



ROMPETROL

ANNUAL REPORT OF THE BOARD OF DIRECTORS OF ROMPETROL RAFINARE ON THE CONSOLIDATED FINANCIAL STATEMENTS PREPARED FOR THE FINANCIAL YEAR 2009

2009 figures include consolidated financial statements in accordance with International Financial Reporting Standards („IFRS”). Consolidated financial statements of Rompetrol Rafinare include the results of the parent company Rompetrol Rafinare and its subsidiaries Rompetrol Petrochemicals, Rom Oil, Rompetrol Downstream S.R.L., Rompetrol Quality Control S.R.L and Rompetrol Logistics S.R.L. (with its subsidiary Rompetrol Gas S.R.L.).

COMPANY HISTORY

Rompétrol Rafinare (formerly known as Petromidia) is the main refining facility of the Rompetrol Group located in Navodari, Constanta. Starting with December 1, 2007, the company also operates Vega refinery, located in Ploiesti. “Complexul Petrochimic Midia Navodari” (the former name of Rompetrol Rafinare S.A.) was part of the large oil refining plants which appeared after 1975. The plant was designed between 1975 and 1977 based on Romanian refining technologies and on foreign licenses. In 1991, Combinatul Petrochimic Midia Navodari became a stock company, by taking over all the assets of the former unit. In February 2001, as a result of the privatization of the company by the State Ownership Fund, The Rompetrol Group NV became the main shareholder. In 2003, by Decision no. 50640 of Trade Registry Directorate, based on the General Shareholders' Meeting as of February 20, 2003, the company was renamed S.C. Rompetrol Rafinare S.A. The company processes a variety of crude oils with different content of sulphur, reaching an average percent of 1.3% sulphur. The crude oil feeding (approx. – 85%) is carried out mainly through the marine terminal built by the Group, close to Petromidia Refinery, and the rest of 15% is carried out through Oil Terminal facilities in Constanta port. The refinery has its own railway loading and offloading points and vehicle loading ramps.

At the end of 2008 the company also finalized the operations for the 350% expansion of the transit capacity for finished products through Midia harbour, by building two new loading and offloading berths, Berth 9B and Berth 9C.

Rompétrol Rafinare was traded on RASDAQ until November 2003. Starting with April 2004, Rompetrol Rafinare is listed and traded on the Bucharest Stock Exchange - BVB. The market symbol of the securities at the Bucharest Stock Exchange is RRC.

Since December 3, 2004, Rompetrol Rafinare has been included among the companies part of the BET index portofolio of Bucharest Stock Exchange.

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Also, starting with March 15, 2005, Rompetrol Rafinare is part of ROTX (The Romanian Traded Index) – the first index issued by the Bucharest Stock Exchange together with a foreign stock exchange, The Vienna Stock Exchange (Wiener Borse).

The company has an agreement with S.C. Depozitarul Central S.A. București (the former name S.C. REGISCO S.A.), authorized by the National Securities Committee according to the authorization 3564/14.12.2006.

The contact information for S.C. Depozitarul Central S.A. is: Fagaras Street no. 25, sector 1, Bucharest, site: www.depozitarulcentral.ro.

Symbols of Rompetrol Rafinare securities:	
Bucharest Stock Exchange	RRC
Reuters	ROMP.BX
Bloomberg	RRC RO

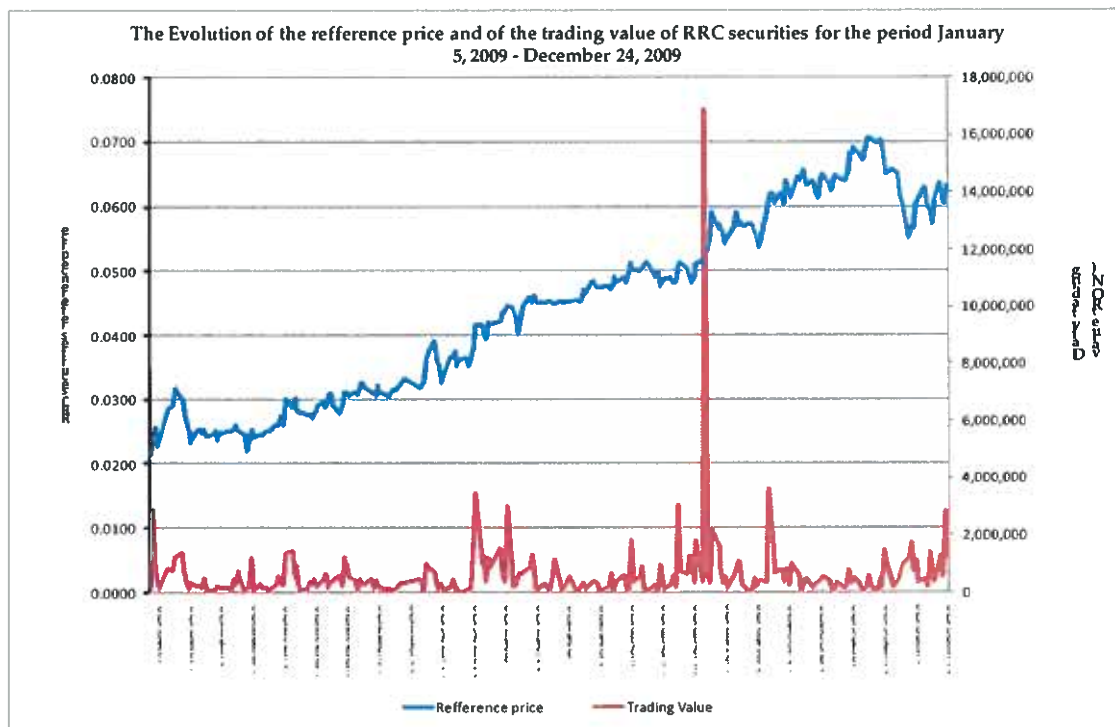
Shares of Rompetrol Rafinare	2007	2008	2009
Number of shares	21.099.276.002	21.099.276.002	21.099.276.002
Stock exchange capitalisation, mio. lei ¹	2.320,920360	390,336606	1.329,254388
Stock exchange capitalisation, mio. Euro ²	664,201803	99,329874	316,278288
Maximum price, lei	0,14100	0,11000	0,0705
Minimum price, lei	0,08000	0,01700	0,0212
Price at the end of the year, lei	0,11000	0,01850	0,0630

¹ Computed based on the share price of the last trading day of the reported year

² Computed based on the Euro rate valid on the last trading day of the reported year



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Rompetrol Rafinare Shareholders Structure

As of 31.12.2009, Rompetrol Rafinare had the following structure of shareholders:





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Other securities issued by the Company

According to the Decision of the Extraordinary Meeting of Shareholders on 14.11.2003, the Company issued a hybrid instrument in accordance with the Emergency Government Order no. 118/2003, later approved by Law no. 89/2005, published in the Official Gazette of Romania no. 320/15.04.2005. The value of the issue was EUR 570.302.441, the equivalent of 22.812.098 bonds, at a nominal value of EUR 25.

The holder of the bonds issued by the Company is the Romanian State, through the Ministry of Public Finance (the sole holder).

Company's own shares

At 31.12.2009, ROMPETROL RAFINARE S.A. held a number of 6.134.701 shares, having a nominal value of RON 0,10 per share and a total value of RON 613.470,10, which represents 0.029% of Company's share capital.

The Company did not trade (by acquiring or selling) its own shares during 2009.

The Financial Calendar proposed for the year 2010

Financial Calendar	Date
<i>Presentation of the preliminary, unaudited, individual and consolidated results of the year 2009 and IVth Quarter of 2009</i>	<i>February 10th, 2010</i>
<i>Ordinary General Assembly of Shareholders, to approve the annual financial results of year 2009</i>	<i>April 30th, 2010</i>
<i>Publication of the 2009 Annual Report (i.e. publication of the financial results of 2009)</i>	<i>April 30th, 2010</i>
<i>Presentation of the results recorded during the first quarter of 2010</i>	<i>May 12th, 2010</i>
<i>Presentation of the results recorded during the first semester and second quarter of 2010</i>	<i>August 11th, 2010</i>
<i>Presentation of the results recorded during the third quarter of 2009 and between January – September 2010</i>	<i>November 11th, 2010</i>



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Important information and news of interest to the shareholders, analysts and investors, regarding Company's activity, are available on the web-site www.rompetrol.com, in the Investor Relations section, Rompetrol Rafinare sub-section.

Investor Relations Contact

The annual, semiannual and quarterly reports are made available to shareholders upon request. Requests may be submitted electronically, via e-mail at: office.rafinare@rompetrol.com.

DETAILS RELATED TO THE MANDATORY PUBLIC TAKEOVER OFFER FOR THE COMPANY'S SHARES

In the second half of 2009, a number of general regulations (Instruction no. 3/2009 issued by the National Securities Commission, approved subject to the Order no. 36 published in the Official Monitor no. 442/29.06.2009) and individual regulations (Resolution no. 1332/03.09.2009 issued by the National Securities Commission) have been adopted, thus determining the initiation by The Rompetrol Group NV, the Company's major shareholder, of the mandatory public takeover offer having as object all the shares issued by the Company that are not in TRG's ownership.

Thus, subject to the Decision no. 185/08.02.2010 issued by the National Securities Commission, the offer document and the offer initiated by The Rompetrol Group N.V. were approved, the offer execution term referring to the period 15.02.2010-12.03.2010, which subsequently turned into 26.03.2010, the offer being addressed to all the shareholders of SC ROMPETROL RAFINARE SA and aiming for the purchase of all the shares held by the shareholders of the issuer SC ROMPETROL RAFINARE SA that are not owned by the Offeror (The Rompetrol Group N.V.) and by the persons acting in concert with it.

The shares of SC ROMPETROL RAFINARE SA (stock exchange symbol RRC) are entirely traded in the second tier of the Bucharest Stock Exchange. The aggregate number of shares issued by the Issuer amounts to 21,099,276,002, each with a par value of 0.1 lei and a cumulated value of 2.109,927,600.20 RON.

All the shares are ordinary, registered shares, issued in dematerialized form, with equal voting rights (one share – one vote). The entity keeping track of these shares is SC DEPOZITARUL CENTRAL SA Bucharest, subject to a contract concluded to this effect.

According to the legal provisions and the provisions of the articles of incorporation, each owned share entitles its holder to a vote within the General Assembly of Shareholders, to the right to elect or to be elected in the company's management bodies, the right to participate to the distribution of the benefits and registered assets upon the company's



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dissolution/winding-up, as well as to other rights provided by law. The ownership and any of its other attributes on the shares are transferred according to the legal provisions regulating the capital market.

On 31.12.2009, the consolidated synthetic structure of the shareholders was the following:

- a) The Rompetrol Group N.V.-50.5924%;
- b) Rompetrol Financial Group SRL-13.5269%;
- c) Legal persons-26.5039%;
- d) Natural persons-9.3768%

Thus the major shareholder, The Rompetrol Group NV directly owns 50.59% of the Company's share capital. Other significant shareholders from the Rompetrol Group are: Rompetrol Financial Group SRL, with a 13.5269% ownership. Direct ownerships also have SC Rompetrol SA, in quantum of 9.14%, SC Rompetrol Downstream SRL, in quantum of 2.62%, as well as SC Rompetrol Well Services SRL with a 0.10% ownership of the share capital. The major shareholder and the persons it is acting in concert with are thus cumulatively holding, either directly or indirectly, 76.01% from the Issuer's share capital.

Following the mandatory public offer procedure, the provisions of article 203, paragraph 2 of the Law no. 297/2004 on the capital market have become incident to the major shareholder and Offeror The Rompetrol Group NV, such provisions stipulating that:

"Until the public offer referred to in paragraph (1) is made, all the rights underlying the securities which exceed 33% of the voting rights against the issuer, are suspended, and the said shareholder and the persons acting in concert with may no longer purchase, by other operations, the shares of the same issuer".

There are no shareholders with special control rights or control systems for employees' stock options plans or other such plans.

There are no other restrictions concerning the voting rights except for the one mentioned above referring to the mandatory public offer or systems differentiating the financial rights from the securities' ownership.

The Company is not aware of any agreements between the shareholders that could result in restrictions concerning the shares transfer and/or the voting rights.

According to the Articles of Incorporation, the company's activity is managed by a Board of Directors consisting of 3 members, appointed by the General Ordinary Assembly of Shareholders, that may be shareholders of the company, natural or legal persons, with Romanian or foreign citizenship or nationality. In case of vacancy (resignation of any director, legal incapacity,



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physical incapacity for more than 45 days, death etc.) of one of the directors, the other directors proceed to the appointment of another interim director until the date the general ordinary assembly following to appoint the new director is convened.

Directors may be replaced in one of the following conditions:

- a) upon the expiry of the 4 years' mandate;
- b) in case of resignation or revocation resolved by the General Assembly of Shareholder.

According to the provisions of the Law no. 31/1990 on trade companies corroborated with the provisions of the Articles of Incorporation, the General Assembly of Shareholders may amend the Company's articles of incorporation.

The articles of incorporation may also be amended by the Company's Board of Directors, subject to the delegation of authority endorsed by the General Assembly of Shareholders pursuant to article 114 of the Law no. 31/1990 on the trade companies.

The attributions of the Board of Directors, according to the articles of incorporation, are the following:

- a) to establish the accounting and financial control system and to approve the financial planning;
- b) to appoint, revoke, terminate, suspend and cease the contracts of the Company's managers;
- c) to supervise the managers' activity;
- d) to prepare the annual report, to organize the general assembly and to implement its resolutions;
- e) To file the request for opening the Company's insolvency procedure, as per the Law 85/2006 on insolvency procedure;
- f) Except for the legal documents which, according to the imperative provisions of the law, in order to be adopted/concluded, need the approval of the General Assembly of the Shareholders, the Board of Directors will decide upon the adoption/conclusion on behalf of the company of legal documents whose object exceeds the value of:
 - i. 15,000,000 USD for the legal documents having as object the crude oil supply, namely the distribution of refined products;
 - ii. 1,000,000 USD for the legal documents having other object than the crude oil supply, namely the distribution of refined products, the approval of the participation to the set up of another trade company with a contribution exceeding such limit, other documents with patrimonial content exceeding such limit.



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The Board of Directors also has the following attributions delegated by the General Extraordinary Assembly of Shareholders, subject to the conditions set forth by article 114 of the Law no. 31/1990, republished:

- a) To decide upon the relocation of the company headquarters;
- b) To decide upon the change of the core business (except for the company's main activity domain and main scope of activity);
- c) To decide upon the share capital increase by issuance of new shares, as per the provisions of the law.

The Board of Directors also carries out other attributions, established *de jure* on its account, in virtue of the normative acts in force.

As regards the issuance of shares, the Board of Directors may decide upon such operation, within the share capital increase operations exercised pursuant to the attributions delegated as per the provisions of the Law no. 31/1990 corroborated with the provisions of the Law no. 297/2004. The Board of Directors is not authorized to carry out redemption operations relative to shares.

There are no significant agreements concluded by the Company, which would depend in terms of enforcement, amendments or cessation on a change in the Company's control occurred pursuant to a public takeover offer and its consequent results.

There are no agreements concluded by and between the Company and the members of its board of directors or its employees providing for indemnities in case the aforementioned resign or are released from duty on no reasonable account or in case the employment relationship ceases pursuant to a public takeover offer.



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HIGHLIGHTS - CONSOLIDATED

	2009	2008	%	2009	2008	%
Financial	USD	USD		RON	RON	
Gross Revenues	3,184,794,951	4,679,381,339	-32%	9,350,876,455	13,739,131,550	-32%
Net Revenues	2,480,440,002	3,934,614,309	-37%	7,282,819,890	11,552,421,073	-37%
EBITDA	3,258,567	35,738,772	N/A	9,567,479	104,932,609	N/A
EBITDA margin	0.1%	0.9%		0.1%	0.9%	
EBIT	(97,118,364)	(104,518,666)	N/A	(285,149,229)	(306,877,255)	N/A
Net profit / (loss)	(173,720,999)	(254,967,094)	N/A	(510,062,225)	(748,608,884)	N/A
Net Profit / (loss) margin	-7.0%	-6.5%		-7.0%	-6.5%	

Rompetrol Rafinare Constanta (RRC) gross revenues reached over USD 3 billion in 2009. The decrease in gross revenues, compared to the same period last year, is mainly the result of lower international quotations for petroleum products.

The financial results were strongly influenced by the global financial crisis, by crude oil and fuel quotations and also by domestic macroeconomic factors such as RON currency depreciation.



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SIGNIFICANT PERFORMANCES IN 2009

Refining

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

Marketing

- the development of the fuel distribution network (own stations, Rompetrol Partner, Express stations and CUVA) up to 800 stations, higher by 31% compared with 2008
- higher gasoline and diesel sales by 5% compared with 2008
- launch of four premium gas stations under the brand Litro, located on the Sun Highway

Petrochemicals

- better financial results compared with 2008
- higher quality-rated petrochemical products by 7% compared with 2008
- lower processing and general - administrative costs by 14% and 19%, respectively compared with 2008
- launch of two new HDPE assortments utilized in thin PE foil production
- debut on the Romanian retail market with plastic products



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ENVIRONMENT

		2009	2008	%
Brent Dated	USD/bbl	61.67	97.09	-36%
Ural Med	USD/bbl	60.94	94.09	-35%
Brent-Ural Differential	USD/bbl	0.73	3.00	-76%
PVM Ural Cracking Margin		2.90	8.23	-65%
Premium Unleaded 10 ppm FOB Med	USD/t	583	832	-30%
Diesel ULSD 10 ppm FOB Med	USD/t	533	935	-43%
RON/USD Average exchange rate		3.05	2.51	21%
RON/USD Closing exchange rate		2.94	2.81	5%
RON/EURO Average exchange rate		4.24	3.68	15%
RON/EURO Closing exchange rate		4.23	3.99	6%
USD/EURO Closing rate		1.44	1.42	1%
Inflation in Romania		4.75%	6.30%	

Crude prices edged upwards in Q4 reaching an average of 74.53 USD/bbl, supported by strong economic data alongside with a strong fuel oil crack and a resurgent naphtha crack. Most countries have moved out of recession and the forecast for oil demand is to increase by 1.1 million b/d year-on-year.

The factors that sustained the **decreasing quotations** of 2009 compared with 2008 refer to the persistent **glut of middle distillates** in floating storage and the recent crude stock build, which has pressured Nymex WTI (West Texas Intermediate). Markets have remained in contango throughout the year and this state should persist throughout the majority of 2010. Estimated at around 6 million b/d in 2010, spare extraction capacity might encourage weakening compliance with production quota within the OPEC group and the additional volumes entering the market could contribute to a widening of the light/heavy spread.

In Europe, **Urals** remained strong averaging a discount of 60 cents to Dated Brent in Q4 but the differential has seen a noticeable widening compared to Q3. Market analysts expect Urals to average **\$72 per barrel during Q1 2010**. The differential will remain narrow (around \$1/bbl) due to strength of fuel oil, lower export schedules.

Assisted by cuts in refinery utilization and despite dreary fundamentals in



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advanced economies, **gasoline** performed well in 2009, and was the only product to record an improvement in demand growth. In 2010, a more significant improvement in global gas oil/diesel demand will probably take the shine off gasoline. Therefore gasoline is set to give up its accolade as the main market driver in the new year, while yield adjustments should allow refiners to produce a product slate which is better adjusted to requirements. A growth in US gasoline requirements is forecasted in 2010, bringing export possibilities for European refiners as European market demand is expected to decline in 2010. Support should come from US refiners keeping refinery rates below 80% of capacity, increasing the likelihood of transatlantic arbitrage opportunities for European suppliers. This year marked a shift in the European **car market**. The percentage share of new diesel cars registered in the EU-15 fell a sharp 7.6 % in 2009 compared with 2008, after a steady climb between 1997 and 2007. It is expected the share of gasoline vehicles in new sales to reach 56% by around 2015, but due to high fuel efficiency this will fail to cause gasoline demand growth in the future.

As 2009 drew to a close, refiners hope that year 2010 brings a change of fortune for middle distillate cracks after they have languished well below seasonal levels as the economic crisis slaughtered demand. The result of this led to inventory builds. According to calculations, middle distillates held in floating storage have already reached 100 million barrels globally and are poised to threaten refinery margins throughout 2010.

According to 2010 estimations, the **demand** will rise slightly higher compared to the same period last year, due to the low base effect as the global economy was collapsing at the beginning of 2009 (demand in Q1 2009, was around 3 million bbl/d – and around 3.5% - lower than Q1 2008). Therefore, 2010 will see slow economic recovery and the biggest obstacle on the road ahead will be the transition from stimulus-led to self-sustaining growth and the global economy will increase only by 1.9% as a result.

In line with the global economy difficult situation, in 2009 **Romania** faced a pronounced economic contraction reflected in most areas: the decrease of industrial production, of domestic consumption due to uncertainty about the future income, the increase of unemployment, and of the current account deficit.

In 2009 the **RON** currency weakened against USD by 21% and against EURO by 15%, compared to the values recorded in 2008, the entire year being characterized by a consistent uncertainty over the RON evolution compared with the foreign currencies.

Refining margins were weak in 2009, both at national and international levels and it is expected they will remain weak in 2010 as well, putting pressure on the marketing segment.



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REFINING

		2009	2008	%	2009	2008	%
Financial		USD	USD		RON	RON	
Gross Revenues	USD/ RON	2,700,415,540	4,196,533,928	-36%	7,928,690,067	12,321,443,266	-36%
Net Revenues	USD/ RON	2,038,188,994	3,498,106,019	-42%	5,984,326,705	10,270,789,082	-42%
EBITDA	USD/ RON	(36,289,500)	58,140,841	N/A	(106,549,601)	170,707,323	N/A
EBITDA margin	%	-1.8%	1.7%	N/A	-1.8%	1.7%	N/A
EBIT	USD/ RON	(82,354,477)	(9,216,283)	N/A	(241,800,980)	(27,059,928)	N/A
Net profit / (loss)	USD/ RON	(143,629,866)	(155,307,419)	N/A	(421,711,649)	(455,998,113)	N/A
Net profit / (loss) margin	%	-7.0%	-4.4%		-7.0%	-4.4%	
Gross cash refinery margin/tonne	USD/ (RON)/t	29.83	52.05	-43%	87.59	152.82	-43%
Gross cash refinery margin/bbl	USD/ (RON)/b	4.11	7.17	-43%	12.06	21.04	-43%
Net cash refinery margin/tonne	USD/ (RON)/t	(6.77)	17.08	N/A	(19.87)	50.15	N/A
Net cash refinery margin/bbl	USD/ (RON)/b	(0.93)	2.34	N/A	(2.72)	6.87	N/A
Operational							
Feedstock processed	Kt	4,092	4,505	-9%			
Gasoline produced	Kt	1,342	1,397	-4%			
Diesel & jet fuel produced	Kt	1,649	1,681	-2%			
Motor fuels sales - domestic	Kt	1,465	1,471	0%			
Motor fuels sales - export	Kt	1,347	1,396	-3%			
Export	%	48%	49%				
Domestic	%	52%	51%				

Note: Refining segment comprises the results of Petromidia and Vega Refineries.



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Rompetrol Rafinare computes Gross cash refinery margin as follows – (Oil Product Sales – Cost of Feedstock) / Quantity of Feedstock related to the sales. Net Cash Refinery margin is the EBITDA of the refinery divided by quantity of feedstock related to sales.

Rompetrol Rafinare gross revenues reached USD 2.7 billion in 2009. Despite the international financial and economic crisis the domestic sales remained at a similar level with 2008. The decrease of gross revenues compared to the same period last year is mainly the result of lower international quotations for petroleum products.

The operational results for 2009 were influenced by diminished margins obtained from petroleum products sales, both diesel crack (200 USD/t in 2008 compared with 66 USD/t in 2009) and Ural/Brent differential (3 USD/bbl in 2008 compared with 0.73 USD/bbl in 2009) decreased. RON currency depreciation, compared with last year determined important foreign exchange losses.

In 2009, the refining capacity utilization rate was 80.66% in the context of reduced margins obtained from petroleum products sales. White products yield achieved in 2009 is by 5.58% higher than in 2008, as a result of producing Euro 5 gasoline. This technological performance represents a new step in increasing the operational performances and the profitability of the refinery, in accordance with national and European regulations. During 2009 the company continued its efforts towards reducing the energy consumption, thus a decrease of 2.91% was recorded compared with 2008.

In February 2009 the first crude oil vessel was unloaded through the new marine terminal.

Rompetrol Rafinare celebrated in June 2009 30 years from the commissioning of the first installation on the Petromidia platform. For the past three decades, Petromidia processed a total quantity of 80.7 million tonnes of raw materials (77 million tonnes of crude oil), of which over 40% starting with 2001, the year in which the refinery was taken over by the Rompetrol Group.

Rompetrol Rafinare Constanța (RRC) and Midia Marine Terminal (MMT) hosted and actively participated in the biggest pollution simulation exercise organized in the Romanian territorial waters, called RoDelta 2009. The simulation aims at involving the competent organizations to take action in case of a marine disaster, and to confirm their ability to intervene in real time. Rompetrol had as partners in carrying out the exercise the local and central authorities, the Romanian Naval Authority (AN), the Ministry of Transports and Infrastructure (MTI), the Ministry of Administration and



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Domestic Affairs (MAI), the Ministry of National Defence (MApN) and the Ministry of Environment (MM).

Rompetrol Refinery, through its branch Vega refinery launched in 2009 a new range of products for hydro-isolation - Euroizolir, thus continuing to increase the degree of exploitation of the raw materials by developing new products for the retail market. Vega refinery's expertise in bitumen production led to the development of a complete range of solutions for the protection of foundations and roofs, against water infiltration, through: waterproofing bitumen membranes, bitumen primes, bitumen cardboard and bitumen shingles. In addition, the refinery launched the production of components used for premium gasoline and diesel.

Rompetrol Rafinare continued to be an important contributor to Romania's fiscal budget with over USD 1 billion in 2009.



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MARKETING

		2009	2008	%	2009	2008	%
Financial		USD	USD		RON	RON	
Gross Revenues	USD/ RON	1,961,007,497	2,497,766,338	-21%	5,757,714,112	7,333,691,745	-21%
EBITDA	USD/ RON	47,273,465	30,036,861	57%	138,799,621	88,191,228	57%
EBIT	USD/ RON	(5,229,799)	(12,482,804)	N/A	(15,355,213)	(36,650,761)	N/A
Net profit / (loss)	USD/ RON	(28,298,939)	(38,088,185)	N/A	(83,088,516)	(111,830,720)	N/A
Operational							
Quantities sold in retail	Kt	755	818	-8%			
Quantities sold in wholesale	Kt	662	533	24%			
Retail Gross Margin	USD/t	129	91	41%	379	268	41%
Wholesale Gross Margin	USD/t	61	43	43%	179	126	43%

Note: Marketing segment includes the results of Rompetrol Downstream, Rom Oil, Rompetrol Quality Control Rompetrol Logistics and Rompetrol Gas.

Despite the 2009 economic crisis Rompetrol Downstream managed to increase the volume of the quantities sold by 5% compared with 2008.

The increase is mostly due to the wholesale channel which recorded variances of 24% per annum respectively 13% compared with the last quarters. The retail area has recorded decreases in volumes of 8% in 2009 compared with prior year. The decreases in the retail area were supported by the 2009 poor economic environment when a series of transportation/distribution companies shrank or even closed their activity. To counteract this adverse effect on the internal retail market, the company compensated the minuses created on this particular area with the supplementary volumes brought from the wholesale channel especially through the increase in the number of end consumers.

In accomplishing its 2009 objectives of volume increase, the company had also as direct support the efficient reorganization process of its sales force.

The turnover decreased in 2009 compared to 2008 even though the quantities sold by the company increased in the same period, mostly due to the average sales price decrease as a result of lower international quotations for petroleum products.



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As against 2008, EBITDA increased by 57% in 2009 and tripled in the last quarter. This trend was supported by the increase in volumes as stated above, as well as by the efforts of the company to reduce costs, impact strongly felt in the fourth quarter.

The company policy is to continue its sustained efforts of increasing sales, while cutting costs.

The company recorded a smaller loss in 2009 compared with 2008.

Despite the global economic downturn, Rompetrol Downstream continued in 2009 to extend its distribution network by opening new own stations, express stations and entering a new stage in the consolidation process of Internal Basis and CUVE concepts, segments that tend to capture an increasing operational value.

At the end of 2009, the distribution sector operated a network of 800 stations, by 31% higher compared with 2008, of which: 129 own stations, 169 gas stations operated in franchise system, 161 express stations, 160 RIB (Rompetrol Internal Basis) and 181 CUVA stations.

Rompetrol Downstream launched in November two more gas stations under the brand Litro, a new concept of premium stations. These stations provide services and premium products in a distinctive architectural environment using modern equipment which reduces energy consumption, fuel vapor emissions in the atmosphere and noxious emissions.



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PETROCHEMICALS

		2009	2008	%	2009	2008	%
Financial		USD	USD		RON	RON	
Revenues	USD/ RON	240,151,382	358,678,457	-33%	705,108,473	1,053,115,818	-33%
EBITDA	USD/ RON	(13,665,459)	(49,223,553)	N/A	(40,123,154)	(144,525,274)	N/A
EBIT	USD/ RON	(12,046,384)	(71,168,067)	N/A	(35,369,388)	(208,956,560)	N/A
Net profit / (loss)	USD/ RON	(8,291,119)	(69,753,392)	N/A	(24,343,554)	(204,802,933)	N/A
Operational							
Propylene processed	kt	107	112	-4%			
Ethylene processed	kt	107	108	-1%			
Sold from own production	kt	222	216	3%			
Sold from trading	kt	16	18	-12%			
Total sold		238	234	2%			
Export	%	60%	61%				
Domestic	%	40%	39%				

Note: The petrochemicals segment includes the results of Rompetrol Petrochemicals

Rompetrol Petrochemicals gross revenues reached USD 240 million in 2009. The decrease of gross revenues compared to the same period last year is mainly the result of lower international quotations for petrochemical products.

Despite the unfavorable market environment, in Q4 2009 as well as during the period April – September 2009 the company recorded positive margins from petrochemical products sales, supported by diversifying the products portfolio and by improving its operations.

The decrease in the quantity of raw materials processed compared with 2008 is the result of cutting production of polymers during January – February following influences of the economic crisis and optimizing polymers inventories. Another factor which influenced the decrease in production was the shutdown of HDPE unit during November- December due to a fire burst in the palletizing section. On November 5, 2009 around 22.00 a fire burst in the palletizing section. Following this event three employees passed away. The investigation of the incident is still in progress.



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In 2009 Rompetrol Petrochemicals improved the quality of its products, thus the weight of high quality rated products reached 97% compared with an average of 90% in 2008.

Rompetrol Petrochemicals continued the program of improving its activities by cutting the processing and general - administrative costs compared with 2008, thus leading to better financial results year-on-year.

Rompetrol Petrochemicals is the sole polypropylene producer in Romania; in 2009 the company was also the sole producer of polyethylene, given the economic circumstances on the market, thus constantly increasing its market share. Its dynamic development strategy has secured the company a competitive position on the domestic and regional markets – in the Black Sea and Mediterranean regions, in Eastern and Central Europe.



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APPENDIX 1 – CONSOLIDATED INCOME STATEMENT 2009

	2009	2008	%	2009	2008	%
	USD	USD		RON	RON	
Gross Revenues	3,184,794,951	4,679,381,339	-32%	9,350,876,455	13,739,131,550	-32%
Sales taxes and discounts	(704,354,949)	(744,767,030)	-5%	(2,068,056,565)	(2,186,710,477)	-5%
Net revenues	2,480,440,002	3,934,614,309	-37%	7,282,819,890	11,552,421,073	-37%
Cost of sales	(2,283,545,985)	(3,695,621,107)	-38%	(6,704,719,367)	(10,850,713,132)	-38%
Gross margin	196,894,017	238,993,202	-18%	578,100,523	701,707,941	-18%
Selling, general and administration	(298,070,317)	(291,301,443)	2%	(875,164,258)	(855,290,167)	2%
Other expenses, net	4,057,936	(52,210,425)	N/A	11,914,506	(153,295,029)	N/A
EBIT	(97,118,364)	(104,518,666)	N/A	(285,149,229)	(306,877,255)	N/A
Finance, net	(84,228,263)	(131,060,207)	N/A	(247,302,602)	(384,805,874)	N/A
Unrealized net foreign exchange (losses)/gains	19,894,310	58,476,761	N/A	58,411,683	171,693,618	N/A
Realized net foreign exchange (losses)/gains	(11,912,248)	(76,101,746)	N/A	(34,975,551)	(223,442,336)	N/A
EBT	(173,364,565)	(253,203,858)	N/A	(509,015,699)	(743,431,847)	N/A
Income tax	(356,434)	(1,763,236)	N/A	(1,046,526)	(5,177,037)	N/A
Net result	(173,720,999)	(254,967,094)	N/A	(510,062,225)	(748,608,884)	N/A
EBITDA	3,258,567	35,738,772	N/A	9,567,479	104,932,609	N/A



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APPENDIX 2 – CONSOLIDATED BALANCE SHEET DECEMBER 31, 2009

	31 December, 2009	31 December, 2008	%	31 December, 2009	31 December, 2008	%
	USD	USD		RON	RON	
Assets						
Non-current assets						
Intangible assets	44,958,147	33,734,286	33%	132,001,616	99,047,237	33%
Goodwill	100,355,787	100,355,787	0%	294,654,626	294,654,626	0%
Property, plant and equipment	939,880,630	870,343,218	8%	2,759,583,506	2,555,414,709	8%
Financial assets and other	2,375,022	1,946,680	22%	6,973,303	5,715,645	22%
Total Non Current Assets	1,087,569,586	1,006,379,971	8%	3,193,213,051	2,954,832,217	8%
Current assets						
Inventories	290,325,030	213,291,606	36%	852,423,321	626,245,484	36%
Trade and other receivables	314,185,381	365,428,620	-14%	922,479,697	1,072,934,971	-14%
Cash and cash equivalents	45,565,498	66,965,594	-32%	133,784,859	196,617,681	-32%
Total current assets	650,075,909	645,685,820	1%	1,908,687,877	1,895,798,136	1%
Total assets	1,737,645,495	1,652,065,791	5%	5,101,900,928	4,850,630,353	5%
Equity and liabilities						
Total Equity	161,304,208	334,937,144	-52%	473,605,286	983,408,949	-52%
Non-current liabilities						
Hybrid instrument - long-term portion	-	32,056,464	-100%	-	94,120,984	-100%
Long-term debt	5,208,938	24,176,183	-78%	15,293,963	70,983,691	-78%
Other	31,446,531	38,010,475	-17%	92,330,161	111,602,556	-17%
Total non-current liabilities	36,655,469	94,243,122	-61%	107,624,124	276,707,231	-61%
Current Liabilities						
Trade and other payables	530,207,451	728,732,342	-27%	1,556,742,085	2,139,631,012	-27%
Hybrid	22,601,564	26,969,599	-16%	66,360,452	79,185,440	-16%



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	31 December, 2009	31 December, 2008	%	31 December, 2009	31 December, 2008	%
instrument - current portion						
Short-term debt	986,876,803	467,183,584	111%	2,897,568,981	1,371,697,721	111%
Total current liabilities	1,539,685,818	1,222,885,525	26%	4,520,671,518	3,590,514,173	26%
Total equity and liabilities	1,737,645,495	1,652,065,791	5%	5,101,900,928	4,850,630,353	5%

Risk Management

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

Commodity price risk

The Group is exposed to changes in commodity prices both on the purchase of crude oil and the eventual sale of the finished oil products. The Group is an importer of crude oil and was influenced by the increase in average crude oil prices in 2009 and 2008. The Group exports almost half of its petroleum products on external markets, the rest being sold on the Romanian market. The prices for crude oil and petroleum products bought/sold are determined by reference to international quotations, while the price of petroleum products for domestic market are mainly market driven.

Interest rate risk

Interest rate price risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates relative to the interest rate that applies to the financial instrument.

Interest rate cash flow risk is the risk that the interest cost will fluctuate over time. The Company has long-term debt and short-term debt that incur interest at fixed and variable interest rates that exposes the Company to both fair value and cash flow risk.

Foreign exchange risk

The Company's functional currency is USD since crude oil imports and a significant part of petroleum products are all denominated in foreign currencies, principally US Dollars. In addition, certain assets and liabilities



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are denominated in foreign currencies. Group Treasury is responsible for handling the Group foreign currency transactions.

Liquidity and cash flow risks

The liquidity risk consists in not having financial resources available in order to fulfill company obligations when they are due. Based on the forecasted cashflow, the management of the company checks daily the liquidity level and ensures the fulfillment of obligations to suppliers, to the state budget, to the local tax authorities etc. according to their maturity. The current and immediate liquidity ratios are monitored permanently.

One of the concerns of the management of Rompetrol Rafinare is to know the effects of all these risks in order to ensure that the economic-financial activity of the company is carried out without any problems. During 2009 the company enjoyed continuous financing resources at the needed levels and ensured that no cases of temporary lack of financial resources or of lack of liquidity of the company occurred, as a result of selling products guaranteed with payment instruments and negotiating receipt terms from clients and payment terms from suppliers that are advantageous, maintaining at the same time a good relation with the business partners.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract leading to a financial loss. The Group is exposed to credit risk from its operating activities primarily for trade receivables and from its financing activities including bank deposits, foreign exchange transactions and other financial instruments.

Trade receivables

The retail operational segment is exposed to credit risk. Overdue customer receivables are regularly monitored.

Financial instruments and bank deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury in accordance with the Group's policy.

Operational risk

The operational risk derives from the possibility that accidents, errors, malfunctions may occur, as well as from the influences of the environment upon the operating and financial results. Rompetrol Rafinare S.A. has continued a broad revamp process on the refinery technology, for the purpose of increasing the production, reducing the technological losses, as



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well as eliminating the accidental shut-downs in the industrial process. Also, the Company is preoccupied with maintaining and improving the quality-environment-safety integrated system on a constant basis, aiming to improve the organizational image, by complying with the requirements on quality, environmental protection and work safety, by improving the relationship with the authorities and with the socio-economic society, by limiting the civil and criminal liability and by meeting the legal requirements for quality – environment – security.

Note: The Board of Directors Annual Report was prepared based on the audited financial statements.

The functional currency, as basis for preparing the financial statements, is USD. RON currency is used as currency for presenting the informations in USD, according to the International Financial Reporting Standards. All the RON information were obtained by multiplying the USD values with the exchange rate USD/RON = 2.9361 as of 31 December 2009.

**President of the Board of Directors
of S.C. Rompetrol Rafinare S.A.**



Alexandru Nicoliciu



Vasile Cosmin TURCU

Vasile Cosmin TURCU



Giani Iulian KACIC

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