained earnings	131,822,138	73,707,681
Current year result	(14,089,776)	58,114,457
Translation reserve	1,718,648	(25,294)
Equity attributable to equity holders of the parent	**297,515,626**	**309,848,070**
Minority interest	163,506,290	161,333,791
Total equity	**461,021,916**	**471,181,861**
Non-current liabilities		
Long-term borrowings	132,282,716	42,212,025
Hybrid instrument - long-term portion	69,712,014	79,387,130
Net obligations under finance lease	11,952,968	10,180,624
Deferred tax liabilities	29,649,101	12,136,457
Other non-current liabilities	25,842,470	1,172,522
Total non-current liabilities	**269,439,269**	**145,088,758**
Current liabilities		
Trade and other payables	554,387,352	295,822,535
Net obligations under finance lease	6,225,726	4,750,313
Short-term borrowings	532,735,641	226,649,921
Hybrid instrument - current portion	24,374,152	17,613,587
Total current liabilities	**1,117,722,871**	**544,836,356**
Total liabilities	**1,387,162,140**	**689,925,114**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**1,848,184,056**	**1,161,106,975**

*The Rompetrol Group N.V.
Consolidated Income Statement
for the years 2006 and 2005
(in compliance with IFRS
as adopted by the EU)
Figures expressed in USD*

	2006	2005
Revenue	3,828,329,226	1,846,309,646
Cost of sales	(3,465,892,939)	(1,579,295,592)
Gross profit	**362,436,287**	**267,014,054**
Selling, general and administrative expenses	(272,870,293)	(157,216,540)
Other operating revenues/(expenses), net	14,554,695	(1,123,601)
Operating profit	**104,120,689**	**108,673,913**
Financial expenses, net	(97,274,981)	(39,868,768)
Net foreign exchange gains/(losses)	(17,055,712)	12,446,022
Share of profit of an associate	2,312,709	-
Profit/(loss) before income tax	**(7,897,295)**	**81,251,167**
Income tax	(2,880,757)	(4,905,359)
Net Profit/(Loss)	**(10,778,052)**	**76,345,808**
Attributable to:		
Equity holders of the parent	(14,089,776)	58,114,457
Minority interest	3,311,724	18,231,351

The Rompetrol Group N.V.
Consolidated Cash flow Statement
for the years 2006 and 2005
(in compliance with IFRS as adopted by the EU)
Figures expressed in USD

	2006	2005
Profit before tax	**(7,897,295)**	**81,251,167**
Adjustments for:		
Depreciation and amortisation	72,498,851	53,849,011
Reserves for receivables and inventories	2,908,723	4,658,256
Reversal of impairment and provisions for tangible assets	(12,835,948)	(917,098)
Reversal of financial investments reserves	(2,561,835)	-
Other reserves	850,967	-
Late payment interest	8,726,483	5,375,675
Unwinding of discount on hybrid instrument	24,716,896	12,423,987
Interest expense and bank charges, net	64,402,754	26,664,779
Net book value of non-current assets disposals	3,802,474	1,915,660
Net result from sale of Group investments	(571,152)	(4,595,673)
Unrealised gains from derivatives on petroleum products	(5,783,413)	-
Share of net profit of associates	(2,312,709)	-
Unrealised foreign exchange (gain)/loss on hybrid instrument and other monetary items	6,531,695	(18,206,118)
Operating profit before working capital changes	**152,476,491**	**162,419,646**
Net working capital changes in:		
Receivables and prepayments	(108,199,951)	(19,695,318)
Inventories	(57,918,836)	(53,396,342)
Trade and other payables	64,845,993	(14,721,633)
Change in working capital	**(101,272,794)**	**(87,813,293)**
Income tax paid	(13,971,090)	(5,366,383)
Net cash provided by operating activities	**37,232,607**	**69,239,970**
Cash flows from investing activities		
Purchase of property, plant and equipment	(147,599,283)	(148,049,802)
Purchase of intangible assets	(3,466,732)	(3,806,269)
Changes in payables for capital expenditures	(5,065,368)	21,297,074
Consideration paid for acquisition of subsidiaries, including consulting fees	(102,395,973)	-
Cash and cash equivalents as result of acquisitions	4,044,807	-
Proceeds from sale of property, plant and equipment	6,470,634	464,742
Share capital increases in non-consolidated investments	(159,825)	(245,172)
Proceeds from sale of subsidiaries shares	4,805,694	30,379,194
Loans granted	-	(8,235,709)
Net cash used in investing activities	**(243,366,046)**	**(108,195,942)**
Cash flows from financing activities		
Dividends paid to minority shareholders	(68,122)	(161,709)
Dividends paid to equity holders of the parent	-	(30,400,000)
Coupon paid on hybrid instrument	(38,056,462)	(26,636,411)
Interest and bank charges paid, net	(64,402,754)	(26,664,779)
Share capital contributed in subsidiaries by minority shareholders	-	10,994,050
Movement in borrowings and finance leases	336,615,123	113,871,100
Net cash from financing activities	**234,087,785**	**41,002,251**
(Decrease)/Increase in cash and cash equivalents	**27,954,346**	**2,046,279**
Cash and cash equivalents at the beginning of period	**31,074,267**	**29,027,988**
Cash and cash equivalents at the end of the period	**59,028,612**	**31,074,267**

The Rompetrol Group N.V.
Consolidated Changes in Equity Statement
for the years 2006 and 2005
(in compliance with IFRS as adopted by the EU)
Figures expressed in USD

	Issued capital	Share premium	Retained earnings	Revaluation reserves	Other reserves	Translation reserve	Minority interest	Total equity
December 31st, 2004	**136,450**	**2,631,512**	**104,107,681**	**20,625,249**	**146,823,448**	**(43,424)**	**113,807,378**	**388,088,294**
Revaluation of petrochemical assets	-	-	-	7,852,697	-	-	2,586,639	10,439,336
Net profit for 2005	-	-	58,114,457	-	-	-	18,231,351	76,345,808
Dividends	-	-	(30,400,000)	-	-	-	-	(30,400,000)
Dividends paid to minority shareholders	-	-	-	-	-	-	(161,709)	(161,709)
Changes in Group structure	-	-	-	-	-	-	26,870,132	26,870,132
Movement in translation reserve	(18,130)	-	-	-	-	18,130	-	-
December 31st, 2005	**118,320**	**2,631,512**	**131,822,138**	**28,477,946**	**146,823,448**	**(25,294)**	**161,333,791**	**471,181,861**
Net loss for 2006	-	-	(14,089,776)	-	-	-	3,311,724	(10,778,052)
Dividends paid to minority shareholders	-	-		-	-	-	(68,122)	(68,122)
Changes in Group structure	-	-	-	-	-	-	(1,071,103)	(1,071,103)
Movement in translation reserve IAS 21	13,390	-	-	-	-	1,743,942	-	1,757,332
December 31st, 2006	**131,710**	**2,631,512**	**117,732,362**	**28,477,946**	**146,823,448**	**1,718,648**	**163,506,290**	**461,021,916**

Summary of significant accounting policies

Summary of significant accounting policies

These abbreviated consolidated financial statements have been derived from the company's consolidated financial statements dated April 6, 2007, that have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by International Accounting Standards Board ("IASB") effective as of December 31st, 2006, as endorsed by EU. 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.

The Financial Statements have been prepared on going concern basis.

The functional currency of the Group has been determined to be the United States Dollar ("USD").

The consolidated financial statements of the Group incorporate the financial statements of the parent company and the enterprises that it controls drawn up to December 31, each year.

Acquisitions of subsidiaries and 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 given, 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.

Property, plant and equipment are stated at cost, except for the Rompetrol Rafinare S.A and Rompetrol Petrochemicals where the property, plant and equipment are stated at revalued amounts. 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.

Intangible assets consist of software and licenses and are amortised on a straight-line basis over 3-5 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 an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. 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 valued at lower of cost or net realisable value, after provision for obsolete items. 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.

Receivables are stated at face value less provision for doubtful debts.

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 when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

Sales of goods are recognised net of sales taxes (VAT, excises and other sales taxes) and discounts when delivery has taken place and transfer of risks and rewards has been completed.

Revenue from rendering transportation 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. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit.

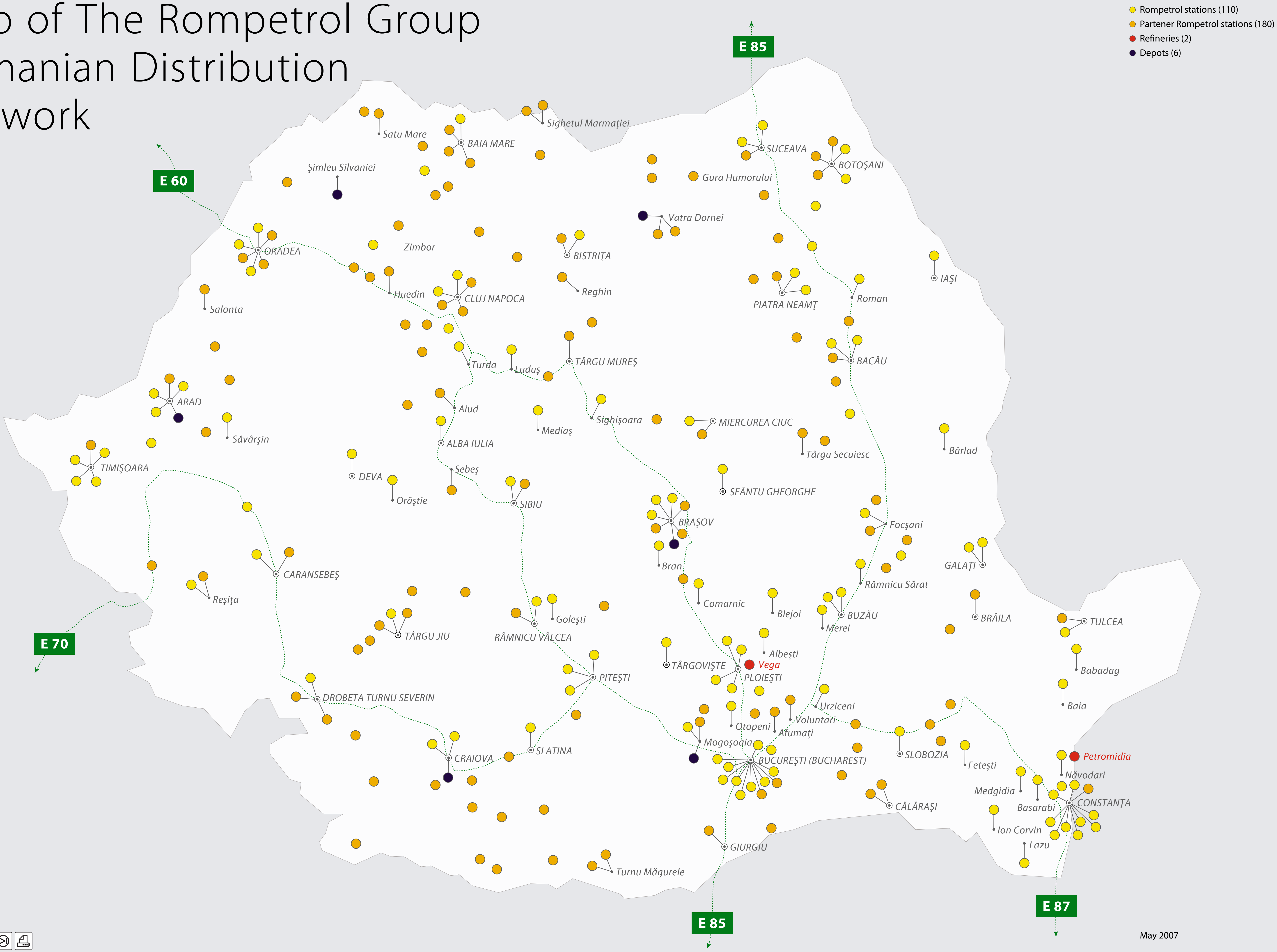
Financial assets and liabilities are recognized on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Group's financial assets include cash and cash equivalents, trade receivables and long-term investments. Financial liabilities include finance lease obligations, interest-bearing bank loans and overdrafts and trade and other payables. 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 instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

The Rompetrol Group

Map of The Rompetrol Group Romanian Distribution Network



May 2007

The Rompetrol Group
World Trade Center, A-8 Tower
Strawinskylaan 807, 1077 XX Amsterdam, The Netherlands
Phone: + (31) 20 575 2390; Fax: + (31) 20 575 2399
office@rompetrol.com; www.rompetrol.com