



Annual Report 2005



ROMPETROL
energy for life

The Rompetrol Group

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Rompetrol—The first Romanian multinational company

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THE ROMPETROL
GROUP



LETTER FROM THE CHAIRMAN DINU PATRICIU

Dear Shareholders and Partners,

The year 2005 was the best in the history of The Rompetrol Group, with the Company continuing its rapid expansion and registering record financial results. These accomplishments contributed to the explosive development of the Group and its transformation into the first multinational company originating from Romania.

The acquisition of the largest independent distribution company in France, Dyneff Group SA, placed TRG among the first 20 oil companies in Europe. The 8 month-long negotiations enabled us to prepare well for this major expansion given that Dyneff Group reported turnover similar to that of TRG and has an important business network in Southern France and Northern Spain.

The takeover of Dyneff Group, supplying almost 4 percent of the French oil products needs, granted us access to important storage and distribution resources, and to a solid existing customer base in a mature and stable market within the European Union. As a result TRG tripled its storage capacity and almost doubled the number of gas stations, currently operating storage facilities at the Black Sea, Mediterranean Sea and Atlantic Ocean, and more than 570 gas stations in Romania, France, Bulgaria, Albania and Georgia.

I am pleased to tell you that the main indicator of enterprise prosperity, the operational profit, climbed to \$164 million on gross revenues of \$2.4 billion, while the Company reported \$76 million in net profit. These figures are considerably higher compared to the previous year. Given the synergies between various group companies, and the acquisition of Dyneff, we estimate TRG turnover will double in 2006 to almost \$5 billion. As always, we publish our financial results in

compliance with international accounting standards and each year the final results are certified by the reputable independent audit firm Deloitte & Touche.

The expansion in Western Europe triggered corporate culture and corporate governance changes that will modify the dynamics and focus of the Group's business towards more stable markets. Accordingly, we have enhanced the management team by adding a new Chief Operating Officer, Andre Naniche, who joined us after decades of experience serving major oil companies in the United States and in Europe. Looking forward, the strategic management will be mainly conducted from our headquarters in The Netherlands, while the executive activities will be proportionally distributed among our main subsidiaries in Romania, France and other countries where we develop our business. In 2005 we have become a constant presence in Albania and also entered the market in Georgia, while continuing to purchase and build gas stations in Bulgaria and maintaining our office in the Russian Federation.

We place increasing emphasis on our trading branch in Switzerland, Vector Energy, due to its potential to contribute to the bottom line of the Group. Vector conducts an increasing number of trades of crude and oil products both for TRG as well as for other customers.

TRG continued the fast-paced development of its other major business units, such as Rompetrol Petrochemicals, by building new production facilities and increasing the market share for various products.

Rompetrol Downstream, our retail distribution subsidiary continued to add new gas stations and improve its results by offering diversified services and products to both

corporate and individual clients through its new „Hei” shops. All these accomplishments were possible due to the skills and determination of our more than 8,000 employees, who addressed the challenges with professionalism and proved once again to be a united team in spite of hardships and obstacles encountered last year.

The judicial and legal harassment in Romania, initiated against us in 2004, is still ongoing and has intensified lately. Both myself and the Company have suffered, our image has been tarnished and the development pace has been slowed by these abusive investigations that are politically motivated and aim to destroy our work of more than seven years. This situation is created and deliberately maintained by our commercial competitors and their political patrons, who lead through command and control structures infiltrated by the secret services. We will continue to vigorously defend ourselves against the abuses of Romanian State agencies and we will certainly prove our innocence through legal actions in both Romanian and international courts.

Notwithstanding, and even more so, our financial results reveal a healthy, prosperous and correct business. We are in our third consecutive year of significant growth and we can proudly present record financial results. Our major challenge ahead is to integrate the components of this multinational company and to continue the development of our global business focusing on stable markets with low political and economic risk.



Dinu Patriciu
Chairman

LETTER FROM THE VICE CHAIRMAN
PHILIP STEPHENSON

Dear Stakeholders,

As with my letter to you last year, I have nothing to add to my partner Dinu Patriciu's excellent summary of our operational performance and European expansion program in 2005. Besides other benefits, our acquisition of Dyneff Group SA has caused many of our senior executives, including me, to brush up on our French language skills. In this regard, I can summarize some of 2005 as "plus les choses changent, plus elles restent les mêmes."

By this I mean simply that the political and legal turbulence we experienced in 2004 in Romania continued unabated – indeed it increased – in 2005. We have spent an extraordinary amount of management time and attention in mounting a vigorous legal defense against the ungrounded and politically motivated charges leveled against Rompetrol senior executives by the Office of the General Prosecutor in Romania.

Though the prosecutors continue to use pressure tactics that are illegal under both Romanian and international law, we have been successful each time we have appeared before judges in local courts of law. In this case we can only applaud the emerging independence and professionalism of the Romanian judiciary – and hope that it will continue to positively evolve.

My personal experiences in the spotlight of the Romanian judicial system have convinced me that the prosecution is trying – with some political support it seems – to "turn back the clock" of justice to the bad old days of a Soviet style legal system (e.g., prosecutors decide, judges blindly approve). Invalid sole-signature arrest warrants, seeking preventative detention of our personnel as "threats

to the public order", warrant-less wiretaps in the name of "national security", leaks of confidential prosecution documents to our business competitors – none of this is defensible in a democratic society but there also seems to be no will to punish those who overstep these fundamental lines.

I have to congratulate our Rompetrol team on remaining calm and focused in the face of such turbulence. Our executives and advisors, our bankers and business partners, have all remained legitimately concerned but ultimately steadfast. The reputation we have built up over the years for honest and transparent dealing has been unfairly tarnished in the minds of the general public but not in the views of these long-time partners who know us well.

Dinu Patriciu and I have had to accelerate the plans we always had to devolve more management responsibility on senior professional managers in the Group. The fact that our Netherlands-based Group now operates in 12 countries from Russia to Spain provides not only a diversification against the political risk of any one country, but also is driving us in 2006 to recruit more qualified managers from Romania and abroad and to give them more responsibilities as the managers of their own distinct business units. This new organization structure will leave Rompetrol's owners free to make decisions regarding broad strategy, major transactions, and key personnel – and leave day-to-day management to those closest to the operating business units.

The recruitment last year of US citizen Andre Nanche as Group Chief Operating Officer (who started with us full time in February 2006) demonstrates

both our commitment to this business restructuring as well as our ability to attract top international talent. Andre Nanche is already leading teams of long-time Group executives to restructure supply chain management, risk management, reporting and performance measurement, and HR policies.

I will close by thanking all of you for your continuing support of our business and hope that, this time next year, my letter will be comprised exclusively of reporting the accomplishments of our team.



Philip Stephenson,
Vice Chairman

LETTER FROM THE CHIEF OPERATING OFFICER
ANDRE NANICHE

Dear Partners,

It is with great pleasure that I address you today as the newly appointed Chief Operating Officer of The Rompetrol Group. During my first month in this new position, I've had the opportunity to visit our main locations which include both refineries, our Dyneff Corporate Office along with our Vector trading arm. The excitement, anticipation and desire of integrating all our activities are equal among all our international subsidiaries.

My first task will be to reorganize Rompetrol to enable us to fully leverage our strengths throughout the Group. We have just announced our first step in this transition by consolidating our activities into three main areas which we call Business Units. These units will have no geographical boundaries and will operate as independent units within a framework of strategic intents and controls.

In brief, we have a Trading Business Unit that will be responsible for raw material supply to our Petromidia and Vega refineries, Product supply to Dyneff and the purchase and sales of products necessary to optimize our supply requirements. We have a Refining Unit which will oversee operations of our two refineries. We will use our refineries to optimize our supply chain activities by running the most economic raw materials available in the most efficient manner. Finally, we have a Retail and Marketing Unit that is responsible for integrating Retail, Small Wholesales, Network Planning and Brand Management throughout the Group.

This reorganization will take several months to accomplish. We are fortunate to have a

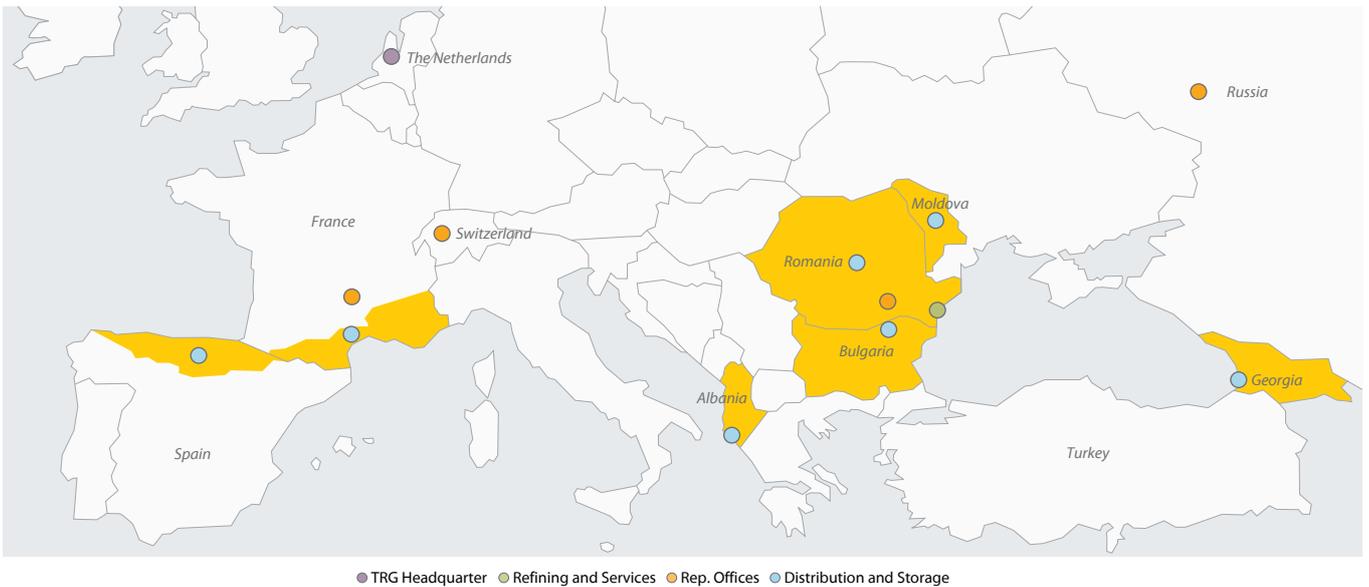
highly experienced set of leaders who will oversee our business units and will spearhead our transition. I have led this type of reorganization twice in the past six years and can already feel the benefits which will accrue to us once complete.

I am grateful to Dinu Patriciu and Phil Stephenson for giving me the opportunity to take over the operations at Rompetrol. Their desire to leverage and optimize all the activities throughout the Group presents a singular moment to make us the Refining and Marketing leader in our region. I look forward to this challenge in 2006 and beyond.



Andre P. Naniche,
Chief Operating Officer

Rompetrol - the first Romanian multinational company



Driven by its passion for success, innovative approach and independent spirit, The Rompetrol Group (TRG) became the first multinational company originating in Romania.

In 2005, the Group continued its aggressive expansion, completing its most important acquisition to date: the purchase of French Dyneff Group S.A., the largest independent oil products distributor in France, with a 4 percent market share. The synergies between the two independent oil companies enabled this acquisition to be accomplished to the mutual benefit of both parties, and is expected to bring a doubling of TRG's current annual gross revenues to almost \$5 billion in 2006. This acquisition marked an important milestone for TRG, which has become a global company with activities, processing and distribution of oil products in 12 countries and with a powerful operational base in the European Union. With Romanian origins, TRG has refined local values, adapted them to the new global economic realities, and reinvented itself as one of the top 20 oil companies in Europe. Modern Romania can take pride in a strong company, in full ascend and on a path of significant

expansion into the European Union. Rompetrol continues to be at the pinnacle of Romanian capitalism. Its vibrant growth generates important benefits to the country and the region by expansion of the export markets, substantial contribution to the trade and payments balance, and to enhancing Romania's industry standing throughout the world. Rompetrol identifies itself with the concept of independent success, deriving from unconventional thinking and an assertive business conduct. These features allow the Company to prosper for the benefit of its investors, shareholders, employees and customers. The year 2005 was the best operational and financial year in the history of TRG. Despite having to overcome legal and image related difficulties, the Company continued last year to prosper financially and to set new development horizons. It has been a year of dynamic expansion which brought important achievements but also new challenges to be turned into opportunities

and advantages in 2006. The next step to be taken now is the successful integration of global operations. Accordingly, Rompetrol will continue to implement managerial and cultural changes that reflect its business philosophy. Driven by the energy of its success, TRG will continue to develop towards global expansion. The passion for quality and the determination for independent action, will fuel the future development of a profitable business eager to ensure the energy that brings quality of life for millions of customers in South-Eastern Europe, France, Spain and elsewhere. We are kindly inviting you to discover in the following pages the significant transformation occurred in 2005 that turned Rompetrol from a medium-sized regional company, into one of the top 20 oil companies in Europe and the first multinational successful business originating from Romania. And this is just the beginning of the road for a company in full global expansion.



ACTIVITIES

UPSTREAM
MIDSTREAM
DOWNSTREAM
SERVICE COMPANIES

Upstream

Exploration and Production (E&P)

Key 2005 Achievements

- Signed with Forest Romania Corp. transfer agreements for three oil exploration concessions located in Vrancea
- Signed an agreement with Romgaz to develop an underground gas storage facility
- Opened its representative office in the Russian Federation



Rompetrol Upstream coordinates exploration, drilling and well services activities (E&P, Drilling & Well Services - Petros) in Romania and abroad. Upstream activities are currently focused on Romania and the Caspian Sea region, as well as in the Middle East and Northern Africa. Our strategic target is to develop exploration and production projects, through direct investment in the focus areas, and by using services in order to get a share of production and maximize revenues.

Key 2005 Achievements

In Romania, we concentrated on the two exploration concessions at Zegujani and Satu Mare by acquiring seismic data, processing and interpreting it and by exploring new acquisitions of this type. The Company also initiated the selection process for a drilling contractor and developed the exploration architecture.

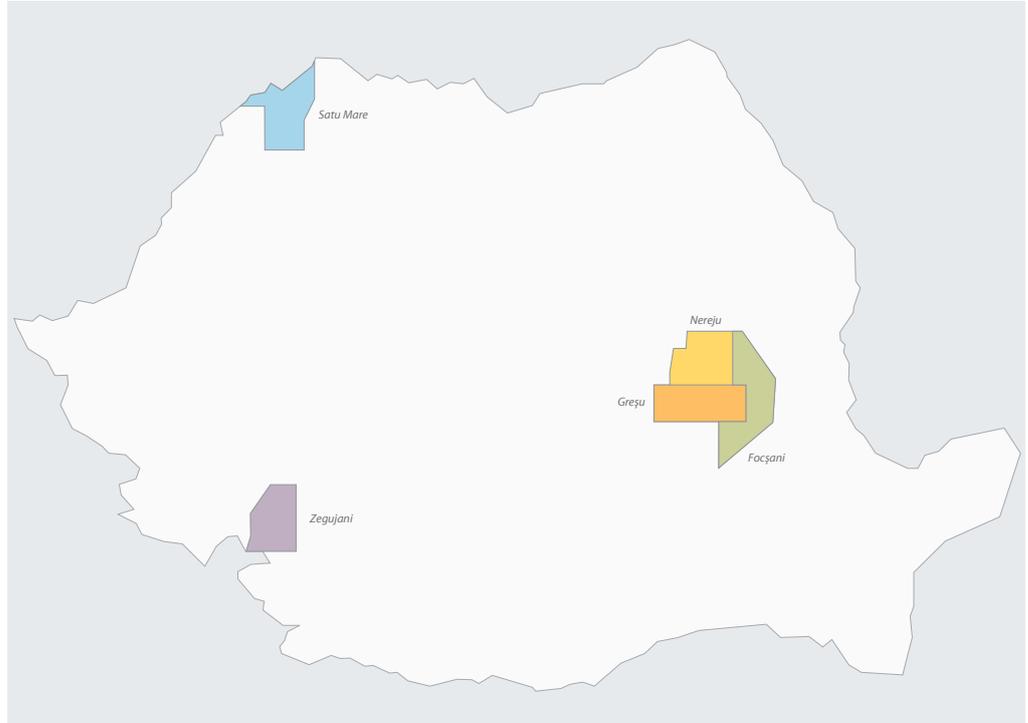
In 2005 Rompetrol has re-emerged as a licensed operator of exploration concessions, after a 20-year hiatus, and it started exploration work for the first time in Romania.

To this end Rompetrol:

- acquired and processed 241 km of 2D seismic lines (in the UK) - re-processed 633 km seismic lines (in the UK);
- signed with Forest Romania Corp. transfer agreements for three oil exploration concessions located in Vrancea (Focşani, Greşu and Nereju).

The Exploration and Production Department expanded its range of activity by signing with Romgaz a memorandum with a view to develop a joint project for underground gas storage in the Mărgineni exploration area.

The Company opened a representative office in Moscow, to facilitate access to exploration and production business opportunities and partnerships in the CIS region.



Rompetrol concessions areas in Romania

The E&P division evaluated a series of plots for production or development in Romania, Kazakhstan, Russia, Oman and Tunisia. This is part of an ongoing effort to acquire stakes in production fields in “close to home” regions: CIS, Middle East and Northern Africa.

Key 2006 Objectives

A fivefold increase in investments compared to 2005 (\$5.2 million compared to \$1 million)

For the Romanian operations the key objectives are:

- Finding partners for the continuation of exploration and risk reduction for the concessions operated 100 percent by the Company;
- Zegujani: drilling one well and 100 km of 2D seismic acquisition;

- Satu Mare: acquisition of 100 km 2D seismic and reprocessing data;
- Data reprocessing for Focșani, Greșu and Nereju: field geology, geophysical tests and geochemistry survey;
- Underground gas storage development—signing the contract with Romgaz as a result of winning a January 2006 auction for more than 0.5 Gcm storage capacity operated by Rompetrol S.A.

Drilling and Workover



Products and Services

With more than 30 years of experience in drilling and workover, the Drilling Division has provided since inception a fine balance of highly-qualified personnel and top equipment in more than 15 countries. This has enhanced client satisfaction, who, as end beneficiaries of services, took advantage of high quality services provided at low cost.

The diligence in adapting to diverse cultures and environments has allowed the Company to become a partner of first choice in traditional, as well as new markets. In this field of expertise, where there is a growing market that is highly competitive, we managed to maintain

the quality of our services through our flexibility and rigorous analysis. The Company also invested in modern technologies that were required by customers, and by employing superior management techniques to ensure a high quality of services.

The Drilling Division complies with ISO 9001 and ISO 14001 standards, being certified by Germanischer Lloyd. Also, as a result of relentlessly providing training to staff, we managed to record in 2005 the lowest number of work incidents.

Key 2005 Achievements

An efficient management, high quality services, creativity and cost saving solutions allowed the division to deliver in 2005:

- A turnover increase of 12 percent compared to 2004
- Doubling of capital expenditure
- Diversification of the services range

Operations

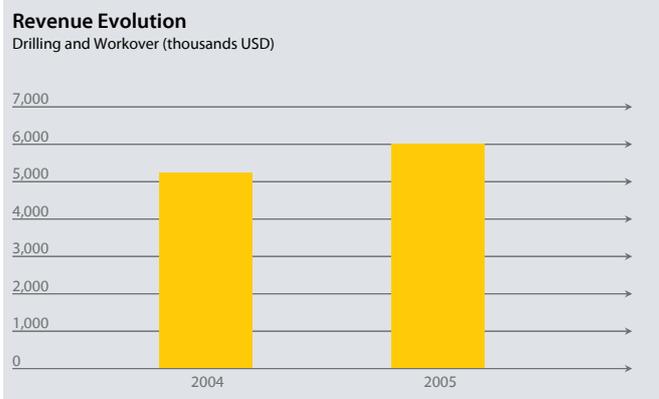
The 2005 turnover increase was due to the diversification of services provided in traditional markets, as well as the expansion in new markets.

The range of drilling and well repair services had been completed by the addition of new services such as:

- monitoring of drilling parameters with the most advanced mudlogging equipment;
- water wells cementing;
- casing and tubing running;
- HSE consulting services;
- well heads installments and maintenance.

Key 2006 Objectives

- Finding partners for the continuation of exploration and risk reduction for the concessions operated 100 percent by the Company
- Zegujani: drilling one well and 100 km of 2D seismic acquisition
- Satu Mare: acquisition of 100 km 2D seismic and reprocessing data
- Data reprocessing for Focşani, Greşu and Nereju: field geology, geophysical tests and geochemistry survey



Key Financial Data

(all figures in thousands USD unless otherwise stated)

	2005	2004	%
Revenues	5,630	5,287	6
Gross Margin	2,473	2,725	(9)
EBITDA	2,424	1,259	93
Capital Expenditure	833	411	103

according to International Financial Reporting Standards - IFRS

Rompetrol Well Services (Petros)

Key 2005 Achievements

- *Opened the third operational base in Kazakhstan*
- *Opened the first operational base in Northern Iraq*
- *Delivered services for gas exploration in north-eastern Bulgaria*



Key 2005 Achievements

Rompetrol Well Services (RWS) is a TRG member company specializing in oil and gas field well services. In 2005 the Company registered a significant increase in its turnover compared to previous years and expanded its international activity in the Balkans and the Middle East.

RWS continued the technological modernization process through investments of more than \$2.8 million, started its third operational base in Kazakhstan, and initiated the first contracts for cementing services in Iraq and the Balkan Peninsula.

In Romania, RWS emphasized on harmonizing its technologies and operational procedures with the requirements and standards of major international operators, now active on the domestic market as a result of the privatization and globalization of the Romanian oil and gas industry. RWS maintained its position and market share for the main services offered in this increasingly

attractive market for the major international companies active in this industry.

Consistent with its business strategy of expansion in the Caspian Sea region, the Company opened its third operational base in Kazakhstan. Although business in this segment in Kazakhstan has experienced relative stagnation, RWS reported an increase in revenues of almost 20 percent in 2005, compared to the previous year.

At the end of the year, RWS opened its first operational base in the northern part of Iraq, an area where investments in the oil field are rapidly increasing. Also, in 2005, the Company provided specific services for natural gas exploration in the north-eastern part of Bulgaria.

Although 2005 was also characterized by major and rapid structural changes in the Romanian petroleum industry, which led to a low level of demand for well services, the financial performance of the Company exceeded the previous year's results by 15 to 30 percent.

Key Products and Services

RWS performs specialized services in oil and gas fields in several countries. These services include cementing, sand control, stimulation, testing, slick line and casing running, etc. An average of 500 casing strings and liners ranging in depth from 500m to 4,500m are cemented each year by RWS. Sand control is performed for more than 100 oil, gas and gas storage wells per year.

Stimulation services range from nitrogen treatments and acidizing to hydraulic proppant fracs. Slickline Services, Casing and Liner running of all sizes, as well as other special services are offered to all operators in this line of business in Romania.

The project design for the above services is done in-house and in close co-operation with the client. All necessary equipment, tools and chemicals are provided by RWS, which also offers drilling tools for rent.

From its headquarters in Ploiești (Romania), RWS supervises all the ongoing projects and provides technical support for 17 locations in Romania, Kazakhstan, Iraq and Jordan.

Key 2006 Objectives

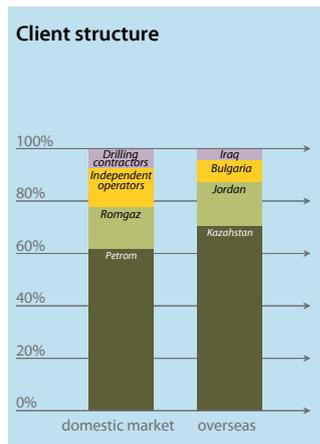
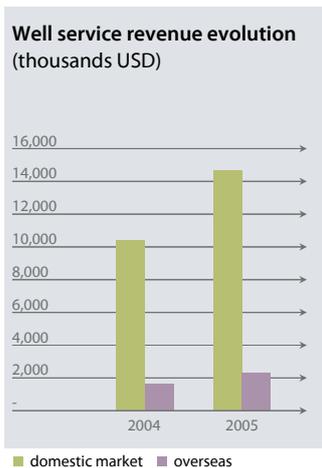
- Consolidate the operational bases in Kazakhstan, increase the number of clients and raise the turnover by a minimum of 15 percent
- Expand operations in Iraq while ensuring the security of company staff
- Restart operations in Jordan as part of a new investment program in the local oil industry
- Open an operational base in Northern Africa

Key 2006 Objectives

As competition continues to increase in the Romanian oil services, RWS aims at consolidating and afterwards expanding its market share. For the year 2006, the Company plans to finalize the modernization of its technologies and equipment for well cementing operations in order to meet the requirements and standards of international operators present on the Romanian market. This will allow for a future orientation of investments towards the other types of services on the RWS market niche.

The expansion of the external activities of the Company will focus on the following directions:

- consolidate the operational bases in Kazakhstan, increase the number of clients and raise the turnover by a minimum of 15 percent
- expand operations in Iraq while ensuring the security of company staff
- restart operations in Jordan as part of a new investment program in the local oil industry
- open an operational base in Northern Africa



Key Financial Data

(all figures in thousands USD unless otherwise stated)

	2005	2004	%
Revenues	18,608	14,070	32
Gross Margin	4,779	3,276	46
EBITDA	4,034	2,195	84
Capital Expenditure	2,868	1,891	52

according to International Financial Reporting Standards - IFRS

MIDSTREAM

Refining and Marketing

The year 2005 marked the conclusion of the first stage of modernization for the Rompetrol Rafinare (Petromidia) refinery, coinciding with the general overhaul carried out every four years, which took place during 45 days in October and November.

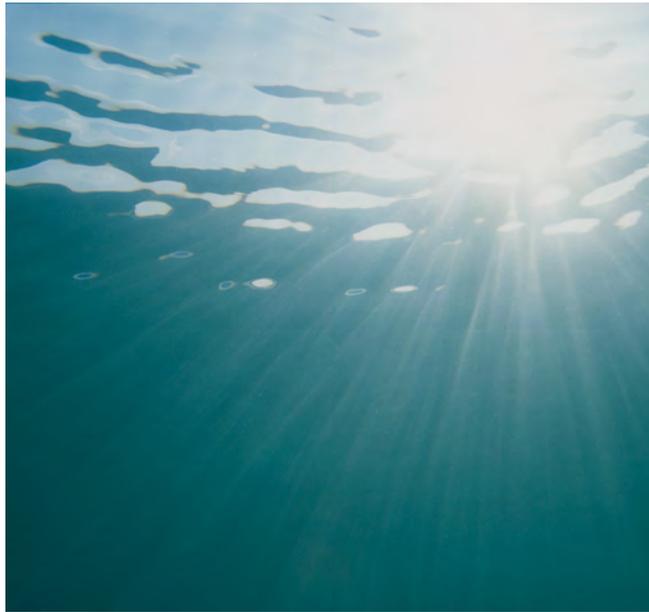
The overhaul paralleled another 30 major investments and modernization projects which will eventually contribute to the increase of the refining capacity by 10 percent. The upgrading projects will ensure that more than 50 percent of the gasoline and diesel fuels produced by the Petromidia refinery meet the Euro 4 standard and will lead to an increase of technological processes automation, higher reliability of installations and equipment, as well as reducing the impact of the refinery activity on the environment. About 3,000 employees from 42 Romanian and international construction-rigging, mechanical repairs, electrical and construction companies participated in the upgrading and overhaul works.

At the same time, the Company's management structure has been constantly improved resulting in a better coordination and control of the production flow. Also, a continuous training program enabled the staff to make a swift transition to a state-of-the-art refining technology.

Rompetrol Rafinare (Petromidia)

Key 2005 Achievements

- Completed required overhaul in October and November
- Achieved a record operational profit, 45 percent higher compared to the previous year
- Modernized the Middle Distillates Hydrotreating installation
- Modernized the brown water stripper installation



Significant Technological Upgrades 2005

Modernization of the automation system for the compressors 130K1, 138FC1, 138GC1

Together with General Electric, the automation system for the three critical tools in the refinery were upgraded: the 138FC1 turbocharger and the 138GC1 gas compressor, in the Catalytic Cracker, as well as the 130K1 hydrogen compressor in the Catalytic Reformer.

Modernization of the furnaces for the AVD unit (Air and vacuum distillation)

The implementation of the project led to furnace efficiency increase which ensures reduction of stack emissions, lowering of gas consumption and the protection of the air pre-heating surfaces. Also, the starting and the supervision of the burners were automated and the automation system of the furnaces was integrated in the existing DCS system.

Modernization Diesel Hydrotreater

With a view to increasing the processing capacity of the refinery, the existing reactor was replaced with a larger volume reactor, and a more effective catalytic unit was put in place. This will ensure a processing capacity increase of the unit and the ability to produce low sulphur diesel fuel in accordance with European requirements.

Removal of benzene forerunners

Taking into consideration the objective of increasing the processing capacity of the refinery, the upgrade of the unit for C5/C6 cut (benzene forerunners) removal from the hydro treated diesel oil leads to the removal of capacity limitation of the Catalytic Reformer. At the same time the European standards regarding the content of benzene and aromatics for the gasoline mixture are met. Last but not least, the benzene production is reduced as there is a decrease in the demand of aromatics on the market.

Improvement of the cooling system on top of cutting column 180C2, Coke unit

In order to remove the capacity limitation of the unit during summer, supplementary water coolers were assembled on top of the cutting column, on the gas flow, thus removing the heat excess from the top of the column.

Upgrade of the brown water stripper

The installation of a new and more efficient stripper tower ensured the reduction of the toxicity of water evacuated in the marine environment close to the refinery, meeting ahead of schedule new and more restrictive environmental standards.

Environment projects

Upgrade of the brown water-treatment unit

The upgrade of the brown water treatment unit was a major project which consisted in replacing the old equipment and in recalculating tanks capacity considering the contamination and debits of waste water in the context of expected refinery processing capacity increase.

The upgrade included:

- Mechanical stage –API separators (American Petroleum Institute) – tank and new scraper bridges repairs
- Physical-chemical stage – DAF (dissolved air flotation separators) – rebuilding of the API tanks and new equipment for flocculation-flotation and mud evacuation
- Brown water separator – new equipment to remove solids and waste

- Biological stage – revamping air tanks and secondary separators and installing new venting equipment and biologic mud separation
- Mud house – a new concept of mud dehydration and installing of centrifugal separators
- Automation of all treatment stages.

Improvement of cooling system at cutting column 138 FV8, Catalytic Cracker unit

The investment was aimed at increasing the flow of the unit supply system, removing the capacity limitation during summer by appropriately cooling the cutting column 138FV8, resulting in a good functioning of the 138FC1 turbocharger and of the 138GC1 gas compressor. As a consequence the cooling capacity of the air cooler was increased and, at the same time,

a supplementary water cooler was assembled at the cutting column top which ensures the appropriate elimination of heat.

Installation of condensed water drain for the containers belonging to the hydrogen compressors of the HPM, HPR, HDV units

In order to ensure the control of the automatic evacuation of liquid formed at the base of the compressors containers for the HPM, HPR, HDV units, liquid drains were installed to the respective containers. The liquid which can appear as a result of moisture drive in the supply flow of the containers, or of partial condensing of these flows if outside temperature drops excessively, can be evacuated in a controlled manner.

Gas meters control system of the fuel gas mixture container, Refinery Network

In order to evaluate the energetic performance of the units and correctly monitor the consumption, the old measuring system with normal wear and tear was replaced with a new system using the latest measurement tools from Emerson.

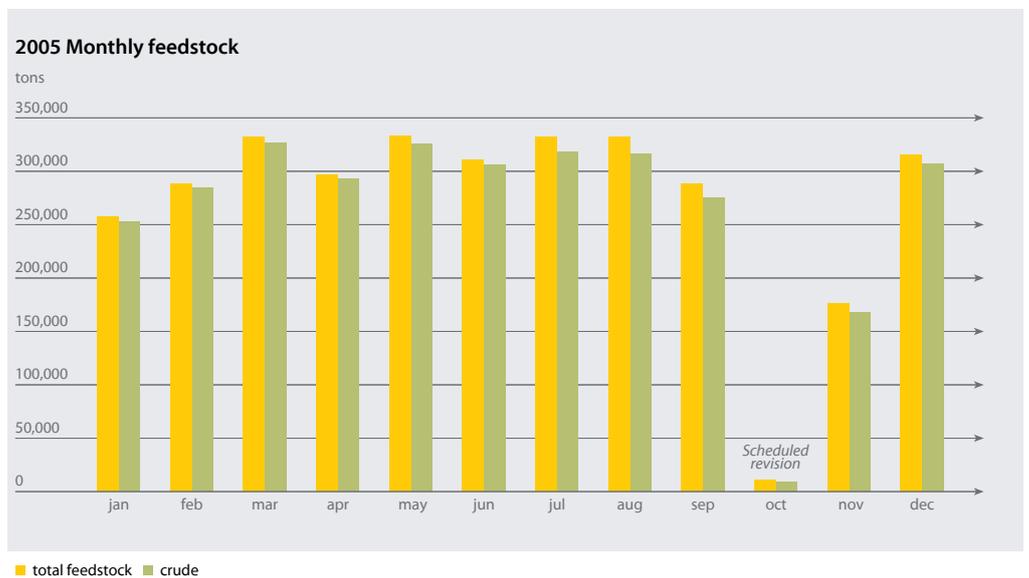
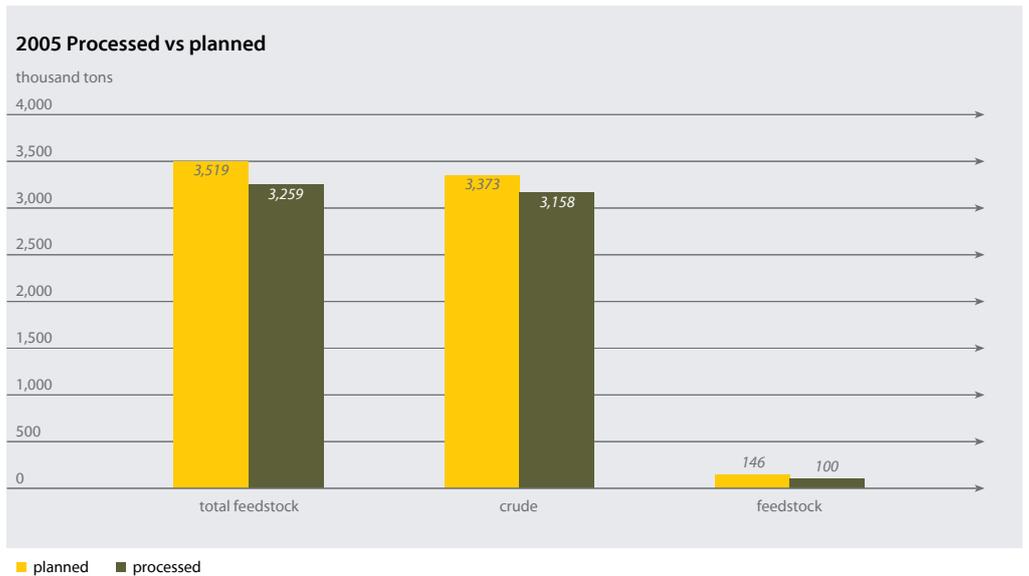
Installing an electrical heating system for technological pipes in the Refinery

This was a typical project for ensuring energy efficiency, with 60 percent of the cost being covered by realized energy savings. The existing steam heating system was replaced with an electrical heating system, which is more efficient from an energy saving point of view.

Key Products and Production Results

The refinery processed 3.25 million tones of feedstock in 2005 delivering more than 3 million tons of finished products.

	Total feedstock	Crude Oil	Other feedstock
Tons	3,258,552	3,158,078	100,474

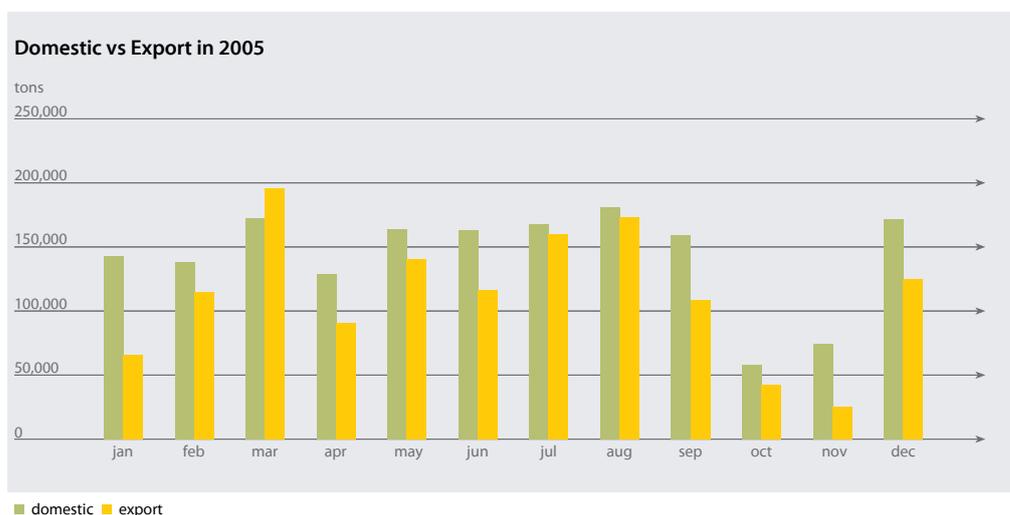


The Petromidia Refinery is the most modern in Romania, with a high yield of white products, approaching the levels of Western European refineries in yields and efficiency.

In order to meet the demand and consumption structure in traditional markets, the refinery increased its output of diesel auto fuel, which now represents 35 percent of the

entire production. The output of middle distillates (diesel) is likely to increase in the future as we constantly monitor market developments and fluctuations.

2005 – Yields	Tons	%
Total Feedstock	3,258,552	100
Crude oil	3,158,078	96.92
Other feedstock	100,474	3.08
Finished products	3,061,529	93.95
Gasoline :	1,006,201	30.88
auto	893,938	27.44
<i>Unleaded gasoline</i>	766,964	23.54
<i>Natural gasoline COR 92</i>	126,974	3.90
for chemical use	112,263	3.45
<i>Naphtha JetA1 & heavy solvent</i>	112,251	3.44
Diesel oil	1,201,291	36.87
auto	1,145,125	35.14
Light fuel oil	26,944	0.83
Fuel oil	144,397	4.43
LPG	172,130	5.28
Propylene	70,285	2.16
Other finished products	328,030	10.06
Unfinished products	-13,163	-0.40
Total consumption	210,185	6.45

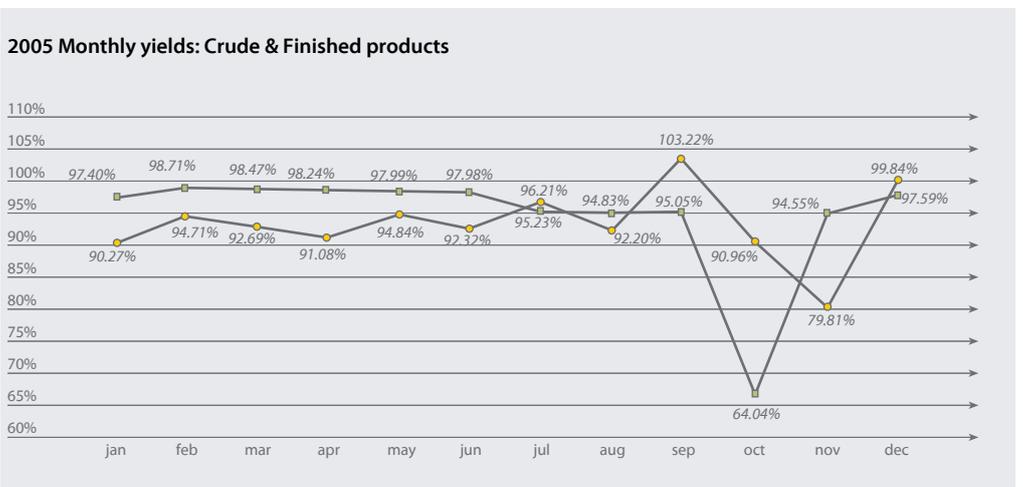
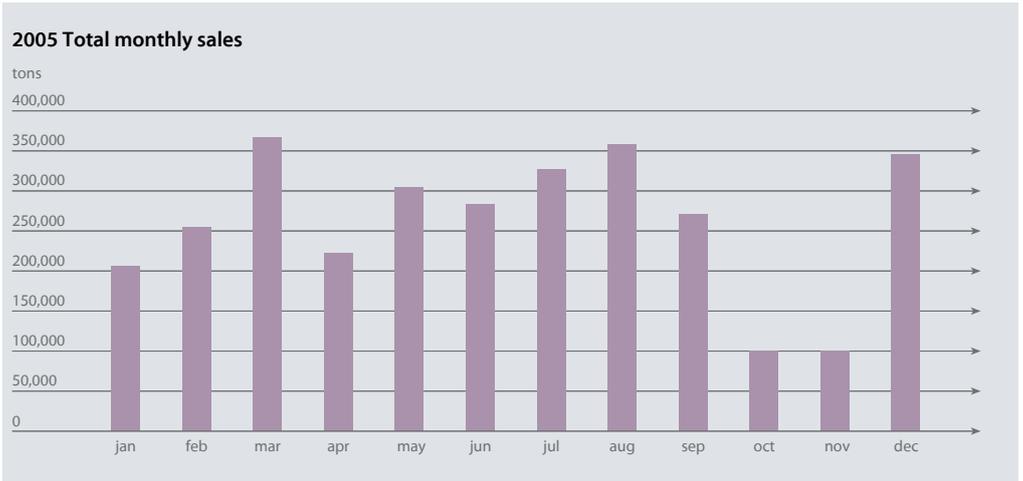


Market Details

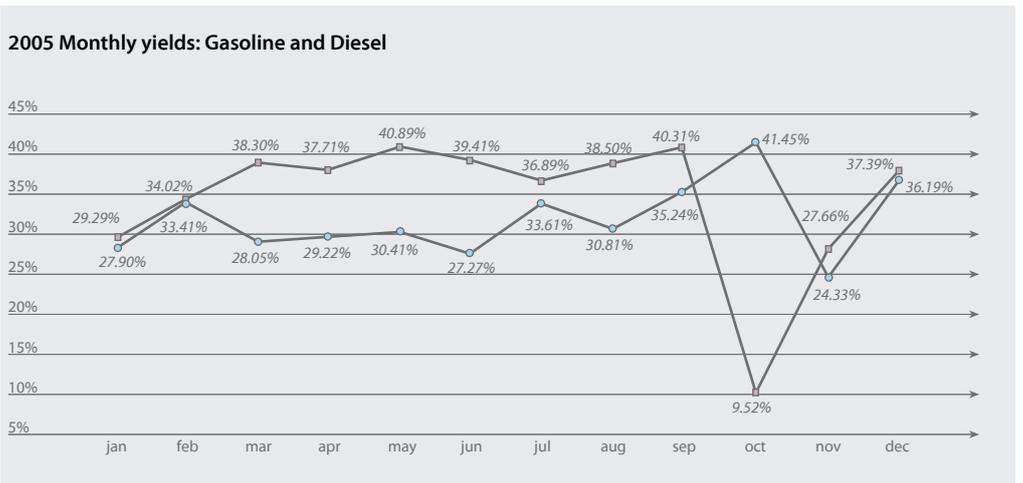
Rompetro Rafinare increased its sales to countries like Bulgaria, Turkey, Georgia, Moldova, Hungary, and consolidated its position in markets such as Croatia, Bosnia, Albania and Western Europe. The Refinery offers a wide range of products

in line with European quality and environmental standards. At the same time, Rompetro Rafinare increased its sales by developing lasting partnerships at home and abroad. Rompetro Rafinare's main domestic customers in 2005 were: Rom Oil, Rompetro Downstream,

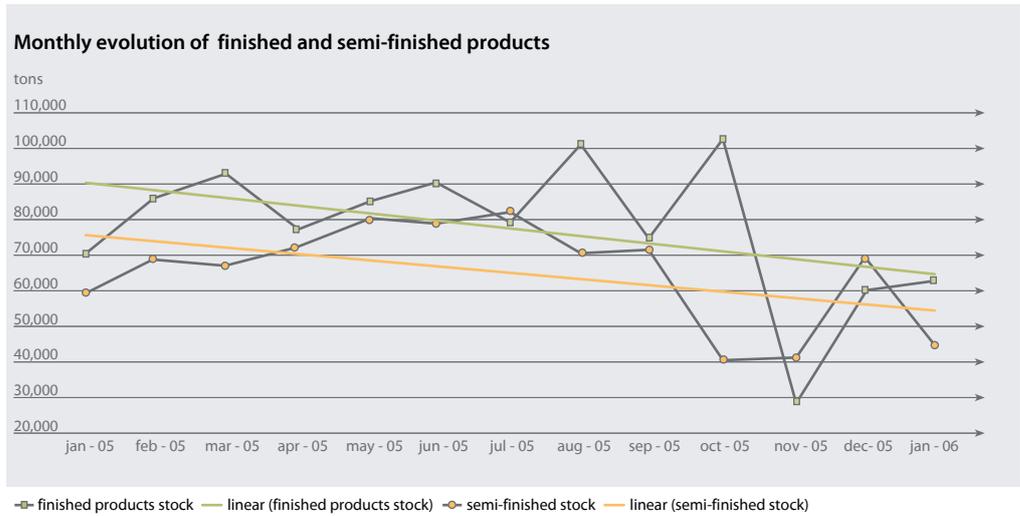
Rompetro Vega, Rompetro Petrochemicals SRL, Air BP Sales Romania, Crimbo Gas. The main foreign customers were: The Rompetro Group, Totsa Total Oil Trading, Euro Asian Oil AG, Rompetro Moldova, Abilo UK Limited, Neptune Energy, Transamonia.



■ crude ● finished products



○ gasoline ■ diesel



- Key 2006 Objectives**
- Modernizing the HPR installation
 - Starting the development of the hydrogen factory, mild Hydrocracking, and Isomerization units
 - Invest in and develop the coke briquettes unit

Key 2006 Objectives
 In 2006 Rompetrol Rafinare will continue its upgrading and efficiency program so that the Petromidia Refinery becomes one of the most competitive on the Eastern European market. The most important investments include:

Upgrading the HPR Unit
 The project is designed to increase capacity by 30 percent and to allow alternative processing of oil and of a mixtures of oil and diesel in order to obtain products in line with the European standards forecast for 2009 (sulphur of up to 8 parts per million-ppm).

Start works on the hydrogen factory; mild hydrocracking; Isomerization, are three important projects which will allow to increase the processing capacity of the Refinery to 5 million tons/year and to obtain fuels with 10 ppm sulphur.

Mud processing unit
 The installing of a mud and slops processing unit in the vicinity of waste dump no. 3, which represents one of the main objectives for environmental protection.

Coke briquettes unit
 Based on the statistical data showing that 53 percent of the Romanian population uses wood for heating, the refinery will produce new solid fuel with greater heating power than wood, by turning oil coke into briquettes. The investment has an important environmental impact resulting in an estimated 500 hectares of forest saved annually from being cut down. In addition water treatment mud is also used in the product, with immediate positive results on the environment.

Hydrogen purification membranes
 European standards require the prevention of any loss of

hydrogen when producing fuels with low sulphur content. The installation of the two membrane modules of separation on the hydrogen purges, one in the HPM/HPR units and one in the HDV unit, will allow the recovery and reuse the hydrogen from the purges.

Monitoring system for the burned gas in the furnace stack of the AVD unit
 The continuous monitoring of the burned gas air emissions with a view to limit some quantities of emitted pollutants is obligatory for large burning units (over 50MW), according to law requirements. The system will continuously monitor the emissions of SO₂, NO₂, NO_x, O₂, CO, CO₂, dust, as well as the temperature, the pressure and the speed of the burned gas.

Upgrade of the sulphur recovery unit which will allow to burn gas from the brown water stripper in order to prevent air pollution.

Key Financial Data
 (all figures in thousands USD unless otherwise stated)

	2005	2004	%
Gross Revenues	1,993,375	1,444,502	38
Gross Margin	144,139	90,253	60
EBITDA	125,132	86,347	45
Capital Expenditure	64,171	19,264	233

according to International Financial Reporting Standards - IFRS

In 2005 Rompetrol Rafinare reached a turnover of \$1.99 billion, an operational profit of \$125 million, and a net profit of more than \$65 million. As a result of improvement of the refining and trading activity, Rompetrol Rafinare saw an operational profit increase of 45 percent compared to 2004, and an eight-fold increase compared to 2003. The financial results for Q4 2005 were influenced by the scheduled 45-days refinery shutdown for upgrading and overhaul works.

Vega Refinery

Key 2005 Achievements

- Installed the most modern ecological solvents unit in Eastern Europe
- Removed products potential negative effects on the environment and users
- Improved product quality, industrial processing safety and environmental protection



Vega refinery manufactures special products: ecological solvents, road and special bitumen, fuels such as “heating oil” etc., which secures it a privileged position in the Romanian oil industry. Therefore Vega is an atypical refinery, which now specializes in the delivery of special products, despite the fact that in the past it produced gasoline and diesel fuel.

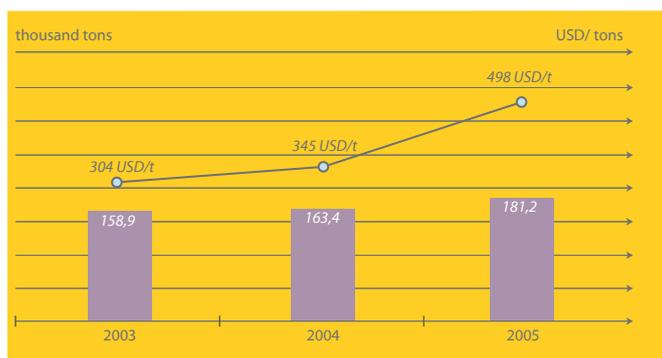
Key 2005 Achievements

In 2005, Vega refinery launched the most modern ecological solvents unit in Eastern Europe, based on high-end technologies acquired from Germany, thus meeting the demands of the domestic and international solvents markets. This installation enables the Company to produce new ecological solvents of higher quality and with maximum safety during processing. Also, the negative effects on the environment and users have been removed.

Vega refinery modified its range of products by totally replacing

essential fuels with ecological solvents, a change that led to better financial results.

These results were due to the changes in the structure of products manufactured by producing ecological solvents, and due to increased efficiency of processing raw materials, which rose by 44 percent to \$498/ton in 2005 up from \$345/ton in 2004.



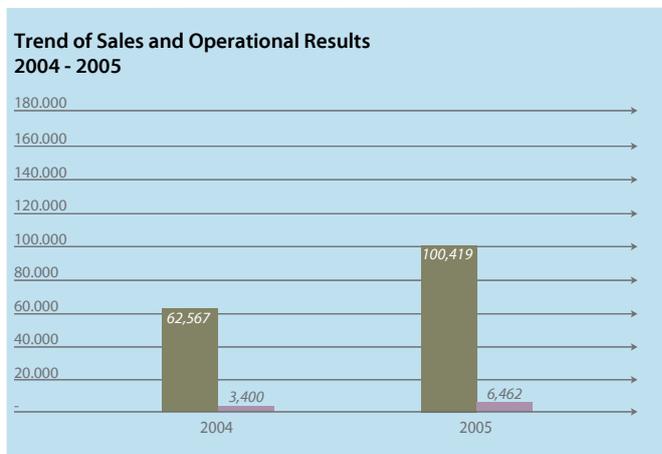
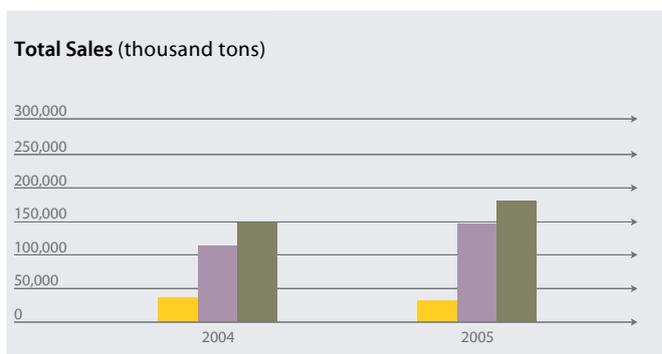
■ raw materials processed -○- turning to account of one ton of raw materials

Operations

In 2005 Vega processed 181,200 tons of raw materials, an increase of 11 percent against the previous year: the amount of burning oil rose by 117 percent, heavy solvent by 48 percent, naphtha by 9 percent. This led to a diversification of output through the launch of new products, ecological solvents, as well as through increased production of n-Hexane, white spirit and oils (by 46 percent), which are in high demand.

The Gasoline Dearomatization unit was started in March, a state-of-the-art installation which enables the production of a wide array of "Special Boiling Point Spirits" (SBP) oil solvents. The unit went live in Q2 after technological tests and fulfillment of the designed parameters. As of 2006 the installation is estimated to have an output of 18,815 tons per year, which amounts to \$12.8 million.

In 2005 the refinery started the design of a new mixed bitumen installation and the upgrade process to produce SBS-modified bitumen, with production scheduled to begin in 2006. Investments continued to be made in order to improve product quality, industrial process safety and environmental protection. The interior roads, pipelines, tanks, lighting and IT networks were also renovated.



Main Products and Services Offered

Vega refinery is the only n-Hexane manufacturer in Eastern Europe, used in the production of polypropylene and the extraction of vegetal oils in the food industry. The 2005 upgrade projects of the n-Hexane installation and the expansion of the customer portfolio on the Turkish market led to a 59 percent rise in exports of this product, compared to the previous year (to 8,899 tons in 2005 up from 5,612 tons in 2004).

Vega refinery is Romania's only producer of:

- Ecological solvents – Rompetrol SE – are produced according to the Halterman technology, which ensures a low level of toxins due to a decrease in the content of sulphur and

aromatic hydrocarbons. In 2006 the market share is expected to hold at about 90 percent and sales are estimated to surge by 232 percent;

- Light solvents – in 2006 sales are estimated to double following the export of solvents to the Hungarian market (MOL CHEM Hungary - a member of Penta Group, the third largest distributor in the world for petrochemical products);
- Special bitumen, used in the manufacturing of bituminous cement for waterproofing in the construction industry, and protection against corrosion for metal pipelines. The upgrading of the road and special bitumen installation is estimated to lead in 2006 to an increase by 156 percent in sales compared to the previous year and to securing a 30 percent market share on the domestic market.

Vega refinery has an 81 percent market share of the Romanian domestic white spirit market, with a total output of 46,400 tons in 2005, combining domestic sales and exports. White spirit is used as solvent in the varnish and paint industry, as well as in the tire and pesticide industries.

The refinery also produces ecological heating fuels, sold under the brand name of Rompetrol. The quality of these fuels meets European standards and is on a par with any Heating Oil products sold in the European Union.

In 2006 sales of these products are estimated to double by attracting fuel-intensive customers (thermal power stations) and by increasing the exports to Serbia and to Montenegro.

Key 2006 Objectives

- Production of mixed bitumen by starting a new installation. This will lead to an increase in sales and to regaining the leadership in the road and special bitumen market
- Implement a new energy management system in order to monitor the utilities consumption and eliminate losses
- Increase the turnover by 62 percent compared to the previous year
- Post a profit of \$10.5 million
- Utilize the refinery installations at maximum capacity

Key Financial Data

(all figures in thousands USD unless otherwise stated)

	2005	2004	%
Gross Revenues	100,419	62,567	61
Gross Margin	17,241	12,400	39
EBITDA	6,462	3,400	90
Capital Expenditure	6,016	6,933	(13)

according to International Financial Reporting Standards - IFRS

Vega's 2005 financial results were outstanding the refinery posting a \$6.5 million in operational profit (EBITDA), an increase of 90 percent compared to 2004, on more than \$100 million in turnover, an increase of 61 percent from 2004.

Rompetrol Petrochemicals

Key 2005 Achievements

- *Increased turnover by 27 percent compared to 2004*
- *Started the propylene cryogenic storage facility*
- *Secured a \$16 million investment loan to restart the LDPE unit*



In 2005 Rompetrol Petrochemicals registered a turnover increase of 27 percent compared to 2004, based on a 27 percent rise in the value of production sold and of 29 percent in the trading activities, of which an important part was played by propylene sales. At the same time the propylene cryogenic depot was started ensuring a safe level of reserves for the functioning of the PP installation (significantly reducing the dependency on a single raw material supplier), and creates the conditions for rising propylene sales.

The operational profit (EBITDA) increased by 53 percent compared to 2004, due on one hand to the use of the cryogenic depot for the storage of monomer purchased at advantageous prices and reselling it when it reached the top price on the market and, on the other hand, by moving large quantities of merchandise in different markets at favorable prices.

In 2005 Rompetrol Petrochemicals also attracted an investment loan of \$16 million destined to restart the LDPE installation as well as other financing sources designed to supplement the working capital necessary to support the turnover increase.

Production

The propylene production was slightly above budget as the upgrading of the installation took a month longer than initially scheduled. The dedication to delivering quality products was also demonstrated in 2005 by testing a new catalytic unit in the PP installation. The plant surpassed its production forecast as the level of 240 mt of planned daily production was constantly exceeded.

Commercial - sales

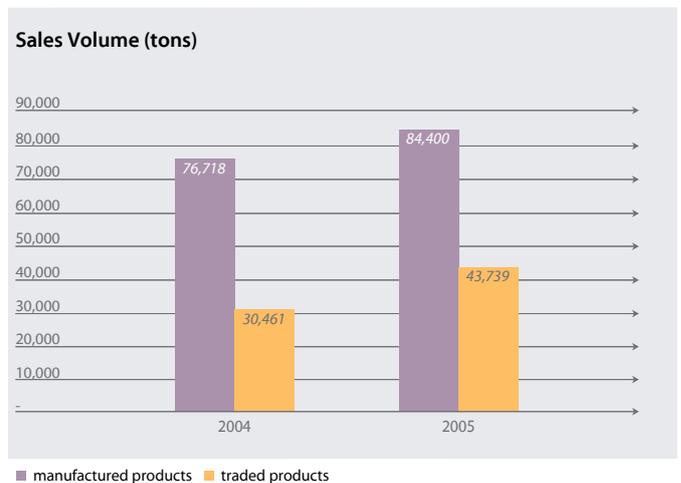
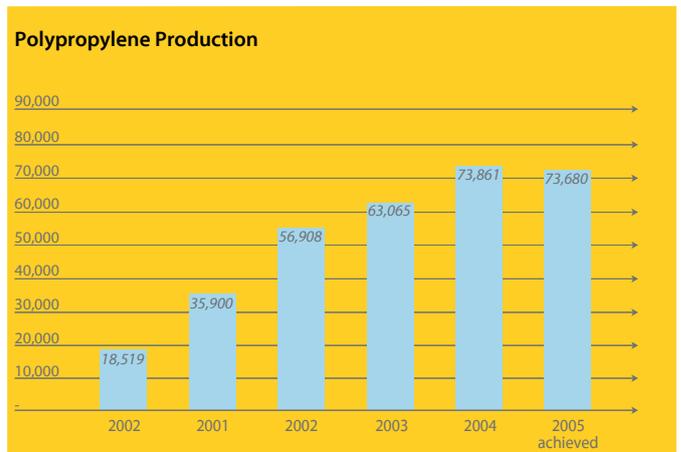
The commercial and sales activity also maintained its dynamism during 2005, as shown by the increase of 43 percent in volume for the trading activity and 10 percent for production. These figures are a consequence of the ability to distribute a wide range of petrochemical products on different markets, but also of efficiently using the newly created storage facilities.

Quality - Processes

The year 2005 represented a milestone in the improvement of quality of products and services offered by the Company. Together with the testing of a new type of catalytic unit in the PP installation, the equipment in the laboratory allowed us to start applied research activity with results that will be implemented on an industrial scale.

Active communication with the clients and understanding their needs allowed us to identify the improvement potential for products being manufactured and to outline the development objectives.

By continuously monitoring unfolding projects, we seek to optimize the existing processes, respecting the safety and environmental requirements, as well as identifying new investment opportunities.



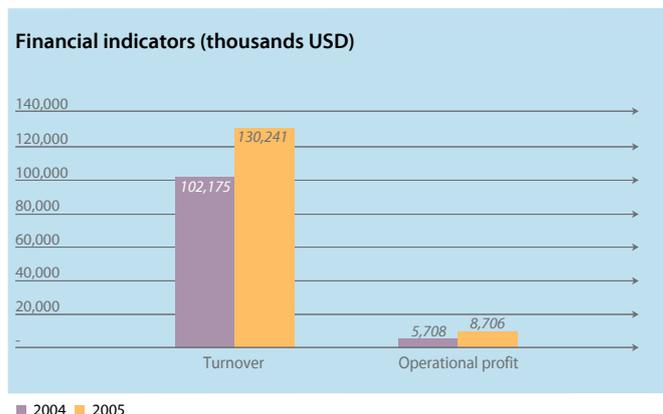
Investments

During 2005, investments were first and foremost aimed at ensuring the logistics infrastructure necessary to restart the LDPE installation, but also at improving the quality of the finished product and the uninterrupted functioning of the polypropylene installation.

The investment highlights for 2005 were:

- To ensure the LDPE installation has a continuous supply of raw material, investments were made on the liquefied gas terminal (which will create the infrastructure necessary for unloading imported ethylene) and for the cryogenic ethylene depot, which were finalized at the end of the year;
- The PP installation underwent an ample upgrading process – with a value of \$3.5 million – with direct effects in ensuring its uninterrupted medium-term functioning, carried out during the period April-May 2005;

- The finalizing of the upgrading and automation PP process benefiting real time product quality control, minimizing losses and substandard products;
- Another step taken in order to increase the PP quality is the adaptation of the installation to function with ultra-active catalysts which underwent testing at the end of 2005.



Key 2006 Objectives

- Restarting mothballed installations
- Opening of the production line for low density polyethylene (LDPE)
- Opening of the production line for high density polyethylene (HDPE)
- Building the new SSP line for PET production

Products and Services

Rompetro Petrochemicals is Romania’s sole polypropylene producer with a domestic polypropylene market share of 63.6 percent in 2005 (according to data provided by National Statistics Institute at 11 months). Rompetro Petrochemicals production facility is located at Năvodari, Constanța and has a nameplate capacity of 60,000 tons per year which was increased up to 80,000 tons per year in 2004. The main line of business is the production of various polypropylene grades: for injection and blow molding, films, monofilaments and fibers. The Company also offers other products such as propane and steam for Rompetro Rafinare and purified propylene, steam and brine for its own internal needs. In addition, Rompetro Petrochemicals provides services for Rompetro Rafinare (C5+ cut izomerization, laboratory analyses, products and chemicals storage).

Rompetro Petrochemicals domestic market share reached 20.5 percent in 2005 for PET (according to data provided by NSI at 11 months), and 4.5 percent for LDPE (a 15 percent increase compared to 2004; NSI data provided at 11 months). The sales of propylene had a spectacular growth, with Rompetro Petrochemicals now holding a 11 percent market share on this segment (compared to only 0.8 percent in 2004). During 2005, Rompetro Petrochemicals succeeded in maintaining a market share of 97.7 percent of Romania’s total exports of PP. LDPE imports increased from 5 percent in 2004 to 11.8 percent in 2005. In 2005, Rompetro Petrochemicals maintained its traditional export markets (Turkey, Russia, Italy, Czech Republic) and also extended its activity to markets such as Ukraine, Lithuania, Belgium, India, but also North-Western Africa.

Key 2006 Objectives

The year 2006 will bring to fruition the efforts made by the Company management over the years to restart the mothballed installations. By attracting bank loan financing along with existing company financial resources, the production line for low density polyethylene (LDPE) will become operational (with a designed capacity of 60,000 tons/year) beginning in July, closely followed by the HDPE installation (with a designed capacity of 60,000 tons/year), in December.

However, the plans for expansion do not stop at restarting the existing production facilities, but also target the construction of a new technological line: the SSP line for the production of PET, with a capacity of 330 tons/day, which will make Rompetro Petrochemicals the sole domestic producer of PET, giving it a competitive advantage in this market.

Key Financial Data

(all figures in thousands USD unless otherwise stated)

	2005	2004	%
Revenues	130,241	102,175	27
Gross Margin	16,451	12,093	36
EBITDA	8,706	5,708	53
Capital Expenditure	25,112	4,991	403

according to International Financial Reporting Standards - IFRS

DOWNSTREAM

Retail and Wholesale

Rompetrol Downstream



Key 2005 Achievements

- Grew retail fuel distribution network to almost 100 stations
- Increased average sales volumes for both fuel and non-fuel products
- Developed the franchise network "Partener Rompetrol"

Key 2005 Achievements

Rompetrol Downstream is the operator of the retail gas station network. Apart from the retail activity, another line of business is wholesale trading to independent distributors and large industrial consumers. In 2005 Rompetrol Downstream continued to develop in several strategic directions, which contributed to the consolidation of its activities.

Rompetrol Downstream's own network numbered almost 100 gas stations at the end of the year, ensuring national coverage.

Sales from gas stations increased significantly in 2005, with the daily average increasing by more than 20 percent for fuel products and by more than 50 percent for non-fuel products.

Operations - Products and services

In February 2005 the Company started to develop a franchise network under the brand "Partener Rompetrol" and managed to increase this second network of DODO (Dealer Owned Dealer Operated) gas stations to 108 gas stations by the end of the year. This program of expansion has been started to increase the Rompetrol brand awareness on the market, assure product distribution, eliminate low quality and counterfeit products from small individual gas stations, and capture a better margin in an increasingly competitive fuel products retail environment. Apart from the sales increase in the retail sector, the franchise network also contributed to

the significant enlargement of the network available to fleet operators, who can use the efficient fleet management system "Fill&Go".

The operational optimization and the promotion of "Fill&Go" services for corporate clients with large car fleets led to a doubling of the corporate client base in 2005 and to an increase of sales in this client category. The "Fill&Go Ring" services, unique on the Romanian market and which significantly reduce fuel theft and loss potential, registered significant growth. At the end of the year more than 38,000 fuel cards and 8,000 "Fill&Go Ring" systems were operational.

The implementation of a new store concept in the Rompetrol gas stations had been initiated during the year in order to increase quality and diversify the services offered to clients. Now, in the "Hei" stores, clients are offered quality products; they can eat or navigate the Internet in a pleasant and relaxing environment. All new stations built by the Company comply with the new shop standard. An extensive modernization program of the existing stations started in Q4 in order to bring them up to the same new standard. The aim is to increase the quality of services and products offered to clients. Client feedback so far shows that the project has been successful. Capital expenditure made by the Company in the projects described above amounted to more than \$32 million.

	2005	2004
Retail	210,000	150,000
Wholesale	233,000	252,000
Total	443,000	402,000

(sales expressed in tons)

Key 2006 Objectives

- Expanding the “Hei” shop concept to the entire network
- Growing the “Partener Rompetrol” franchise network to 250 stations
- Implementing the “Fill&Go” personal card program for individuals

Key 2006 Objectives

For 2006 the Company intends to continue and complete the strategic projects started in 2005 as well as implement new projects. The Company will continue the network expansion program, in order to ensure a good territorial coverage for our clients. The “Hei” shop will be extended to the entire network and 45 stores will be modernized. In this way the products and services offered to clients will consistently reach new quality and image standards throughout the entire network.

The “Partener Rompetrol” network will continue its expansion reaching a number

of 250 stations. The Company will also focus on the constant increase of quality of services offered in the “Partener” network and on the continuous improvement of the operational procedures in the network. Adhering to the project started in 2005, the Company intends to obtain the certification of the integrated quality, environment, safety and health management system in the first part of 2006, which should meet the requirements of the ISO 9001:2000 and ISO 14001:2004 international standards. We hope that the certification will acknowledge the continuous efforts made by the Company in the past few years to improve

the organization and structure of its activities and processes.

The 2005 positive experience with the expansion of the “Fill&Go” program for corporate clients, determined the Company to initiate a similar program for individuals in 2006. In order to meet customer convenience and quality of service requirements, Rompetrol is the only company on the market that offers payment-at-the-pump services through personal “Fill&Go” cards. We expect that this program will contribute to increasing the number of individual customers and help ensure their fidelity.

Key Financial Data

(all figures in thousands USD unless otherwise stated)

	2005	2004	%
Revenues	498,000	327,462	52
Gross Margin	38,215	20,871	83
EBITDA	12,485	4,937	153
Capital Expenditure	31,843	23,133	38

according to International Financial Reporting Standards - IFRS

Rom Oil

Key 2005 Achievements

- Acquired the Rompetrol Vatra Dornei depot
- Modernized and increased the storage capacity
- Doubled the product turnover and halved the operation time at the Arad and Vatra Dornei depots



Rom Oil managed to increase wholesale trading of fuels by 7 percent in 2005 compared to the previous year (517,000 tons in 2005 compared to 485,000 tons in 2004) despite having lost the most important client on the domestic market, OMV Romania, which represented in the past almost 30 percent of Rom Oil sales volume. Rom Oil sales to OMV stopped as a result of the acquisition by OMV of Petrom, which marked the start of OMV's domestic production of fuels at the refining capacities acquired in Romania.

In 2005 Rom Oil finalized a series of important development and modernization projects started from 2003. By acquiring Rompetrol Vatra Dornei, Rom Oil became the owner of this fuel depot increasing its portfolio.

The Company continued to grow and increased its storage capacity by an additional 5,500 cubic meters, at the same time rescaling its technological equipments. These actions allowed for a doubling of product turnover and halving

of the time needed for loading and unloading operations at the depots in Arad and Vatra Dornei. Rom Oil continued to implement top of the line technology in all of its depots to improve acquisition of goods and the use of electronic measurement equipment, the automation of the handling operations of products through all the technological processes, better managing of the goods purchased by using advanced equipment for measuring the level of and the counting of deliveries according to fiscal laws. The Company created the necessary infrastructure for liquid fuel sales, such as "Calor extra 1" in Șimleul Silvaniei and Vatra Dornei depots.

The development projects took into account the environmental protection standards concerning the diminishing of vapor emissions by: mounting membranes for storage reservoirs; connecting the technological storage and delivery systems to the vapor recovery units; limiting the possibilities of contaminating the environment with oil

products by building retention tanks in the major risk areas and installing efficient handling equipment; modernization of the rail loading areas by implementing environmental and labor protection standards.

Wholesale trading to third parties has been expanded on behalf of Rompetrol Rafinare and Rompetrol Downstream through a representation contract. In the same manner Rom Oil continued to rent depot space for storage and trading to third parties of oil products, such as Calor, on behalf of Romcalor.

Some of the most important 2005 clients in Romania were MOL, Shell, Agip as well as transportation and agriculture companies, and other small and medium sized fuel distribution companies. Rom Oil also supplied fuel to the "Partener" gas stations operating under franchise contract with Rompetrol Downstream.

Revenues in 2005 improved compared to 2004 results due to a significant increase in the pricing and the amount of oil products sold, by 18,300 tons. Also, the significant rise in operational profit (EBITDA) was caused by the growth of the commercial gross margins in a context of increased sales and lower levels of sales, administrative and general costs (SG&A).

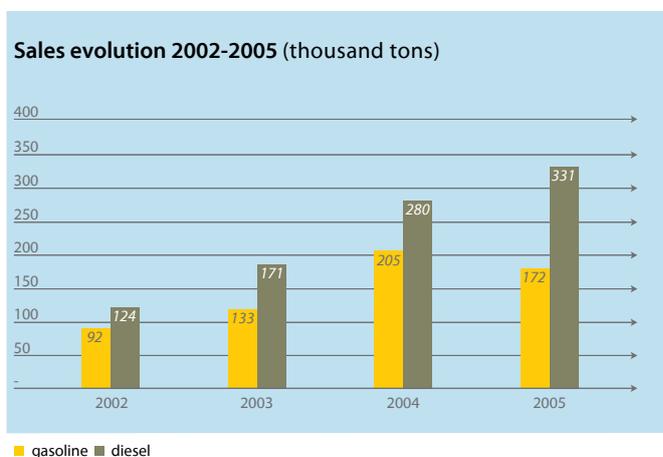
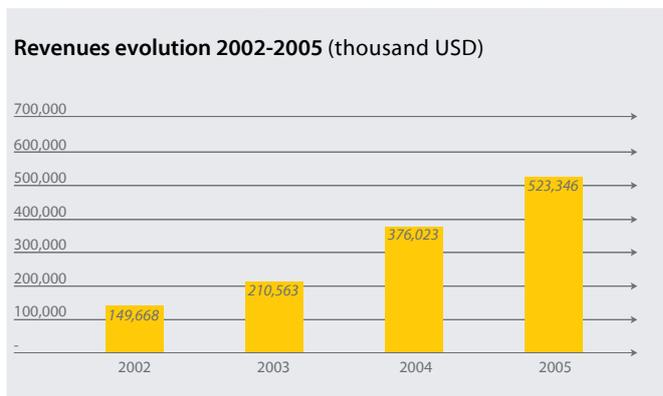
Key 2006 Objectives

Rom Oil is targeting two major objectives for this year in a context of increased competition on the domestic fuel wholesale market: maintaining its client portfolio and increasing its market share by 3 percent.

Based on this the estimate is that the revenues will rise leading to an increase of net profit by also finalizing the restructuring of staff (which will further reduce SG&A costs) and by increasing sales volumes by about 20 percent.

Key 2006 Objectives

- Maintain the client portfolio
- Increase market share by 3 percent
- Increase sales volumes by about 20 percent



Key Financial Data

(all figures in thousands USD unless otherwise stated)

	2005	2004	%
Revenues	523,346	376,023	39
Gross Margin	15,608	7,868	98
EBITDA	6,498	(938)	N/A
Capital Expenditure	13,360	16,667	(20)

according to International Financial Reporting Standards - IFRS

Rompetrol Albania

Key 2005 Achievements

- *Developed the business and supplied quality fuel*
- *Utilized Albanian depot for exports to other Balkan countries*

The European development strategy of The Rompetrol Group, lead to the opening of an Albanian subsidiary in December 2004. Rompetrol Albania incorporates two companies: Rompetrol Albania Wholesale S.A. which is carrying out the oil products wholesale distribution and Rompetrol Albania Downstream S.A. which is the retail distribution company.

TRG is the main shareholder in both companies holding 60 percent of the shares, while the Albanian partner, "RIRA Oil" group, holds 40 percent of the shares.

The distribution network of Rompetrol Albania Downstream S.A. is made up of 9 rented fuel stations covering the whole country. These stations distributed 2,959,839 liters of oil products in 2005.

Rompetrol Albania operates a depot facility at Porto Romano with a storage capacity of 14,000 cubic meters. Through this storage facility, Rompetrol Albania Wholesale S.A. distributed 24,039,611 liters of fuels, out of which 6,086,006 liters of fuels were exported, the main supplier being Rompetrol Rafinare, the Petromidia refinery.

The consolidated turnover for the two companies surpassed \$17 million last year, out of which \$2.47 million represented exports to Kosovo and Montenegro.

Being in its inception and development stages in 2005, the Albanian subsidiary has not produced yet satisfactory financial results. The Company closed the year with a minor negative result of \$787,000. This result will lead to its activity being revamped and re-evaluated in 2006 to determine a positive outcome in the future and turn the Company profitable.

Key 2006 Objectives

- *Grow and stabilize financial indicators*
- *Secure financing to expand distribution network*

Key Financial Data

(all figures in thousands USD unless otherwise stated)

	2005
Revenues	17,695
Gross Margin	1,253
EBITDA	(787)
Capital Expenditure	214

according to International Financial Reporting Standards - IFRS

Rompetrol Bulgaria

Key 2005 Achievements

- Increased market share to 35 percent from 12 percent in 2004
- Raised fuels sales by 64 percent
- Acquired four new gas stations and modernized eight franchised stations

Key 2006 Objectives

- Consolidate the market share captured in 2005
- Increase sales and improve financial results

Key 2005 Achievements

The volume of investment in 2005 was around \$3 million, an increase of 90 percent compared to 2004. These investments resulted in modernized river operating equipment (Ruse) in accordance with European Union regulations regarding environmental protection, purchase/modernization of four gas stations and the modernization of an additional eight franchised gas stations.

In 2005 the fuels sales of Rompetrol Bulgaria – Ruse increased by 64 percent compared to the previous year, and the total

sales volume (together with Naftex) increased by 159 percent compared to 2004.

At the same time the policy of price flexibility was maintained, adapted to the market and the competitive environment in Bulgaria, and a program for attracting new clients was initiated, by promoting the quality of the products and services supplied by Rompetrol.

This approach let in 2005 to a turnover increase of 191 percent, and in the case of sales, of 159 percent compared to the previous year. Operational costs increased by 18 percent per metric ton due to the

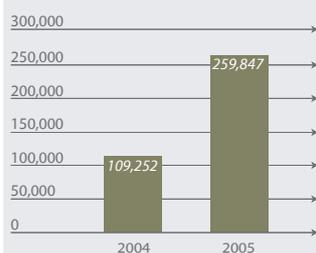
development of the Company during this period and the increase of its market share from 12 percent in 2004 to 35 percent (December 2005). The Rompetrol Group holds 85 percent of the subsidiary in Bulgaria.

Key 2006 Objectives

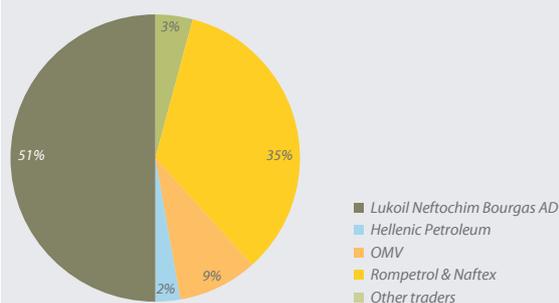
The main objective for 2006 is to keep developing a distribution network in Bulgaria by building and franchising gas stations where Rompetrol high quality fuels will be distributed directly to the end consumers.

We expect these measures will lead to an increase of fuel sales and improved financial results.

Sales volume evolution (thousand tons)



Market quota of petroleum products traders from Bulgaria



Key Financial Data

(all figures in thousands USD unless otherwise stated)

	2005	2004	%
Revenues	225,420	77,579	191
Gross Margin	4,409	1,506	193
EBITDA	2,186	569	284
Capital Expenditure	3,095	1,594	94

according to International Financial Reporting Standards - IFRS

Rompetrol Moldova

Key 2005 Achievements

- Increased revenues by 44 percent compared to 2004 as a result of higher oil products sales
- Launched the HDPE pipe factory in the Republic of Moldova
- Strengthened the domestic market share for high density polyethylene products

Key 2005 Achievements

The operation in Moldova is focused on the wholesale distribution of a full range of oil products. The Company increased the sales volume in 2005, which resulted in a revenue raise of 44 percent compared with the previous year.

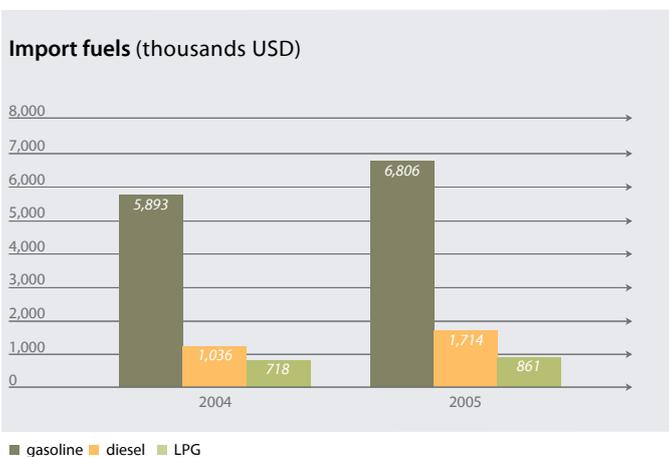
In 2005 the level of sales of high density polyethylene pipes and subassemblies for building natural gas and water distribution networks and for irrigation systems was maintained.

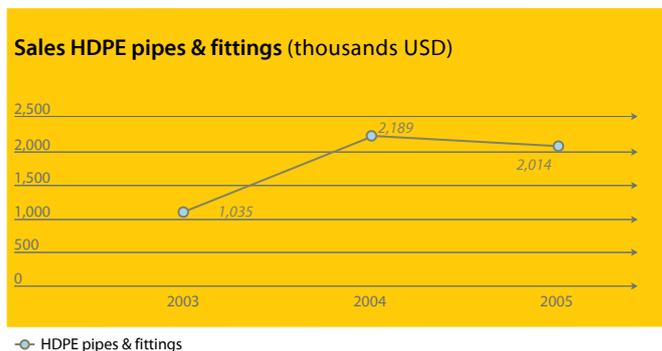
The Company completed the construction activity and the starting of the polyethylene pipe factory in Călărași, designed for both the domestic market and the regions bordering Romania and Ukraine.

Rompetrol Moldova offers assistance to the Group in order to promote the corporate interests as well as the interests of the member companies in the countries of the Commonwealth of Independent States, by establishing contacts and developing business opportunities in services, exploration and production in Russia, Kazakhstan and Ukraine. Acting as a local clearinghouse, we provide management assistance, political risk analysis, as well as act as a liaison with the Commonwealth of Independent States. We also provide assistance in identifying the logistic opportunities for the region we cover.

On commercial and trade cooperation the Company continues to be the supplier in Moldova and Ukraine

of pipelines and piping manufactured by Palplast, a member of The Rompetrol Group. We also promote EPCM and general project management services, as well as Rominserv products (for example valves and fittings) on the same markets.





- Key 2006 Objectives**
- Increase fuel sales volume
 - Create and develop a fuel distribution network
 - Strengthen the position of Palplast products by tapping the potential of both the factory in Sibiu, as well as of the one recently built in the Republic of Moldova
 - Developing the existing business relations, as well as finding new trading opportunities in the Commonwealth of Independent States

Key 2006 Objectives
 The Company intends to increase fuel sales in 2006 and to focus on strengthening the position of Palplast products by tapping the potential of both the factory in Sibiu and the one recently built in the Republic of Moldova. At the same time the most important

objective remains creating and developing its own fuel distribution network. Extreme importance is also paid to activities for developing the existing relationships as well as identifying new business opportunities in the Commonwealth of Independent States.

Key Financial Data
 (all figures in thousands USD unless otherwise stated)

	2005	2004	%
Revenues	6,732	4,673	44
Gross Margin	647	684	(5)
EBITDA	337	429	(21)
Capital Expenditure	111	N/A	N/A

according to International Financial Reporting Standards - IFRS

Romp petrol Georgia

Key 2005 Achievements

- *Registered Rompetrol Georgia LTD in December 2005 as a subsidiary of The Rompetrol Group*
- *Started the activity and delivery of fuels to the Georgian market*

Key 2006 Objectives

- *Introducing the Romanian oil products on the local market and distributing them through 15 gas stations*
- *Supplying the Georgian fuel market also through the wholesale distribution system using the auto fuel depot located near Tbilisi*
- *Implementing a marketing policy to ensure that the Company gains more than 10 percent market share of the fuel market in Georgia*
- *Introducing personalized electronic cards for fuel purchase*

Romp petrol Georgia Ltd. had been registered in Tbilisi in December 2005 as part of the regional expansion of The Rompetrol Group which is developing its business in the Eastern part of the Black Sea among other regions. The Company is a joint venture between The Rompetrol Group NV, with a 60 percent holding and local partners who own 40 percent of the capital.

The main activity of Rompetrol Georgia is marketing auto fuels of European quality produced by Rompetrol Rafinare S.A. on the Georgian market, as well as monitoring and increasing client satisfaction, by developing the quality concept and introducing new standards on the local market.

The market segment targeted by the Company is made up mainly of consumers, individuals or companies, who are not indifferent to fuel quality, to the technical state of the cars, and to protecting the environment.

According to the Fuel Importers Association, the Georgian market demand is of approximately 40,000 tons of gasoline and approximately 10,000 tons of diesel fuel per month. The quality standards now in force are GOST. There is a trend to gradually switch to the new European standards, which represents an important advantage for developing the Company.

The retail operations will be carried out through a network of 15 filling stations, of which 9 are in Tbilisi and 6 within a radius of 120 km from the capital city. Rompetrol Georgia will also franchise a number of gas stations in the towns in which there is no coverage, allowing a larger consumer segment access to Rompetrol fuels that meet European standards. The building of several new gas stations is also planned for the near future.

Endowed with a warehouse for auto fuel with a capacity of approximately 10,000 tons, located 10km from Tbilisi, Rompetrol Georgia will be able to supply the Georgian market also through the wholesale distribution system.

The expansion and development strategy of the Company requires participating in tenders and winning contracts to supply oil products to the most important state institutions, as well as implementing an aggressive marketing policy to secure a 10 percent market share of the legitimate fuel market in Georgia.

The service package designed for marketing oil products will include shortly a fuel acquisition system through personalized electronic cards.

Service Companies

Rominserv

Key 2005 Achievements

- Finalized the overhaul of Rompetrol Rafinare (Petromidia refinery) required every four years
- Modernized the Petromidia HPM unit to obtain Euro 4 and Euro 5 diesel fuel
- Modernized the water treatment plant for waste water at Petromidia and the city of Năvodari
- Built a port terminal and the cryogenic storage facilities for ethylene imports
- Incorporated S.C. Palplast S.A., a TRG polyethylene pipes and fittings plant



Key 2005 Achievements

The most important event for Rominserv in 2005 was the successful completion of the Rompetrol Rafinare (Petromidia refinery) overhaul. Almost 30 investment projects valued at \$30 million were conducted in parallel with the 45-days long major overhaul works performed every four years.

Rominserv was the main contractor for the major overhaul works, which included mechanical, electrical, automation, civil engineering works, as well as maintenance and replacement of the equipment worn out during the normal functioning of the refinery facilities. A number of 42 construction and installation companies joined forces to perform more than 25,000 tasks - a workload four times larger than the one performed during the 2001 overhaul.

The works performed in 2005 will contribute to an increase in the processing capacity of the refinery by 10 percent and ensure that 50 percent of the gasoline and diesel

fuel produced by Petromidia refinery will comply with Euro 4 standards, contributing to the reduction of the impact on the environment. Also, the last generation technological advances will lead to an increase in the degree of automation of technological processes and to a higher reliability of facilities and equipment.

During 2005, Rominserv completed the upgrading of the Petroleum and Diesel Hydrofining Unit (HPM) which will ensure increased processing capacity of the unit and the processing of Euro 4 and Euro 5 diesel fuel (50 parts per million--ppm--and respectively 10 ppm sulphur contents) and has put in use the vapor recovery systems on the loading/unloading car and rail docks. Probably the most important environmental project finalized in 2005 was the upgrading of the Final Purification Station which treats wastewater from Petromidia refinery installations, as well as the wastewater of the city of Năvodari. The improved water treatment system allows for compliance with EU legally required parameters.

Rominserv also started a whole series of important projects which target the Petromidia refinery: the new isomer conversion of C5/C6 cut which will supply a valuable element for gasoline mixtures of a higher grade; the upgrading of the Petroleum Reactor Hydrofining unit (HPR) which will increase the processing capacity by 40 percent, producing at the same time Euro 5 fuels (sulphur contents lower than 10 ppm); the upgrading of the Fluid Catalytic Cracker system (MHC), which will increase diesel fuel production by a conversion rate of 30 percent and result in the advanced pre-processing of raw catalytic cracking materials up to a maximum sulphur contents of 100 ppm, which will allow for production of Euro 5 gasoline (10 ppm sulphur contents); the upgrading of the coking facility, which will overcome the processing capacity limitation of the facility during the summer, allowing it to function at a debit of 3,200 tons daily; the development of a new oil coke briquettes facility, which will produce solid fuel with increased caloric

efficiency compared to wood; the development of a new biofuel plant which will produce biodiesel in compliance with EU standards for greenhouse gas emissions.

Since one of the strategic objectives of TRG is the rapid development of the petrochemical segment, Rominserv carried out in 2005 an overhaul of the Rompetrol Petrochemicals polypropylene facility. The state of some of the equipment had not been checked for more than six years and the frequent malfunctions had a direct negative impact on production. During the overhaul, new equipment was installed and brought online, while equipment with less wear was taken apart, examined and repaired. This enhanced the processing capacity from 60,000 tons to 80,000 tons yearly, and eliminated losses caused by unscheduled stoppages, while also helping in protecting the environment.

Rominserv also started the works for upgrading and reopening the high pressure polypropylene facility, the construction of a port terminal for ethylene and liquefied gas imports, and the building of cryogenic storage units for these raw materials.

A whole series of other projects were undertaken by Rominserv in 2005 in connection with the modernization of gas stations operated by Rompetrol Downstream and of those from the "Partener Rompetrol" franchise network.

Starting in May 2005, the project "Partener Rompetrol" is a way of ensuring increased sales volume for Rompetrol fuels by associating the Rompetrol brand with independent gas stations through franchising. Gas stations from the "Partener" network are being integrated in the chain of Rompetrol gas stations, by applying the same technological, visual identity and environmental protection standards specific to TRG. For this project, Rominserv has completed works that included installing new technology, as well as replacement of old signs. A total of 108 stations were completed in 2005, with at least 130 more being scheduled for 2006.

Rominserv has had and will continue to have an important role in the consolidation and modernization of Rompetrol gas stations and the implementation of the new "Hei" shops, which increase the range and quality of services and products offered to clients. Shops located in gas stations will become dynamic commercial centers, which will include a shop, a restaurant and an Internet kiosk. Six new gas stations with "Hei" shops were built in 2005, while 15 existing stations had their shops upgraded.

Rominserv also delivered two turnkey gas stations for Rompetrol Bulgaria. Pursuing the regional development strategy of TRG, Rominserv's objective for 2006 is to modernize and build 20 Rompetrol gas stations in Bulgaria.

Short description of operations development in 2005:

In 2005, Rominserv has diversified its activities by taking over, in November, the Company S.C. Palplast S.A., a producer of polyethylene pipes and fittings. The key objective for Palplast is the transformation of the Company, in association with traditional Rominserv services, in a turnkey solution provider.

After taking over the former IAIFO Zalău in late 2004, Rominserv Valves Zalău turned operational profits in 2005, a performance that had not been achieved for more than six years. This was possible due to better management, proper allocation of resources, a major increase in product quality, and last but not least, by efficiently expanding the client portfolio and market share.

Alongside core products from the former IAIFO product portfolio, Rominserv Valves IAIFO targeted the production of custom designed products proposed and blueprinted by clients. These products bring added value and ensure a good visibility on the market. This resulted in the expansion of the product range and client portfolio, several market niches were entered (which would have otherwise been unreachable with products from the traditional range) including foreign markets (new clients included Snamprogetti, Bechtel, Danfoss, Emerson, Technip, Saipem NOVALL, Focast, etc).

Key Products and Services

Rominserv delivers large turnkey industrial investment projects following client specifications - EPCM package (Engineering, Procurement, Construction and Management), engineering, acquisitions, construction and management. Rominserv is one of the most respected industrial maintenance companies in Romania, with a client portfolio including, alongside TRG companies, important oil and drilling companies. At the same time, Rominserv sells equipment wholesale and retail, spare parts, and construction materials in its warehouses in Constanța, Năvodari, Ploiești and Zalău, or through its online store through the Rominserv Quick Stock Internet portal.

Rominserv manufactures and sells the following types of industrial products:

- a) Industrial reinforcement and fittings produced by Rominserv Valves IAIFO that are used in technical processes, facilities, thermal heating, electrical plants, water and gas networks;

- b) Polyethylene (PE) pipes and fittings produced by Palplast S.A. that can be used in: water and sewer systems, gas piping, irrigation systems, cable insulation and other special applications.

In 2002 Rominserv and the local administration of Mangalia established a public-private partnership for the production and distribution of heating and household hot water in the city, called Rominterm Services. In 2005 the efforts of Rominterm Services concentrated on the modernization of the infrastructure in order to make it more efficient, and on the installation of water meters for all buildings in the city for an investment of more than \$1.3 million. This led to an efficiency increase of 4.2 percent in the production and delivery of thermal energy. Also, in 2005, a solar energy station with 400 sqm of panels was installed, as a supplement for the regular technologies which use classical fuels, allowing for a reduction of specific fuel consumption by 6-7 percent in the respective region.

Key 2006 Objectives:

For 2006, the key objectives of Rominserv are: doubling the turnover to \$200 million; doubling the turnover of Palplast and Rominserv Valves; increasing revenue from non-TRG, third party client to 30 percent of turnover; expanding the operations in Bulgaria by founding Rominserv Bulgaria; expansion of activities relating to the construction and modernization of gas stations in Georgia, Albania etc.

Key 2006 Objectives

- Doubling turnover to about \$200 million
- Opening of Rominserv Bulgaria to develop the gas stations network
- Build and modernize gas stations in Albania and in Georgia

Key Financial Data

(all figures in thousands USD unless otherwise stated)

	2005	2004	%
Revenues	113,652	54,300	109
Gross Margin	11,399	5,628	103
EBITDA	7,915	3,761	110
Capital Expenditure	1,924	4,640	(59)

according to International Financial Reporting Standards - IFRS

The increase of turnover by 109 percent is the result of the successful completion of several modernization projects, the main beneficiaries of which are Rompetrol Rafinare and Rompetrol Petrochemicals, as well as the completion of the overhaul of Petromidia Refinery, which is performed every four years.

In 2005 the gross margin was maintained at 10 percent of turnover as a result of sales cost increases being on a par with revenues.

The increase of EBITDA is due to a smaller increase in SG&A costs in 2005 compared to 2004, as well as maintaining the costs of sales at the same percentage of turnover.

Rompetrol Logistics

Key 2005 Achievements

- Increased turnover by more than 77 percent
- Increased speed and safety of rail transportation from Capul Midia to Dorobanțu
- Increased LPG sales by 37 percent compared to previous year
- Repaired 1,012 rail cars and 5,109 auto vehicles



Key 2005 Achievements

Rompetrol Logistics S.A. is primarily a railway and road carrier with expert knowledge of shipping and handling of crude oil and oil products. The Company provides repair and maintenance work for motor vehicles and oilfield equipment. Rompetrol Logistics is also managing the retail and wholesale trade of Liquefied Petroleum Gas (LPG).

In 2005 Rompetrol Logistics consolidated its position with a turnover increase of more than 77 percent.

In 2005 the Company provided the link between Rompetrol Rafinare (Petromidia refinery) and the main Rom Oil fuel depots located throughout Romania. Following an intensive rehabilitation program for the rail track linking Capul Midia to Dorobanțu, the travel speed and safety have significantly improved ensuring a stable and secure rail access link to the domestic and international markets.

Products and Services

In addition to railway and road transportation of gasoline, diesel and other oil products, Rompetrol Logistics specializes in the following areas of products and services:

- Operating Midia Port Oil Terminal berths no. 1-4 for crude imports, and berth no. 9 for oil products export on vessels;
- Tankers shipping agency;
- Tank railcars maneuvering in the marshalling yards of Petromidia and Vega refineries;
- Bottling LPG for domestic consumption;
- LPG propane retail and wholesale trading;
- LPG auto-gas retail and wholesale trading;
- LPG propane bottling and trading for heating and industrial use;
- Fuel oil retail trading;
- Heavy truck repairs;
- Well-services equipment repairs;
- Periodical motor-vehicles inspections;
- Auto-gas skid production, installation and trading.

Rompetro Logistics in figures

Railway traffic operations increased by more than 87 percent in 2005, and are forecast to grow further in 2006. In 2005 the Company invested \$4.6 million in the purchasing of locomotives, tank rail cars, wagons, gas cylinders, road tankers and LPG storage tanks.

As planned, the number of rail cars repaired and restored in Rompetro Logistics workshops increased significantly to 1,012 rail cars in 2005. This number is expected to rise in 2006 as an increasing number of customers engage the maintenance services of our expert teams.

In 2005 a total number of 5,109 motor vehicles were inspected, modernized or restored by our Company's specialists, a little under last year's estimates. It is forecast that this number will reach 5,300 in 2006.

Rompetro Logistics is the main operator of Rompetro's Black Sea Midia port Oil Terminal through which it handled 1,064,344 tons of imported and exported freight in 2005. The estimates for 2006 show that almost 1.9 million tons of freight will pass through the Midia Port.

In 2005 LPG sales grew by 37 percent compared to the previous year. This upward trend is expected to continue in 2006 with an increase forecast of 29 percent.

Key Financial Data

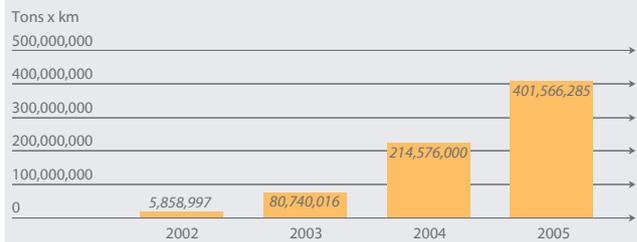
(all figures in thousands USD unless otherwise stated)

	2005	2004	%
Revenues	56,283	31,856	77
Gross Margin	9,646	5,438	77
EBITDA	6,044	3,841	57
Capital Expenditure	2,210	2,882	(23)

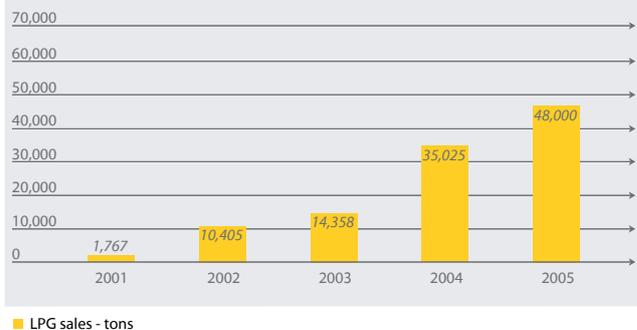
according to International Financial Reporting Standards - IFRS

In 2005 the Company registered significant increases of all its representative financial indicators. While the operational profit almost doubled, the most impressive increase was registered for net profit. These results were possible due to significant investments carried out starting with 2001, the increase of productivity as a result of effective management, as well as to favorable market conditions.

Rail Transport Growth in 2005
Net Tons x Km



Yearly LPG Sales Evolution



Key 2006 Objectives

For 2006, Rompetro Logistics will continue to develop in all areas, with special emphasis on the increase of the LPG sales and rail transportation. The Company

will finalize the building of three LPG terminals located in Arad, Bacău and Constanța. Rompetro Logistics will also continue to invest in enlarging and modernizing its road tanker fleet.

Key 2006 Objectives

- Increasing the LPG sales and railroad transportation
- Building three LPG terminals in Arad, Bacău and Constanța
- Expanding and modernizing the road tanker fleet

Palplast

Key 2005 Achievements

- Palplast gets folded under Rominserv through a merger
- Introduced new large diameter products
- Water system rehabilitation for the Ukrainian city of Lvov
- Increased client portfolio to 490 from 290 in 2004

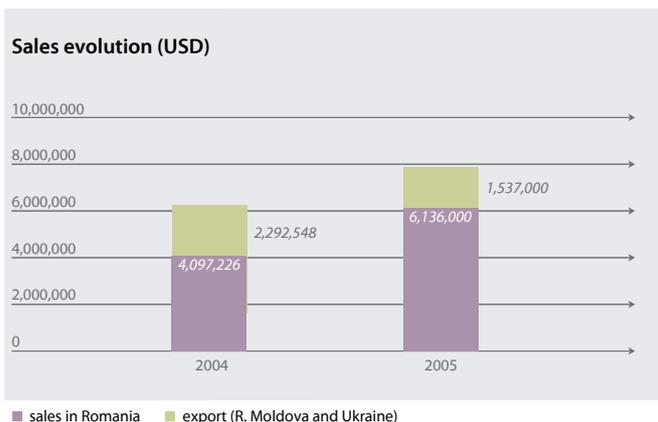


Key 2005 Achievements

In 2005 Palplast became a subsidiary of Rominserv through a merger contributing to the consolidation of TRG. Also, Palplast diversified its range of polyethylene pipes and fittings adding several large diameter products. The Company's products cover diverse applications such as: water distribution networks, crude oil and oil products transportation networks, irrigation systems, wastewater treatment and sewage systems, etc. The offer is recognized as high quality, specialized

polyethylene products on the Romanian market as well as in Moldova and Ukraine. In Ukraine Palplast participated in a water system rehabilitation project for the city of Lvov.

The growth of manufacturing and trading lead to a significant increase in our client portfolio, in 2005 the Company showing a client roster of 490 companies compared to 290 in 2004. The Company also continued its expansion by adding new production and storage facilities, installing new manufacturing lines, and acquiring real estate property.



Key 2006 Objectives

- *Introducing new products and expanding the existing range on offer*
- *Boosting sales on Romanian market by 40 percent*

Key Products and Services

In addition to traditional polyethylene pipes and fittings products forming the core offer, Palplast added a complete range of Steel-PE pipes (up to 630 mm diameter) and the production of irrigation systems rehabilitation components.

Key 2006 Objectives

Palplast plans to continue the investments started in 2005, introducing new products and extending the range of fittings on offer. The Company also aims to boost sales on the Romanian market by 40 percent.

Key Financial Data

(all figures in thousands USD unless otherwise stated)

	2005	2004	%
Revenues	6,682	6,375	5
Gross Margin	404	919	(56)
EBITDA	59	632	(91)
Capital Expenditure	295	1,306	(77)

according to International Financial Reporting Standards - IFRS

Rompetrol Quality Control

Key 2005 Achievements

- Completed more than 500,000 ISO 17025 certified tests and analyses
- Accredited by the Ministry of Economy and Trade under the "National Program for Monitoring of Gasoline and Diesel Fuel Quality"
- Increased client portfolio to more than 150 compared to 30 in 2004
- Obtained international excellence certificates



Key 2005 Achievements

Focusing on growing through offering new types of industrial tests, in 2005 RQC became the laboratory of choice in the region (Dobrogea and Eastern Romania) in terms of environment, oil products and metals testing.

In 2005 RQC conducted more than 500,000 tests (up from nearly 300,000 in 2004), increasing its customer portfolio to over 150 up from about 50 in 2004. This surge was made possible by a sharp rise in investments in lab equipment to \$738,000, up from \$61,000 in 2004, which were fully covered from company resources and from financing grants.

In 2005 RQC became one of only two laboratories accredited by the Ministry of Economy and Trade under the "National Program for Monitoring of Gasoline and Diesel Fuel Quality", and was awarded excellence certificates

under international inter-lab testing programs with National Institute for Interlaboratory Studies (The Netherlands) and InterTek Caleb Brett (the UK), which specialize in oil products, and CALITAX – LABAQUA (Spain) – which specializes in environment (water, air).

RQC managed to obtain in 2005 non-reimbursable grants of about \$250,000 as part of national programs financed by the Ministry of Education and Research and administered by the Romanian Accreditation Association (RENAR)--"Improvement in Testing Methods for the Water, Air, Soil Pollutants"-- and by the Ministry of Economy and Trade as part of the "National Excellence Program in the Research – Development Field" and "Upgrading and Outfitting of the Oil Products Testing Lab" under the "National Program for Increase in the Competitiveness of Romanian Products," in the trial laboratory section.

Operations

In 2005 RQC was re-certified with SR EN ISO/CEI 17025: 2004 for all its laboratories (certificate no. 333 issued by RENAR - The Romanian National Accreditation Association) and re-certification issued by R.A.R (The Romanian Car Registry), I.S.C.I.R. and A.F.E.R.;

In 2005 RQC implemented more than 20 new types of tests (trials) on oil products and environmental factors, investing in unique equipment that no other lab has in Romania, such as equipment for assessing the simulated yield of crude; equipment for assessing the thermodynamic stability for reactive petroleum; equipment for assessing the sulphur (< 10 ppm), chlorine and nitrogen content in oil products.



Key 2006 Objectives

- Consolidate its dominant market position in the industrial testing field
- Incorporate the Vega refinery testing laboratories
- Develop partnerships to improve research activity

Key Products and Services Offered

The services provided by RQC are tests on gasoline, diesel, LPG, crude, oil fractions, other oil derivatives (the Oil Products Testing Laboratory), trials and tests on water, air and soil, as well as bio-toxicology tests (the Environment Laboratories), destructive testing on metals – steels and alloys, chemical and metallographic tests (the Material Testing Laboratory).

RQC is the leading regional oil products testing laboratory and is in high demand by all international inspection companies operating in the port of Constanța for testing on oil products imported into and exported from Romania. Moreover, RQC was picked out by several large oil companies for in-house monitoring of the fuels quality within the national station networks in Romania.

Environment testing requested by various companies for the monitoring of all legal parameters is playing an

increasingly larger role. In the short and medium term, RQC will seize the opportunities offered by these legal requirements in order to increase its market share both by attracting new customers and by diversifying the testing portfolio on offer. For instance, RQC can provide an array of new services that would also include relevant consulting. Also notable is that the destructive metals testing laboratory is the only one accredited by I.S.C.I.R. (The State Agency for Control of Cauldrons, Pressure Vessels and Hoisting Equipment) in the region for works that fall within its authorization. Special equipment, professional expertise and high-quality testing turned RQC into one of the main partners for all international naval registration agencies operating in the port of Constanța.

Key 2006 Objectives

In 2006, RQC will continue the development and upgrading process through the acquisition of equipment and the refurbishment of laboratories in order to secure a higher level of competitiveness, and will look into acquiring new laboratories. The 2006 development plan includes:

- Expand its foothold on the industrial testing market in the Dobrogea region (Romania), as well as improve quality standards
- Incorporate the laboratories of the Vega refinery (tests on oil products and tests on environmental factors)
- Expand accreditation for the new testing methods in order to consolidate relationships with existing non-group customers and to win new customers
- Pursue cooperation started in Romania and abroad in order to improve the research activities and obtain economic advantages under co-financing contracts providing partial grants.

Key Financial Data

(all figures in thousands USD unless otherwise stated)

	2005	2004	%
Revenues	5,692	1,574	262
Gross Margin	616	366	68
EBITDA	443	315	41
Capital Expenditure	740	64	1,056

according to International Financial Reporting Standards - IFRS

Vector Energy

Key 2005 Achievements

- Identified Dyneff Group S.A. of France as an acquisition target
- Developed contracts with third parties that generated 12 percent of revenues and 30 percent of net profits



Vector Energy AG was formed in November 2004, is registered and based in Zug, Switzerland, and is a consolidated affiliate of The Rompetrol Group N. V. The principal role of the Company is to act as an international trading arm for Rompetrol. Vector Energy is a partnership with 95 percent majority held by a controlled affiliate of TRG and 5 percent held by the two Managing Directors.

The offices and the team were carefully selected. The first crude oil cargo was traded in mid February 2005 and the team increased during the year up to 10 professionals covering front and back office from Zug. Vector Energy has also established a fully owned subsidiary by the name of Byron Shipping Ltd to be the vehicle for spot voyage charter, time charter and tanker ownership. Byron Shipping is managed from Geneva by Riverlake Shipping SA.

Vector Energy has been mainly focused on the crude supply to the 100,000 bpd Petromidia refinery, and the international marketing of its petroleum products on a FOB and CIF basis. Vector Energy has managed to generate around 12 percent of its revenues from third party business, mainly from wholesale activities in France, where the Company has operated into and from storage facilities in Dunkirk, Strasbourg. However, this third party business was the generator of 30 percent of the net profit realized.

Apart from trading physical cargos, one of Vector Energy's primary responsibilities was to apply its risk management experience to Rompetrol's crude and product flows.

Vector Energy has completed during 2005 compliance with major counterparts such as:

Customers/Suppliers	Banks
BP Oil International Ltd., London, UK	BNP Paribas (Suisse) SA, Geneve, Switzerland
BP France, Paris, France	BNP Paribas Commodity Futures Limited, London, UK
TNK-BP	Société Générale, Paris, France
Esso Belgium, Machelen, Belgium	Fimat International Banque SA (UK Branch), London, UK
ConocoPhillips Limited	Caylon Global Trading (Crédit Agricole)
TOTSА	UBS AG, Zug, Switzerland
Stasco (Shell), London, UK	Zuger Kantonalbank, Zug, Switzerland
Amarada Hess	
Koch Supply & Trading Ltd. London	
Mitsui Bussan Commodities Ltd.	
HELLENIC Greece	
TÜPRAS of Turkey	
Groupa Lotos, Gdansk, Poland	
J. Aron	

Key 2006 Objectives

- Continue to consolidate Vector Energy as sole supplier and distributor for TRG
- Establish a solid market position in Western Europe and the Mediterranean region

With 15 years of individual experience in the French market, the Vector Energy management takes great pride in having identified during the course of 2005, the strategic take-over target Dyneff Group S.A. Dyneff Group is the largest independent French wholesale and retail distribution company, founded 50 years ago by the Lecea family and covering mainly the Languedoc region in southern France. By the end of the Q4 2005 the acquisition process was

finalized by TRG through a joint team from the Group and Vector. The acquisition provides a variety of strategic advantages the main being the possession of a commercial expansion platform in a very mature market as well as access to the main entry hubs and oil product storage facilities in the region such as Fos Lavera and the Port La Nouvelle, which are among the key assets acquired through the take over of Dyneff. The main objective in 2006 will be the further consolidation

of Vector Energy as the sole supplier and off-taker of TRG and becoming one of the main non-major players in the Med and Western European area. In order to achieve this build-up, further emphasis will be put on strengthening the team and structures of the Company as well as ensure the proper financial backing of the trading operations against the background of ever increasing crude prices.

Key Financial Data

(all figures in thousands USD unless otherwise stated)

	2005
Revenues	518,671
Gross Margin	8,323
EBITDA	6,261
Capital Expenditure	364

according to International Financial Reporting Standards - IFRS

Ecomaster

Key 2005 Achievements

- Completed modernization project for wastewater treatment plant for Rompetrol Rafinare
- Met European standards for pollutant emissions
- Started the biological component of the wastewater treatment plant to improve quality of water in the marine environment around Petromidia refinery



Key 2006 Objectives

- Increasing revenues from services and products delivered to non-TRG customers by 20 percent
- Attract external financing for consolidation and development
- Develop the consultancy offer in the field of industrial ecology
- Start production of biofuels
- Trade green certificates and gas emission rights, Cox and Nox

Established in 2001 as a natural consequence of the real need to fight the effects of historical pollution and to deal with the current waste materials containing environmentally hazardous substances, the Ecomaster Ecological Services company – member of The Rompetrol Group – is at present among the leading companies on the domestic market for industrial ecology services. Ecomaster aims at limiting the effects of industrial pollution on the environment, by both delivering specific services and offering consultancy in this field. In 2005 the Company opened a chemistry laboratory which,

apart from the production support department also has a research department, which will contribute in the future to diversifying the range of products and ecological services offered by Ecomaster. The Ecomaster lab will also be able to sell tests to other entities including non-TRG customers. Ecomaster extended its network of collecting mineral waste oils throughout Romania establishing five facilities fitted with intermediate warehouses, means of transport, etc. The Company also entered the industrial emulsion market where it already has 20 clients. The doubling of the investments, as well as the

increase of its reputation on the domestic market contributed to the development of operations and to a 160 percent increase in the volume of waste processed compared to the previous year. The research efforts made in order to find a technological solution for the Tar section from the Vega refinery, as well as the investment effort made in the second half of the year led to a short term decrease of profitability. But in the long term, the beneficial effects of the investments made in 2005 will be significant not only from a commercial point of view but also for the environment. The most important aspect of Ecomaster's development of new products and ecological services is a better protection of the environment by lowering the specific impact of industrial activity of petrochemical plants, and by reversing and treating already existing historical pollution.

Products and services offered

Ecomaster Ecological Services markets under its own brand name fuels for industrial furnaces, types ECO1 and ECO2 and emulsion for roads. The services that Ecomaster offers are: operating wastewater treatment stations; processing and eliminating oil sludge and acid tar; processing and eliminating industrial solid waste; eliminating industrial emulsions; collecting and processing mineral waste oils.

Key Financial Data

(all figures in thousands USD unless otherwise stated)

	2005	2004	%
Revenues	9,264	5,802	60
Gross Margin	1,342	991	35
EBITDA	603	680	(11)
Capital Expenditure	899	355	153

according to International Financial Reporting Standards - IFRS

Eurojet

Key 2005 Achievements

- Consolidated activities by creating a significant domestic client portfolio
- Promoted the Company on the international brokerage market, attracting international clients through modern promotion and distribution strategies
- Obtained a travel operator license in July 2005 through which Eurojet Romania acts as a class A travel agency



Eurojet Romania was established in January 2004 as a fully owned subsidiary of The Rompetrol Group. The key objective of the Company is to provide air travel to TRG personnel, as well as travel services on request to other non-TRG clients. The year 2005 saw a consolidation of Eurojet activities, attracting a significant domestic client portfolio, and at the same time promoting the Company on the international brokerage market, and adding a series of international clients to the portfolio through promotion and distribution strategies.

In 2005, Eurojet Romania has performed the following activities:

- providing services of on request charter flights for passengers, completing 577 hours of flying time with the Jetstream 3200 aircraft from January to December 2005

- air ambulance and medical charter flights
- brokerage activities: Eurojet has provided air travel services for clients who requested flights exceeding the capacity of the Company, by employing aircraft owned by other airlines. This additional service was provided in order to gain customer loyalty
- tourist services. In July 2005, Eurojet obtained the travel operator license, being active on the Romanian market also as an A class travel agency. The key purpose of this new activity was to centralize all the travel requests of TRG companies and to reduce the costs. Therefore, Eurojet's client for tourist services has been 100 percent internal.

Key 2006 Objectives

- Registering a Cessna Citation Encore business jet, currently operated by Jetalliance
- Developing tourism services and thus increasing turnover
- Increasing the number of hours flown by the two airplanes
- Developing partnerships with companies providing similar services

In its few months of business in 2005, the new tourist department managed to close a series of important contracts with tourist service providers (hotels, airlines, tourist agencies) in order to ensure the best pricing offers and conditions to Rompetrol personnel. In 2005, Eurojet Romania operated executive charter flights to all the major domestic airports and to more than 30 international airports in Europe and the Middle East. The client portfolio includes tourism agencies, embassies, banks, multinational companies, other service providers, international brokers, various Romanian Government agencies, political parties, chambers of commerce, sportsmen and Romanian sports clubs and celebrity artists.

Key 2006 Objectives

One of the 2006 objectives for Eurojet Romania is to register under its own name a Cessna Citation Encore aircraft currently operated for the Company by Jetalliance.

The development of tourist services, by offering new products as well as modern means for product distribution is yet another key objective for 2006, with the aim of increasing turnover.

An increase of the number of hours flown is also an objective for both aircraft, as well as the establishing of partnerships with companies which offer similar services.

Key Financial Data

(all figures in thousands USD unless otherwise stated)

	2005	2004	%
Revenues	2,418	1,865	30
Gross Margin	284	197	44
EBITDA	64	(148)	N/A
Capital Expenditure	72	1,039	(93)

according to International Financial Reporting Standards - IFRS

Global Security Systems

Key 2005 Achievements

- Increased by 8 percent the number of clients for the security systems offered to third parties
- Developed the technical department in Transylvania and Banat regions
- Implemented the closed circuit TV surveillance system (CCTV) on optical fiber and a radio transmission system for Platform 1 Petromidia
- Diversified major security products



Key 2006 Objectives

- Implementation of closed circuit TV and radio surveillance systems on Platform 3 Petromidia
- Installing security systems for 30 Rompetrol Downstream retail stations and the "Hei" shops on their premises
- Increase by 10 percent the sales of security systems and by 20 percent of other security related services
- Implementation of a complete communications line monitoring system (GPRS/GSM/Radio/telephones)
- Acquisition of a new mobile intervention unit

Global Security Systems (GSS) is a security company providing guarding and protection services for installations, buildings, transportation of valuables and products, as well as security monitoring and intervention for The Rompetrol Group facilities or for non-TRG clients.

GSS is focusing on offering high quality, non-intrusive and professional security services. In 2005 the Company offered specific services to TRG: fire fighting and protection services (civil firefighters) including prevention and training exercises for real cases that could occur at TRG industrial facilities; guarding and protection as well as prevention of losses caused by

theft from industrial facilities, products pipelines or during rail road transportation; courier services; janitorial services.

Other services offered to third parties in 2005:

- Monitoring and intervention – an increase of 12 percent was registered for this type of services in 2005 compared to the previous year
- Design and installation of security systems – the sales increased by 20 percent in 2005 compared to the previous year
- Security services (guard, patrol, access control) – an increase by 20 percent of the number of clients in 2005 compared to the previous year
- Firefighting and fire prevention services
- Janitorial services

Due to the Company's development in 2005 and the increase in the number of clients, GSS also increased the operational team by 8 percent as compared to 2004. At the same time, it conducted 151 intervention missions at the facilities monitored and seven events were solved by the security departments and forwarded to the relevant territorial authorities for processing. The active presence of the GSS agents and their prevention activities caused a reduction in the number of incidents. GSS cooperates with the local authorities, the police and other law enforcement agencies to prevent and solve any situation that could occur at the facilities under the protection of Company agents.



Management

Corporate Shared Services

In 2005 The Rompetrol Group deployed the same management model that proved effective in previous years. This approach will be modified in 2006 to reflect the global integration process underway at the multinational company Rompetrol has become. The cultural and corporate governance changes needed

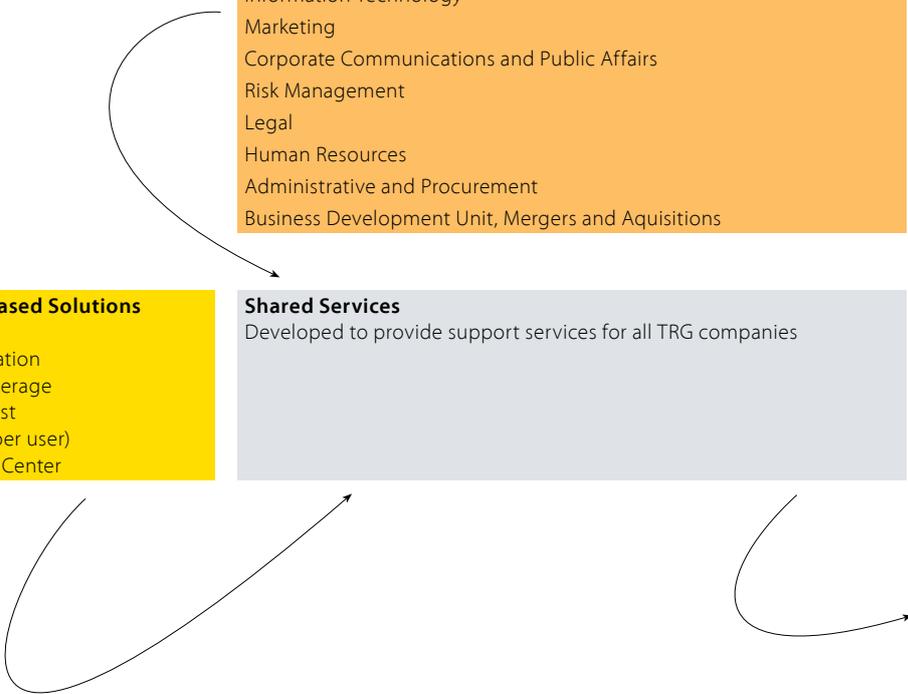
to streamline and make the new Group structure more effective will be accompanied by operational changes as well. Three new business units have been put in place to form the pillars of TRG's restructuring and optimization process in 2006.

Shared Services
 Financial
 Quality, Health, Safety, Environment
 Information Technology
 Marketing
 Corporate Communications and Public Affairs
 Risk Management
 Legal
 Human Resources
 Administrative and Procurement
 Business Development Unit, Mergers and Aquisitions

Internet based Solutions
 Flexibility
 Standardization
 Instant Coverage
 Variable Cost
 (payment per user)
 Cost/Profit Center

Shared Services
 Developed to provide support services for all TRG companies

Rompetrol
 Rominserv
 Rompetrol Logistics
 Palplast
 RQC
 Ecomaster
 Eurojet
 GSS
 Vector Energy
 Rompetrol Rafinare
 Vega
 Rompetrol Downstream
 Rom Oil
 Rompetrol Upstream
 Rompetrol Well Services
 Rompetrol Moldova
 Rompetrol Bulgaria
 Rompetrol Albania
 Rompetrol Georgia



Human Resources

In 2005 we set up an organizational structure based on the functions of the human resources team (recruitment, personnel management, organizational development, compensation and benefits, planning and evaluation, relations with employees), designed to implement the human resources strategy within the Group and to react efficiently to the specific needs of each company. It was the year of initiatives with impact at Group level: developing a human resources medium-term strategy, developing a performance management program based on objectives and competencies, planning an assessment process for all positions in the Group, building a flexible and efficient recruiting team and setting up the training center in Ploiești. In addition, starting with 2005 Rompetrol is the first company in Romania which delivers industrial field training by using e-learning solutions (at the Petromidia site).

A significant achievement this year was the renegotiation of the collective labor contract for the companies of the Group, an activity that consolidated the relationship with the trade unions, for the benefit of the Group's business and to the satisfaction of the employees.

The year 2006 started with a reorganization process of TRG meant to support the vision and new business strategy of the Company. In order to strengthen its position as a strategic business partner, the human resources team is redefining

its strategy and reconsidering the organizational structure to significantly contribute to achieving the strategic objectives of the Group. The corporate reorganization, in the sense of optimizing the processes and the labor activities, is causing a redefining of positions and working procedures, with the human resources team acting as a consultant for the management team in order to accomplish this objective. In order to adapt to a dynamic, ever changing business environment, we have planned for this year the transition from the static model of positions based on the job description to the implementation of a dynamic and flexible jobs description and assessing system based on roles and position categories. In the new context, we will redefine the manager's role specifying the competencies associated with the success in this role and we will use all these competencies to recruit and promote in managerial positions. At the same time, the main challenge for the human resources team this year is to promote a multinational corporate culture within the Group, which should integrate the new international acquisitions and businesses, considering that TRG now has activities in 12 countries.

Apart from introducing new methods for performance development and administration we intend to differentiate ourselves through development programs based on specific Rompetrol values, through development programs specific for the management role and by building a system of career planning and

management succession, attracting applicants and retaining valuable employees.

Information Technology

The IT Shared Services Department of The Rompetrol Group carries out its activity, along with the other companies of the Group, in 12 countries. TRG and its 20 companies depend upon the information system implemented and operated by the IT department.

As information technology has become more and more an integral part of the main activities of the Company and a 25 percent increase in the number of users on IT systems has been registered, the IT department has improved its ability to quickly meet all challenges, while at the same time increasing the number and the quality of delivered services.

The IT department acquired and runs state-of-the-art IT systems, managing at the same time to keep a firm grip on the operating costs. In 2005 we opened a Data Center for Rompetrol Rafinare and a new fiber optic ring was installed, a project valued at approximately \$500,000. As far as the voice communication systems are concerned the IT department delivered a national integrated phone system, which will be extended in 2006 also to the Rompetrol companies that carry out their activities outside Romania. The video-conference system between the various locations of the Group (Bucharest, Amsterdam, Ploiești and Midia, to begin with) was also set up.

The IT department had an important contribution to the major «face lift» project of the gas stations and the opening of the “Hei” shops. The IT department was responsible for installing and ensuring the functioning of all Internet kiosks and of the multimedia displays inside the stores and at the filling pumps. The IT department also ensured the IT system integration of the Rompetrol subsidiaries in Albania and of the offices in Switzerland and The Netherlands TRG headquarters. Also the department together with HR implemented the HR Payroll software which is used to process payroll for each TRG employee.

The National Bank of Romania’s decision in 2005 to re-denominate the national currency represented a major challenge for the IT department which managed to realign all the related financial and operational programs in just two months, without affecting the operations and the activity of TRG companies. The year 2005 registered at a global level an increase in the number and virulence of computer viruses. TRG passed the year without any major incidents mainly due to the development of an information security framework within TRG and to the improvement and increase of the security level for the online communications systems. The IT department continued to organize specialized courses for all TRG companies. IT training rooms were set up in line with Microsoft standards on location at Rompetrol Rafinare, Vega and Rompetrol

Well Services. As many as 120 people are trained daily in these rooms. Since 1999 an average of 350 employees/year have been trained in Microsoft applications and 50 employees/year in Oracle applications. The specialists of the department have drafted their own manuals for subjects like: General Notions of Information Technology; General Course for beginner, intermediate, advanced and expert in Microsoft Office package.” Since May 2004, IT Shared Services is an ECDL accredited center operating four accredited rooms in Constanța and one accredited room in Zalău where six trainers are employed, four of which are also ECDL accredited examiners. In 2005 140 candidates took the ECDL exams. As many as 510 ECDL exams were taken altogether and 55 candidates obtained the ECDL certificate. For 2006 the IT department intends to implement level 2 of the Common Business Platform – CBP in all TRG companies. The department also intends to extend the coverage for CBP – level 3.

During the past six years, the IT department has contributed to the implementation and efficient operation of TRG’s IT systems. This expertise is currently available to third party customers on the open market. In 2006 the objective of the IT department is the significant increase in the revenues coming from third parties and, at the same time, maintaining the optimal functioning of the TRG IT systems.

Business Development, Mergers and Acquisitions

The Romanian business environment continues to be characterized by rapid changes, with a high degree of risk and uncertainty and enhanced competition determined by the increased number of player on the market. Under these circumstances, The Rompetrol Group defines its strategy in compliance with the opportunities, challenges and constraints specific to these facts. The Development, Mergers and Acquisitions Department (BDU) plays an essential role in grounding the process of decision at Group’s management level, offering services dedicated to identifying, implementing and sustaining the changes that improve the Group’s competitiveness. In order to fulfill its mission, the department identifies, analyzes and implements the opportunities and strategic business initiatives, coming up with integrated solutions for: re-engineering, including outsourcing (outsourcing & spin-offs); project and program management; attraction of non-reimbursable funds and project financing; mergers and acquisitions; project coordination/consulting. The BDU plays a key role in implementing the main development trends of the Rompetrol Group: regional expansion; involvement in the services sector as well as accomplishing strategic investments. Among the important projects completed by the department are included the ones

pertaining to the expansion in the Central and South-Eastern European countries; the ones regarding the services sector, as well as the automation of the retail stations distribution system (stocks and sales management); the "Fill&Go" car fleet management system; as well as the strategic investments at Rompetrol Rafinare. These projects turned into extremely complex programs, including business plans, financial analyses, market research and analyses. During 2005, the BDU continued to focus on the main development trends, equally important to TRG's strategy. The regional expansion projects will continue the activities initiated as far back as 2004, while at the same time, assessing new opportunities. Also, the department focused on the completion of projects in the services sector, such as: the "Partener" franchised retail stations; optimizing the transport and supply activities for gas stations and customers, and the invoicing and customer management system, while at the same time accomplishing the activities specific to the investment programs in the refining sector.

Research and Development

In 2005, the Research and Development Department (R&D) aimed to identify, examine and technically select the most modern technologies required for the strategic development of TRG. This complex activity will enable the group's entities to become by 2009 one of the most advanced companies in the crude refining segment.

To this end, the R&D department examined 16 technologies and licenses and finally suggested that only four be selected to implement the following projects:

- Mild Hydrocracking
- Isomerization of C5-C6 cuts
- Petroleum coke briquetting equipment
- Biodiesel

The implementation of in-house technologies enjoyed special attention and adequate financial support. Some of these technologies were:

- Technology for the treatment of wastewater derived from the neutralization of acid sludge;
- Technology for processing neutralized sludge;
- Technology for polymer-modified bitumen;
- Upgrade technology for acid sludge treatment;
- Technology for extracting aromatic hydrocarbons and oil solvents;
- Biofuels development;
- Petroleum coke briquetting

The above-mentioned technologies entailed technical novelties, which resulted in the issuing of two patents. They served as the basis for two new investment projects, as well as for the selection of the data required for another two patents to be registered with the State Patents and Trademarks Office (OSIM) in the coming period.

In 2005 the R&D department developed four original technologies, which will enable the launch of four new products. Particular attention was paid to the upgrading and improvement of the current technologies

based on laboratory research and industrial experiments. Therefore a new project has been applied for subsequent use as part of the mixed or polymer-modified bitumen equipment, as well as additive-enhanced liquid fuels.

Main products and services

- Assess technological consumption parameters in the storing and handling operations for TRG entities typical and non-typical products;
- Secure the databases for the design of the future wastewater treatment plant for Vega refinery;
- Establish formulas for new products belonging to the group of modified/mixed bitumen, petroleum coke briquettes and neutralized acid sludge.

The R&D department has technically developed the strategic investment plan in the refining area, in order to get the products in line with national and European standards.

The year 2006 is expected to see research activities on the manufacturing of differentiated car fuels, expansion of the biofuels introduction program, capitalization of the by-products derived from the existing technologies, completion of the acid sludge neutralization and neutral sludge processing technologies, the manufacturing of new ecological solvents, expansion of the array of raw materials for the existing technologies and monitoring of the results produced by the current equipment. The research work will result in two new patents issued under the name of Rompetrol S.A.

Risk Management

The year 2005 was marked by a record volatility of the market. The Brent crude price fluctuated between \$38.21 and \$67.33; the Euro 4 diesel fuel (under FOB Med terms of delivery) sold for prices between \$409.50/ton and \$685.00/ton, unlike the price of unleaded gasoline (under FOB Med terms of delivery), which fluctuated between a record low of \$119.50/ton in the third quarter and a record high of \$157.00/ton in the first quarter. From the point of view of an organization that applies risk management principles, such market conditions may be thought of both as a threat and a big opportunity. This holds true for TRG, which turned out to be a sound company, able to produce outstanding results maximize results and streamline business even under highly volatile market conditions, for the benefit of the shareholders. These good results were enabled by the implementation at Petromidia refinery of the market risk analysis and workflow planning software. The expertise gained in the past three years will be transferred to Vega refinery in order to capitalize on existing synergies. In 2006 we are expecting a substantial improvement of activities after all Rompetrol Rafinare companies at Petromidia have implemented the new automated utilities consumption management program. Our objective is to lay emphasis in the next three to five years on a Group-wide approach to risk management, and as an integral part of this ample process, as of this year we will expand the global supply chain and distribution management software to all TRG companies.

Corporate Communications and Public Affairs (CCPA)

The Corporate Communication and Public Affairs Department (CC&PA) administers the public image of TRG and of its management, being at the same time the Company's main communication channel with the public. Starting with shareholders, clients, partners, authorities and the employees and including the general public, everybody benefits from an open and constant stream of relevant information on the evolution of the Company.

Faithful to the principle of transparency that always characterized it, TRG continued to be the most open issuer on the Romanian capital market regularly announcing its preliminary quarterly results during press conferences and meetings attended by financial analysts and brokers. This way the Company's evolution is open and can be analyzed by everybody interested in its development as well as in the way in which it is managed. This approach has been extended to announcing all the acquisitions, mergers and partnerships that TRG finalized last year.

The crisis situations the Company faced last year were mainly due to the abusive and politically-motivated inquiry opened by the General Prosecutor's Office of Romania as early as 2004. In total disregard for the rule of law and the current legislation, breaching all the human rights and denying the right to mounting a legal defense, TRG Chairman Dinu Patriciu, has been abusively detained for 24 hours by the

GPO prosecutors in May of 2005. Following this event and taking into account the multiple and increasingly virulent attacks against the Company the CC&PA department has prepared and has implemented a series of crisis communication strategies meant to rebuilt the image of Rompetrol and of its managers. During the year this situation has escalated putting us in a position to vigorously defend ourselves by drawing the local and international public opinion's attention on the abuses and the breaches of the law on the side of the prosecutors conducting the inquiry in this case. We maintain that the accusations brought against several members of the Rompetrol management are unfounded, hoping that the situation will be settled and concluded in a just, transparent and speedy manner, to the benefit of the Romanian business environment as well as to safeguard the energy security of TRG's European customers in several countries.

We have also intensified internal communication efforts and have developed specific programs meant to inform and motivate all TRG employees. We worked together with the DC Communication PR agency in designing an internal communication program that has been implemented in the second half of the year. The Odyssey advertising agency supported us in materializing yet another series of events and projects, such as the Rompetrol Annual Management Meeting.

Another important activity of the CC&PA department focused on Corporate Social

Responsibility (CSR) and sponsorship programs. Details on these programs can be found in the chapter dedicated to this topic. Furthermore the Company has intensified its representation at conferences and other special events that are relevant to the oil industry in all the regions where TRG operates.

Towards the end of the year the CC&PA department has been restructured and included in a new Marketing and Communication department, allowing for the redistribution of key personnel in the most efficient way by taking into account the need to strengthen the department and increase the activities in accordance with TRG's global expansion.

Marketing

The Marketing department was set up at the beginning of 2005 and played a very important role in the business development and in boosting Company sales figures. The marketing campaigns focused on Romania and represented the revitalization of promotion activities for the Company and its products. The focus was placed on customer care and the entire concept centered on the high quality of products and services offered in order to improve the lives of customers.

The first step taken was to develop the Rompetrol brand architecture based on market and consumer research, as well as an analysis of competition communication. This represented the foundation for an image campaign aiming to promote the Company values and philosophy to the general public. The campaign started

in spring 2005 revealing a dynamic and youthful image to the Romanian consumers, of a successful company, independent and creative, generating the energy necessary for everyday life.

The image campaign was immediately seconded by a series of product promotion campaigns meant to stabilize or increase sales, in circumstances where the fuel price liberalization caused an increase of the retail prices in compliance with the international crude cost and the real fuels production cost.

Romp petrol started by offering one ton of fuel as part of a spring promotion and continued throughout the summer with another campaign meant to attract and retain customers: "At Rompetrol miles turn into prizes." This campaign had a positive impact on the summer sales as the prizes were three Land Rover Freelander SUV vehicles. The campaign's effectiveness was validated by an Effie prize won during one of the most prestigious advertising contests. All these campaigns were designed and implemented with Odyssey advertising agency.

Other campaigns efficiently promoted products such as the winter diesel for the cold season or car fleet management systems, such as "Fill&Go" addressing corporate car fleets.

Moreover, the Marketing department designed the launching and implementation of the new "Hei" concept of the shops in the Rompetrol retail stations. The new shop

offers cafeteria, restaurant, Internet kiosk services as well as carefully selected products meant to address the customer's most exigent demands.

The department was also involved in organizing other company internal events, such as the Annual Management Meeting and the Christmas party. At the same time, it coordinated the production of promotional materials, corporate gifts and the image elements and corporate branding for all events, products, stationery and company assets.

Towards the end of the year, the department included the responsibility of communication by merging with the CC&PA department. The new Marketing and Communication unitary structure aims to use most efficiently the existing resources and to promptly address the demands of a multinational company in full integration process.

QUALITY, HEALTH AND
SAFETY, ENVIRONMENT
(QHSE) MANAGEMENT



Quality, Health and Safety, Environment (QHSE) Management

Key 2005 Achievements

- Expanded the applicability of the integrated management system in order to also include the filling stations network
- Implemented the P2 program (pollution prevention) at the two refineries
- Significant reduction of frequency and severity of work-related incidents
- Effective and efficient use of resources
- Introduction and implementation of Process Safety Management practices with focus on Process Hazard Analysis (PHA) techniques
- With support from general contractor Rominserv, closer monitoring of the subcontractors' QHSE performance
- Implementation of a multimedia program for training and raising awareness about QHSE principles

In 2005 we redefined our quality, health and safety, environment policies and applied a new operational model to successfully implement the new strategy. The basic principles related to quality, health and safety, environment are set forth in the Company's statement of policies. Health, safety and environment-related activities have been integrated into the product and service quality from the point of view of specific activities and the point of view of the organization.

The QHSE department makes sure that the principles related to customer focus, environmental protection, aspects related to health and safety are appropriately considered and observed. All environment-related aspects are pinpointed and represent the main thrust of accidental pollution prevention and emergency response plans. Some of these plans are required by the Romanian legislation in effect (such as the emergency response plans in the event of accidental pollution, in the event of fire and/or explosions, in the event of accidental water pollution). Furthermore, the Group's companies undertake to apply, maintain and improve an integrated management system in compliance with ISO 9001:2000, ISO 14001:2004 and with OHSAS 18001, which shows a holistic approach to the compliance with internationally acknowledged QHSE requirements. This points to a forward-looking and innovative attitude of Rompetrol in the Romanian and international context.

Since the third quarter of 2004 and all throughout 2005 we have managed to expand the applicability of the integrated management system in order to also include the Downstream segment (filling stations) and to this end to obtain certification from a third party body in the first quarter of 2006.

In 2005 Rompetrol continued to implement QHSE projects as an integral part of a large-scale quality, health and safety, environment project.

The relevant statistical data point to a substantial improvement in the QHSE performance. There have been no fatal work-related accidents at TRG companies in the past five years. The severity and frequency of incidents has greatly diminished. This is mostly due to a solid prevention culture embedded in our staff. Moreover, we have pinpointed the necessity and possibility to supplement this excellent characteristic with improvements to the design and ergonomics of processes with which we operate. In terms of product quality, the Vega and Petromidia refineries are in compliance with the 2005 EU standards in terms both of sulphur content and aromatic hydrocarbon content. In addition, output has increased by 7 percent, which was the outcome of fine-tuning the production processes, at the same time with a sharp increase in the number of filling stations owned or operated by Rompetrol. Moreover, the upgrade program was successfully completed and enabled higher production in line with the 2007 EU standards.

As far as international operations are concerned, in case the legislation in a particular country is laxer, Rompetrol applies its corporate regulations and standards, which are stricter than the legislation in question. Therefore, the filling stations located in Romania's neighboring countries are fitted with volatile organic compounds recovery systems and water recycling systems, which are best examples of implementation of the best technology available.

The investments made in 2005 had a good impact on the QHSE areas, and our shareholders confirmed the fact that the main targets, outlined in the corporate QHSE policy, were successfully implemented.

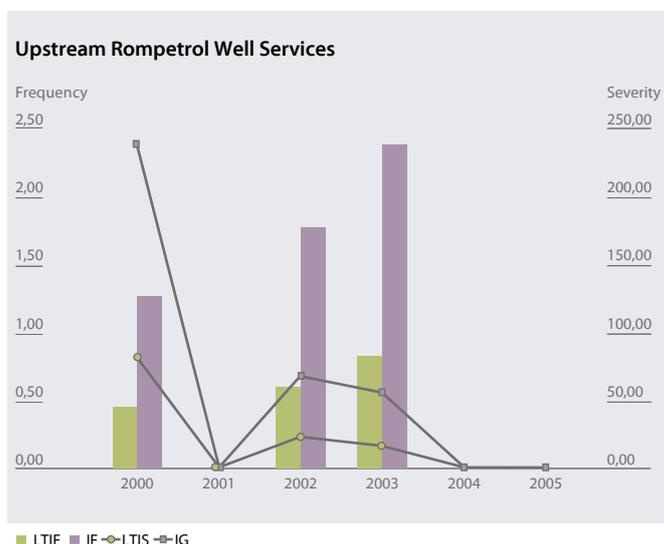
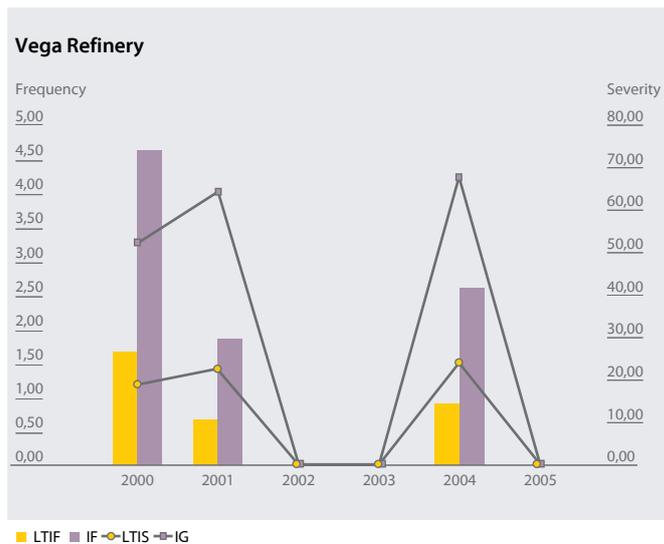
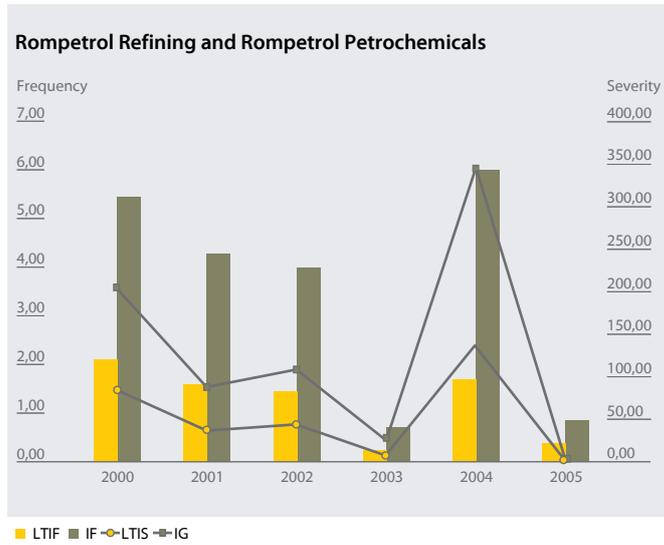
The main achievements in this field include:

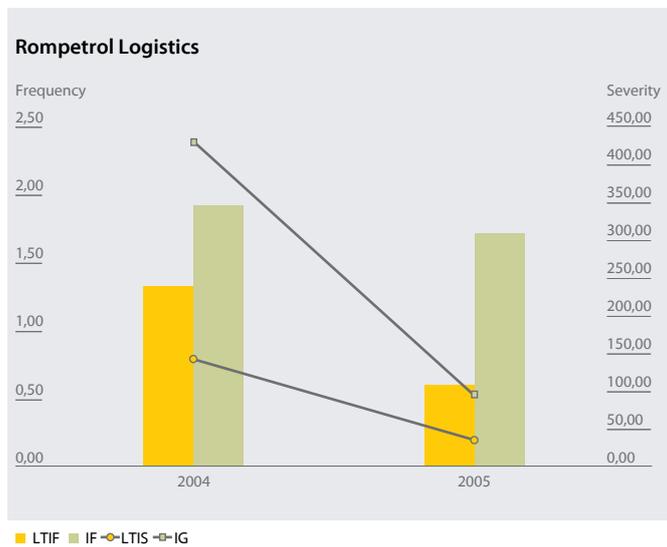
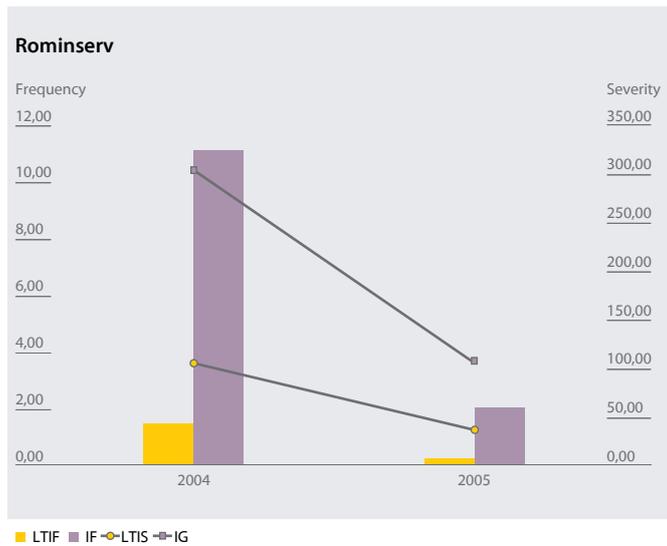
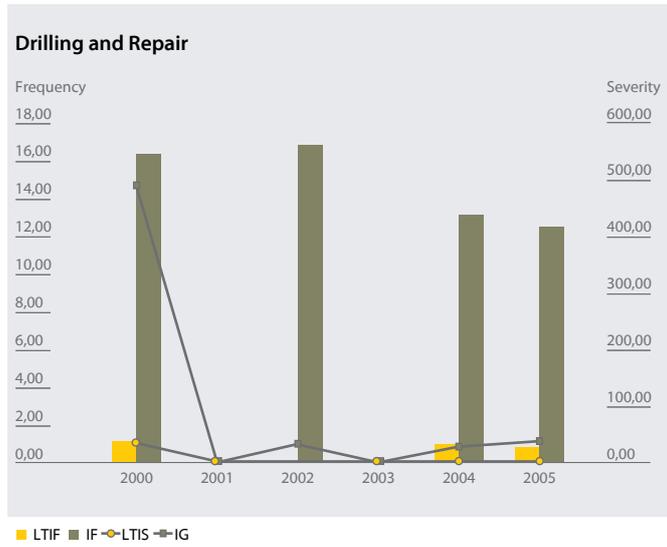
- Expansion of the applicability of the integrated management system by inclusion of the filling station network;
- Implementation of the P2 program (pollution prevention) at the two refineries;
- Sharp drop in the frequency and severity of work-related accidents;
- Efficient and effective use of resources;
- Introduction and implementation of Process Safety Management practices with focus on Process Hazard Analysis (PHA) techniques;
- With support from general contractor Rominserv, closer monitoring of the subcontractors' QHSE performance;
- Implementation of a multimedia program for training and raising awareness about QHSE principles;
- Transmission and application within the organization and to the interested business partners and parties of the best QHSE practices;
- Constant near-miss reporting.

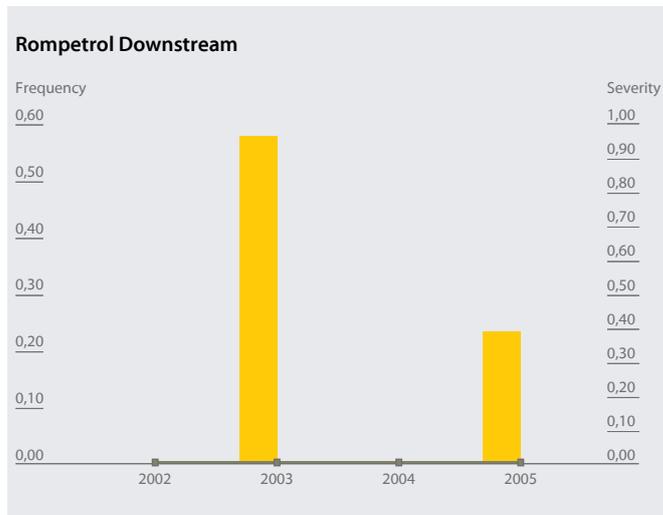
Within Rompetrol entities, we have modernized the deep-rooted traditional health and safety culture by including several ergonomics elements in the processes, without limitation to the mere investigation of incidents/accidents and to apportioning blame. Given that health and safety are essential to the Rompetrol management principles, the "above-average level in industry" principle has been introduced in the areas of health, safety and safe handling of the installations.

The "implementation of a near-miss reporting culture" project was first applied at only one company, which is now in the maturity phase and will be implemented on a large scale. We will thus make sure that all processes are safe for Rompetrol and for our customers, our neighbors, as well as for contractors and subcontractors. This project is being developed at the same time with the implementation of the PHA techniques and methodologies, there being a possibility to quantify improvements and ensure that the preventive approach has been appropriately taken.

In early 2005 we had estimated for the Petromidia refinery a sharp drop in the frequency and severity of work-related incidents due to the completion of automation and of the major overhaul performed every four years. The estimates proved to be accurate.







Key 2006 Objectives

- For each entity of the group, where applicable: renewal, maintenance, updating, receipt of certification from the third party for the QHSE management system in question. The ISO 9001:2000 and ISO 14001:2004 certification for the integrated management system of the Downstream filling station network will be a priority
- Expansion of the QHSE awareness-raising program within all group operations; the program includes: training in QHSE with the help of multimedia, drill plans, near-miss situations
- Expansion of the applicability of QHSE audits
- Maintenance of the upward trend recorded by HS performance
- Across-the-board expansion of P2 programs (pollution prevention)

As far as Vega and Petromedia refineries are concerned, frequency (LTIF) held at a low level, falling to 0.34 down from 1.7, while severity (LTIS) plummeted to 3.8 down from 125, which is a remarkable result. These processes came in the wake of a smaller number of hours worked, caused by personnel downsizing. The indicators hover around the 2003 figures (the zero-incidents target was met again at the Vega refinery), but the number of employees was cut by 10 percent.

The Upstream operations can be summarized as follows: LTIF and LTIS have held firm below 1 and 10 respectively (no incidents for Well Services). All in all, correlating the two indicators, this points to an expansion of operations at the same time with cost cutting (personnel downsizing included) and better efficiency (severity held below 10 and was greatly reduced as against 2004).

It is worth noting that since 2002 the Romanian legislation and regulations have been very strict about LTI and TRI reporting (that is, more types of incidents became subject to reporting). Therefore, even the

most insignificant ones (low severity and impact) or partial work-related accidents are to be considered reportable. Given the job cuts (after the automation) and the stricter reporting criteria – after the correlation of the indicators, the conclusion to be drawn is that the results are very good in terms of EU standards.

Despite a growing number of hours worked (the filling station network is expanding and the number of employees is rising) in the downstream sector, preventive policies, applied procedures and practices produced excellent results QHSE-wise (except for a slight accident). The very ambitious 2006 objective for us is to stick to the LTIF zero level, as in 2005, given that the network is expanding. TRIF and TRIS reporting is more relevant than LTIF and LTIS (indicators that have stood at zero over the last four years) for consistent reporting, particularly as far as Rompetrol Downstream is concerned.

The year 2005 was a bumper year in terms of our training in emergencies and emergency response. The number of drills, functional drills and large-

scale exercises increased by 32 percent, a global indicator, while the related preventive indicators also show an improvement in the quality and relevance of these prevention programs.

In order to constantly improve the QHSE performance in all TRG operations, we call on our subcontractors to comply with the relevant laws and regulations and to meet Rompetrol's in-house standards. QHSE criteria play an important role in the assessment and selection of the subcontractors that are to conduct activities in hazardous conditions.

CORPORATE SOCIAL
RESPONSIBILITY



(CSR) Corporate Social Responsibility

The social responsibility policy of Rompetrol comes from the Company values: creativity, passion, Romanian success. Rompetrol is the embodiment of modern Romania, which will continue to grow and develop. Today we can speak of a new country, and of Romanians being proud of their own achievements. Certainly, this new approach springs from new values: Rompetrol endows the Romanian society with the energy and the independence needed to build a better life, a cleaner environment and – last but not least – a modern attitude, more pragmatic.

Starting from these principles as guidelines, Rompetrol continued to actively participate in 2005 in social projects meant to help improve the life of the communities in which the Company operates.

As one of the largest companies in Romania, Rompetrol directly participated in the support of the local communities affected by the terrible floods of 2005. During the floods that affected the county of Timiș – in the spring of 2005 – Rompetrol donated 2,000 liters of fuel to the rescue teams. The fuel was used to rescue the victims from the villages covered by the waters and to distribute humanitarian aid. For the same purpose, of helping the victims from the counties in the western part of the country affected by the floods, Rompetrol donated for three months 0.01 lei (RON) for each liter of fuel sold in its gas stations, the final value of the donation being of 1 million RON (more than \$300,000). The funds collected were sent to the Romanian subsidiary

of the non-governmental organization World Vision International to be used for the reconstruction of the region.

On July 15, through exemplary mobilization and coordination of the efforts of several departments, Rompetrol succeeded in donating and – together with the army – organizing the transportation of 200,000 liters of mineral water to the victims in Bacău County. During last summer's floods, Rompetrol Rafinare donated fuel to the Red Cross subsidiaries of Vrancea and Galați, fuel that was used to help the victims in the two counties. In addition, Rompetrol employees organized relief collection points for goods which were afterwards donated to the victims in Vrancea County.

Another major problem which affected Romania was the bird flu. In the autumn, after the first two hotbeds were identified in the Tulcea and Constanța counties, Rompetrol vaccinated for free all the TRG employees and the employees of its contractors and subcontractors who were involved in the overhaul works of Rompetrol Rafinare (more than 3,200 people). Rompetrol ensures for its employees one of the best systems of labor medicine and preventive medical checkups in Romania. The number of medical consultations was approximately 9,000 last year, including preventive checkups.

The Rompetrol concern for environmental protection resulted in a series of joint projects carried out with the local environment authorities

and NGOs. Rompetrol participated in projects regarding climate changes and environment quality. Thus Rompetrol participated in the outfitting and endowment of the Center for Information and Resources for the Black Sea, a non-governmental organization in Constanța. Also, for a month and a half, together with another local NGO – Mare Nostrum – Rompetrol supplied information to tourists spending their vacation in the Mamaia resort and to the inhabitants of the city of Constanța regarding the quality of air and sea water. During this time the RQC laboratories – the main sponsor of the action – carried out over 300 water and air tests. Rompetrol actively supported the actions of the program "Save Vama Veche" and was one of the main sponsors of the "Stufstock 2005" festival.

Rompetrol set as an objective of its CSR program for 2005 to support, among other subjects, a series of projects related to education. TRG considers that the specialization of the eight young Romanians who will work at the first rehabilitation center for drug addicts is a project that needs the support of the entire society. To this end, as a good corporate citizen and taking into consideration the positive social impact, Rompetrol decided to contribute to the financing of this project initiated by the National Anti-Drug Agency (ANA) with the support of the De Hoop Foundation from The Netherlands. The De Hoop Foundation has already put into practice the objectives of the protocol and trained, for three months, seven volunteers and a representative of ANA to staff

the first therapy community in Romania, on the location of the former school summer camp from Timișul de Jos.

The Romanian Association for Debate, Oratory and Rhetoric – ARDOR launched on February 19, 2005, at the „George Coșbuc” bilingual High school in Bucharest, a new project addressing the young people of Romania: „Young Romanians against corruption – A series of public debates on the role of the young people in fighting corruption”. The project was financed by the Matra – KAP Program of the Embassy of The Netherlands in Bucharest, supported by Rompetrol and coordinated by ARDOR. By supporting this public debate project Rompetrol aims to contribute to the development of an anticorruption culture and attitude among the young generation. The program also aims to increase awareness and involvement of parents, teachers, school principals, local and central authorities, and civil society representatives in order to create better conditions for the young generation to express their opinions and get involved in identifying solutions and making decisions. The project went on until July 2005 in ten high schools from five cities in Romania: Bucharest, Bacău, Cluj, Oradea and Arad, under the slogan “School free of corruption.”

The situation of disadvantaged children, orphans, coming from dysfunctional families or lacking financial resources has been a cause for concern both for international organizations as well as for Romanian NGOs

working to avoid poverty, illiteracy and social exclusion. Rompetrol offered sponsorship support to the Ovidiu Rom Association in the “Steluța” Children’s Program by providing hot meals for disadvantaged children from the Sfântul Stelian Educational Center. Another component of the support offered by Rompetrol is the “Ready, Willing and Able” Mothers’ Program that provided hot meals for mothers who benefit from counseling and professional training at the GDC Center. As a result of this counseling, some of the participants have already been employed by the Rompetrol Downstream, TRG also participating in the professional counseling of the mothers enrolled in the program.

This year Rompetrol was one of the sponsors of the Civil Society Gala – sections “Education and Research” and “Art and Culture”, its representatives participating in the debate having as subject: “Sponsorship efficiency as a marketing tool”. Rompetrol participated in this event to help supply answers to questions about sponsorships, both to companies interested in the success of their marketing strategy and to organizations that wish to attract new corporate financing for their projects.

Rompetrol also sponsored smaller projects and provided humanitarian support for individual emergency cases.

During the past several years, the value of sponsorship offered on a global level by corporations saw the highest increase rate of all forms of marketing. In

Romania, even though the business community started to pay greater attention to this area, sponsorship is still seen as charity. The lack of criteria to measure the benefits can put companies off becoming sponsors. This situation can only change if the representatives of the business community realize the link between sponsorship and their business objectives.

ENVIRONMENTAL
PROTECTION



Environmental Protection

In the last five years, Rompetrol invested \$47 million in order to improve its performance in environmental protection. Consequently, TRG companies comply (and even exceed) the privatization contract terms (the authorized and audited reports have been reviewed once more and authorized by the relevant agencies).

In 2005 environmental protection investments amounted to approximately \$14 million, twice the amount invested in 2004. The impact of previous large investment allowed for the reallocation of funds to the implementation of proactive strategies, both by modernization activities and by ensuring compliance with the environmental protection obligations of the refineries (modernization of wastewater treatment, gas desulphurization, elimination of acid tars and decontamination of soil and groundwater).

Concerning process and product development, it is a common practice for TRG companies to take into account the most recent and most secure engineering practices, technologies, and environmental requirements, in order to improve processes, not being limited therefore to practices that solely ensure business survival. These measures impact directly on resource management, by reducing consumption of thermal and electrical power.

Since 2001, Rompetrol has drastically reduced the emission levels for the major pollutants (SO₂, CO₂, NO₂) and volatile organic compounds (VOC) by installing floating covers on most storage tanks, while the

loading/unloading platforms have been provided with vapor recovery systems. There is an obvious positive effect, since emission levels have maintained a downward trend since 2001, while SO₂ concentration is well below maximum acceptable concentration.

Rompetrol has improved the quality of wastewater treatment systems. In 2005, with the direct involvement of Ecomaster, which provides ecological cleanup services, and which operates the wastewater treatment plants for refineries and petrochemical industry, a massive investment plan has been carried out, to modernize the treatment plant increasing compliance and the capacity of the Petromidia refinery. In comparison with 2005, a reduction of 16 percent in hydrocarbon contents, as well as constant levels of sulphurs and of biochemical oxygen demand (BOD) have been attained in all monitoring stations (monitoring is performed on a monthly basis for hydrocarbon contents, sulphurs, and biochemical oxygen demand).

The wastewater treatment plant has a maximum intake of 2 million mc monthly and is located in Năvodari, Constanța County. The plant, which also treats the wastewaters of Năvodari city, has recently been modernized, the main objectives being: increased performance by significantly reducing sources of contamination, an enhanced degree of automation and easy processing, as well as compliance with national and European Union standards concerning wastewaters.

TRG companies achieved the targets on reducing resources consumption by increasing energy management efficiency, by significantly increasing recycling of materials, reduction of emissions, reduction of waste quantities, and improvement of storage units. In the area of waste management, a very important element is the strategy of recovery and recycling, which has been implemented in all locations.

Last but not least, Rompetrol directed its attention to production of environmentally-friendly biodiesel fuels and the better use of waste resulting from the crude refining process. Biodiesel and coke briquettes plants will allow the waste recovery and recycling strategies to be applied to both historical and new waste. At the same time, the strategy is backed up by programs for the quantitative inspection and monitoring of waste.

Ecomaster started a modern facility for the treatment of acid waste resulting from historical pollution produced by more than 100 years of activity at the Vega refinery, which is used to isolate the reusable oil product, wastewaters and the solid fraction with a limited content of oil and water. Also, Ecomaster experts can store and treat a wide range of waste oils: car oils, hydraulic oils, thermal treatment oils, and other types of used oils.

In 2006, Rompetrol will continue to take responsibility and act vigorously to reduce the impact of current activities on the environment and at the same time to eliminate sources of historical pollution.

Management Analysis

Management Analysis of the Rompetrol Group 2005 Financial Results

Business Environment

		2005	2004	%
Brent Dated Crude Quotation	USD/barrel	54.50	38.24	43
Ural Med crude Quotation	USD/barrel	50.84	34.48	47
Brent-Ural Differential	USD/barrel	3.65	3.76	-3
PVM Ural Cracking Margin	USD/barrel	6.15	5.41	14
Premium Unleaded 50 ppm FOB Med	USD/ton	514	391	32
Diesel ULSD 50 ppm FOB Med	USD/ton	538	376	43
RON/USD Average exchange rate		2.91	3.26	-11
RON/USD Closing exchange rate		3.11	2.91	7
RON/EURO Average exchange rate		3.62	4.05	-11
RON/EURO Closing exchange rate		3.68	3.97	-7
USD/EURO Closing rate		1.18	1.36	-13
Inflation rate in Romania		8,72 %	9,16 %	-5

The international business environment was extremely favourable for the refining industry in general in 2005.

The international crude prices were significantly higher in 2005 compared to the previous year, especially due to a higher international demand driven by the sustained growth of the Chinese economy and the re-launch of the American economy, as well as due to the tensed geopolitical environment in the Middle East, especially in Iraq and Iran.

The Ural-Brent differential continued to be above historic averages as a result of imbalances between the high international demand of low sulphur crude (Brent), and the Russian incremental production increases that created an offer of high sulphur crude (Ural).

The refining margins increased in 2005 due to a higher international demand for oil products in a context of rigid aggregated refining capacity, and a lag time of four to five years for construction of new refineries.

The high prices for oil products favoured middle distillates, especially diesel, to the detriment of light distillates, gasoline, due to higher energetic efficiency, as well as to fiscal advantages generated by lower excises for diesel worldwide and in Romania.

Foreign exchange evolutions saw Romanian currency (RON) significantly appreciate in 2005 against the Euro and the USD, due to optimistic expectations generated by above-average growth of the Romanian economy in

past years. Another factor that contributed to the RON appreciation is the expectation that Romania will join the European Union in January 2007.

The US dollar grew stronger compared to the European currency due to the re-launching of the US economy in contrast to the economic difficulties faced by the European Union (especially Germany), as well as the continuation of interest rates favourable to the US.

Domestic inflation continued to decrease in 2005 due to efforts made by the National Bank of Romania to meet its targets, despite an explosive rise in consumer credit and mortgage lending.

Key Financial
Indicators

Key Financial Data

(all figures in thousands USD unless otherwise stated)

	2005	2004	%
Gross Revenue	2,405,910	1,614,750	49
Net Revenue	1,846,310	1,177,944	57
Gross margin	267,014	143,368	86
EBITDA	163,647	101,395	61
Net result	76,346	(35,421)	N/A
Capital Expenditure	151,856	104,288	46

according to International Financial Reporting Standards - IFRS

Net revenues recorded in 2005 were higher than price increases in crude and oil products would have indicated due to improved downstream integration of Rompetrol Rafinare (Petromidia refinery), the increase of retail sales through the Rompetrol gas station network in Romania, and the wholesale trade increase in Bulgaria and the other countries in the region.

Gross revenues had a similar evolution to that of net revenues, while the excise and other taxes registered a more moderate appreciation tendency as a result of 2005 fiscal policies and the Euro

depreciation against the US dollar. The 2005 operational gross margin benefited from the leverage of crude price increases and better production yields.

The net profit registered in 2005, by comparison to the previous year's loss, is the result of positive operational developments presented in the operational profit analysis (EBITDA) as well as the favourable effects of the Euro depreciation against the US dollar on the hybrid instrument, and the absence of the non-recurrent items included in the 2004 results.

The 2005 investments were focused on increasing Petromidia refinery operational capacity, adapting to the Euro 4 standards, expanding the domestic gas station network, starting the new LDPE plant in the petrochemical unit, and increasing the operational capacity of the fuel depots in Romania.

EBITDA

In 2005, TRG registered an operational profit (EBITDA) of more than \$163 million, representing an increase by 61 percent compared to 2004. From the total operational profit, more than 90 percent, or \$154 million, was generated by the Refining and Marketing divisions.

EBITDA detailed

	2005	2004	%
Refining	133,027	89,747	48
Petrochemicals	8,712	5,708	53
Marketing	21,496	5,153	317
Trading	(3,618)	(6,709)	-46
Other	4,030	7,496	-46
Total	163,647	101,395	61

Detailed Analysis per Segment

A) Refining

The 2005 refining operational profit (EBITDA) was \$133 million (48 percent higher compared to 2004). The main reasons for the operational profit increase (EBITDA) in 2005 are the following:

- Favourable environment: the refining margins continued to remain high (the average refining margin for PVM Ural was \$6.15 /bbl). Rompetrol is taking into consideration as main benchmark the refining margin for Ural-MED, as the refinery operates in the Mediterranean and Black Sea regions and is processing Ural crude exclusively. In addition, Petromidia has a competitive advantage compared to other regional and European refiners due to the impressive white products yield (87 percent of production) and to the fact that it uses exclusively high sulphur content Ural crude. The refining margin recorded by Rompetrol was of \$10.5/bbl and exceeded the benchmark due to favourable market conditions in Romania and Bulgaria and given the fact that Petromidia, our main refinery, has the highest white products mix in the region.
- Maintenance of the Brent-Ural price differential (processed by Rompetrol) at a high level \$3.65/bbl. The increase of the Brent-Ural price differential is clearly one of the reasons that generated high refining margins for Rompetrol. This Ural-Brent price differential confirms the efficiency of the

strategic decision taken in 2001 of investing significant financial resources in completely changing the type of crude processed by the refinery from high grade light crude (Brent) to the heavy high sulphur content crude (Ural).

- Complete liberalization of the oil products in Romania following the Petrom privatization.
- Our past three years investment program allowed us to plan our production and increase the middle distillates products percentage (diesel, jet) in order to benefit from the growing demand on the market (both domestic and European) for these products.

B) Marketing

The marketing segment also registered its best year to date, with record figures for operational profit (EBITDA) and net results.

Main causes for these positive evolutions were:

- Important increase of the gross margin both for the gas station sales (+31 percent) as well as for the wholesale (more than 104 percent) due to the liberalization of the Romanian market;
- Significant increase of volumes sold in the gas stations (more than 41 percent increase at network level and more than 18 percent per station) as a result of the strategy set in 2002-2003 for the gas stations segment (based on the implementation of the "Fill&Go" car fleet management

system which attracted major corporate clients);

- Keeping wholesale volumes at 2004 levels despite the reduced sales to major distribution networks that represented our main clients in previous years.

We count as a positive factor the increase in the number of cars sold in 2005 (according to the Romanian Association of Car Manufacturers and Importers—APIA, in H1 2005 car sales increased by 40 percent compared to the same period of 2004). The reasons for these significant increases are the appreciation of the national currency compared to the Euro, the reduction of interest rates, and the new car models offered by domestic producers.

In 2005 Rompetrol Downstream initiated and/or developed a series of projects meant to:

- Increase the market share held by TRG in Romania
- Offer diversified and high quality services to corporate and individual customers.

In March 2005, Rompetrol Downstream launched a franchise program, "Partener Rompetrol", designed to offer its car fleet clients national coverage and consistent quality, thus increasing its market share. The franchisees are independent distributors who wish to conclude long term partnership contracts with Rompetrol. At the end of 2005, more than 100 franchised stations were operational, from a total number of 180 contracts

signed. The objective is to have about 250 franchise stations at the end of 2006. The results of the first operating months lead us to the conclusion that this program will reach its targets and continue to be successful.

In 2005 the volume of sales from gas stations to corporate customers has gone up significantly, increasing almost threefold compared to the end of 2004. This evolution led to gaining an important market share of gas stations sales to corporate clients. We continued our investments in technology and products that offer fleet managers control over the cost of operating car fleets.

A program to modernize the gas station shops was launched in August 2005. By the end of the year, 15 shops were modernized, and the target for 2006 is to implement the new shop concept in the entire distribution network. The new concept offers additional facilities, such as the cafeteria and the Internet kiosk within a pleasant environment. The first market reaction makes us believe this project will reach its target of improving the services offered to our clients and consolidating our brand, while also contributing to an increase in sales for non-oil products.

C) Petrochemicals

In 2005, the petrochemicals segment registered the best year to date. After a 28 percent increase in gross revenues, the operational profit (EBITDA) reached \$8.7 million, compared to \$5.7 million in 2004 (+53 percent).

Compared to 2004, the petrochemical activity increased significantly on the Romanian market (reaching a 70 percent market share) in a context of higher growth compared to other regional markets.

Product sales increased to 128,000 tons compared to 108,000 in 2004 despite a general plant overhaul completed in the second quarter. Rompetrol Petrochemicals processed 83,000 tons of propylene, a record quantity taking

into account the scheduled stoppage for the Q2 overhaul.

In 2005, the subsidiary closed the year with \$4.7 million in net profit (3.6 percent profit margin) compared to 2004 when it registered a loss of \$1.7 million due to registering a \$3.8 million asset depreciation provision.

In 2005, the subsidiary spent more than \$25 million for the implementation of a major restructuring program for the re-start of the LDPE plant and to bring the production to full capacity at the beginning of 2006. Also in 2006 the Company will add 60,000 tons of polyolefin production capacity. At the same time, the cryogenic depots were isolated, ensuring operational independence and setting the basis for the capacity increase.

Abbreviated Consolidated Financial Results

TRG - Dyneff Pro Forma Combined

As a subsequent event, in January 2006, The Rompetrol Group N.V. completed the purchase and acquired control of Dyneff Group S.A. of France. This strategic acquisition enabled TRG to advance its standing as a multinational oil company with the majority of its assets and operations in Europe.

The combined 2005 turnover of TRG and Dyneff Group stood at \$5.3 billion, with operational profits (EBITDA) reaching \$186 million and a net result of \$86 million. The 2005 combined results place Dutch-registered TRG among the top 20 oil companies (by gross revenues) within the European Union.

The following tables represent a pro-forma consolidation of the 2005 financial results for TRG and Dyneff Group. The total figures are not part of the audited actual results of TRG presented elsewhere in this report, but are based on the separate audited results of TRG and Dyneff Group.

*Pro-forma Combined
Income statement
The Rompetrol Group
including Dyneff
(USD millions)*

	2005	2004
Gross revenues	5,298	3,924
Sales taxes	(560)	(437)
Net revenues	4,738	3,487
Cost of sales	(4,367)	(3,256)
Gross margin	371	231
Selling, general and administrative expenses	(244)	(178)
Other operating expenses, net	-	(12)
Operating margin	127	41
Financial items, net	(41)	(54)
Net foreign exchange gains/(losses)	10	(7)
Profit/(loss) before income tax	96	(20)
Income tax	(10)	(13)
Net profit/(loss)	86	(33)
Attributable to:		
Equity holders of the parent	66	(38)
Minority interest	20	5
EBITDA	186	113

*Pro-forma
Combined Balance Sheet
The Rompetrol Group
including Dyneff
(USD millions)*

	2005	2004
Intangible assets	14	13
Property, plant and equipment	709	606
Financial assets	25	18
Total non current assets	748	637
Inventories	352	295
Receivables and prepayments	355	320
Cash and cash equivalents	35	50
Total current assets	742	665
TOTAL ASSETS	1,490	1,302
Combined share capital	24	24
Combined reserves	219	209
Combined retained earnings	67	144
Current year result Group	66	(38)
Combined minority interest	165	117
Total equity	541	456
Hybrid instrument - non-current portion	79	109
Long-term debt	59	48
Deferred tax liabilities	21	18
Total non-current liabilities	159	175
Trade and other payables	483	492
Short-term debt	289	160
Hybrid instrument - current portion	18	19
Total current liabilities	790	671
TOTAL LIABILITIES AND EQUITY	1,490	1,302

Auditor's Report

Introduction

We have audited the abbreviated consolidated financial statements of The Rompetrol Group N.V., Rotterdam, for the year 2005. These abbreviated financial statements have been derived from the financial statements of The Rompetrol Group N.V. for the year 2005. In our auditors' report dated March 31, 2006 we expressed an unqualified opinion on these financial statements. These abbreviated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these abbreviated financial statements.

Scope

We conducted our audit in accordance with auditing standards generally accepted in The Netherlands. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the abbreviated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the abbreviated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as

well as evaluating the overall presentation of the abbreviated financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, these abbreviated financial statements are consistent, in all material respects, with the financial statements from which they have been derived. For a better understanding of the Company's financial position and results and of the scope of our audit, the abbreviated financial statements should be read in conjunction with the financial statements from which the abbreviated financial statements have been derived and our auditors' report thereon issued on March 31, 2006.

Amsterdam

Deloitte Accountants B.V.

Abbreviated Consolidated Financial Results

*The Rompetrol Group N.V.
Consolidated Balance Sheet
for the years 2005 and 2004
(in compliance with IFRS as
adopted by the EU)*

(figures expressed in USD)

	December 31 2005	December 31 2004
ASSETS		
Non-current Assets		
Intangible assets	11,424,496	9,660,937
Property, plant and equipment	671,879,735	565,077,340
Long-term investments	16,833,685	9,556,672
Total non-current assets	700,137,916	584,294,949
Current assets		
Inventories	261,766,846	210,727,766
Trade and other receivables	168,127,946	159,509,905
Cash and cash equivalents	31,074,267	29,027,988
Total current assets	460,969,059	399,265,659
TOTAL ASSETS	1,161,106,975	983,560,608
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	93,026	93,026
Share premium	2,631,512	2,631,512
Revaluation reserves	28,477,946	20,625,249
Other reserves	146,823,448	146,823,448
Retained earnings	73,707,681	143,738,355
Current year result	58,114,457	(39,630,674)
Minority interest	161,333,791	113,807,378
Total Shareholders' Equity	471,181,861	388,088,294
Non-current liabilities		
Hybrid instrument - long-term portion	79,387,130	108,834,655
Long-term debt	42,212,025	28,380,448
Net obligations under finance lease	10,180,624	9,293,718
Deferred tax liabilities	12,136,457	11,768,397
Other non-current liabilities	1,172,522	3,553,759
Total non-current liabilities	145,088,758	161,830,977
Current liabilities		
Trade and other payables	295,822,535	284,700,503
Net obligations under finance lease	4,750,313	3,315,462
Short term debt	226,649,921	126,550,918
Hybrid instrument - current portion	17,613,587	19,074,454
Total current liabilities	544,836,356	433,641,337
Total shareholders' equity and liabilities	1,161,106,975	983,560,608

*The Rompetrol Group N.V.
The consolidated Profit/loss
account for the years 2005 and
2004 (in compliance with IFRS
as adopted by the EU)*

(figures expressed in USD)

	2005	2004
Revenue	1,846,309,646	1,177,944,477
Cost of sales	(1,579,295,592)	(1,034,576,604)
Gross margin	267,014,054	143,367,873
Selling, general and administration expenses	(157,216,540)	(95,594,335)
Other operating expenses, net	(1,123,601)	(10,820,593)
Operation margin	108,673,913	36,952,945
Financial items, net	(27,422,746)	(60,656,323)
Profit/ (loss) before income tax	81,251,167	(23,703,378)
Income tax	(4,905,359)	(11,717,491)
Profit/ (loss) net	76,345,808	(35,420,869)
Attributable to:		
Equity holders of the parent	58,114,457	(39,630,674)
Minority interests	18,231,351	4,209,805
	76,345,808	(35,420,869)

*The Rompetrol Group N.V.,
The consolidated cash flow
statements for the years 2005
and 2004 (in compliance with
IFRS as adopted by the EU)*

(figures expressed in USD)

	2005	2004
Profit/(loss) before income tax	81,251,167	(23,703,378)
Adjustments for:		
Unrealised foreign exchange (gain)/loss on hybrid instrument and other monetary items	(18,206,118)	11,671,999
Unwinding of discount on hybrid instrument	12,423,987	14,553,928
Late payment interest	5,375,675	14,527,579
Depreciation and amortisation	53,849,011	53,621,099
Provizioane, inclusiv impactul diferențelor de curs valutar	3,741,158	5,861,281
Net book value of non-current assets disposals	1,915,660	2,289,854
Interest expense and bank charges, net	26,664,779	15,689,410
Net result from sale of Group investments	(4,595,673)	8,157,832
Operating profit before working capital changes	162,419,646	102,669,604
Net working capital changes in:		
Receivables and prepayments	(19,695,318)	3,498,021
Inventories	(53,396,342)	(64,891,538)
Trade and other payables, excluding payables for capital expenditure	(14,721,633)	59,223,742
Change in working capital	(87,813,293)	(2,169,775)
Income tax paid	(5,366,383)	(9,720,661)
Net cash provided by operating activities	69,239,970	90,779,168
<i>Cash flows from investing activities</i>		
Purchase of property, plant and equipment	(148,049,802)	(100,688,346)
Purchase of intangible assets	(3,806,269)	(3,599,748)
Changes in payables for capital expenditures	21,297,074	4,208,714
Proceeds from sale of property, plant and equipment	464,742	838,936
Share capital increases in non-consolidated investments	(245,172)	-
Proceeds from sale of subsidiaries shares	30,379,194	-
Loans granted	(8,235,709)	-
Net cash used in investing activities	(108,195,942)	(99,240,444)
<i>Cash flows from financing activities</i>		
Dividends paid to equity holders of the parent	(30,561,709)	-
Coupon paid on hybrid instrument	(26,636,411)	(27,436,013)
Interest and bank charges paid, net	(26,664,779)	(15,689,403)
Share capital contributed in subsidiaries by minority shareholders	10,994,050	-
Movement in borrowings and finance leases	113,871,100	51,070,802
Net cash from financing activities	41,002,251	7,945,386
Increase/(Decrease) in cash and cash equivalents	2,046,279	(515,890)
Cash and cash equivalents at the beginning of period	29,027,988	29,543,878
Cash and cash equivalents at the end of the period	31,074,267	29,027,988

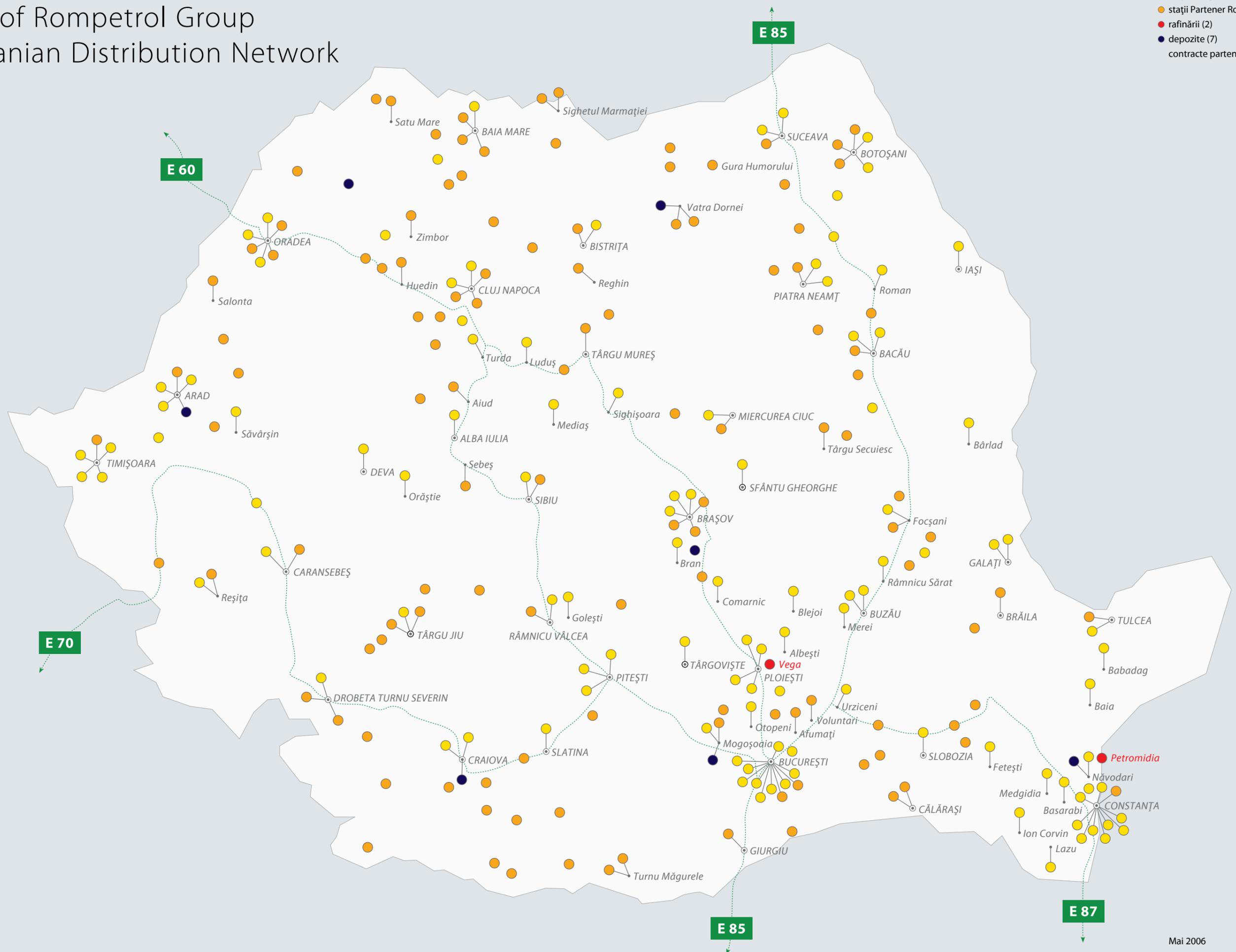
*The Rompetrol Group NV
The Consolidated Capital
Changes Statement for the year
ended on December 31, 2005
and for 2004
(in compliance with IFRS as
adopted by the EU)*

(figures expressed in USD)

	Share capital	Share premium	Retained earnings	Revaluation reserves	Other reserves	Minority interest	Total equity
December 31, 2003	93,026	2,631,512	143,738,355	20,625,249	146,823,448	88,475,288	402,386,878
Net (loss)/profit for 2004	-	-	(39,630,674)	-	-	4,209,805	(35,420,869)
Share capital contributed in subsidiaries by minority shareholders	-	-	-	-	-	10,994,050	10,994,050
Changes in Group structure	-	-	-	-	-	10,128,235	10,128,235
December 31, 2004	93,026	2,631,512	104,107,681	20,625,249	146,823,448	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)	-	-	(161,709)	(30,561,709)
Changes in Group structure	-	-	-	-	-	26,870,132	26,870,132
December 31, 2005	93,026	2,631,512	131,822,138	28,477,946	146,823,448	161,333,791	471,181,861

Map of Rompetrol Group Romanian Distribution Network

- stații Rompetrol (110)
- stații Partener Rompetrol (120)
- rafinării (2)
- depozite (7)
- contracte parteneri (60)



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