

2008 ANNUAL REPORT

Prepared in compliance with the requirements of the Regulation no 1/2006 of NSC

Date of the report - 23.04.2009

Name of the issuing entity: S.C. PROSPECTIUNI S.A.

Registered office: Str. Caransebes, nr.1, Sector 1, Bucuresti

Phone number/Fax number - 021/319.66.08/ 021/319.66.56

Single Registration Code with the Trade Register Office: R.1552801

Registered with the Trade Register Office under number: J40/4072/1991

Subscribed and paid up share capital: 71.804.872,50 lei

The regulated market where the securities issued are traded - RASDAQ market, tier III R, the main RGBS market.

Main characteristics of the securities issued by the company: Dematerialized nominative common shares

1. ANALYSIS OF THE COMPANY ACTIVITY

1.1. a) The basic activity of the company resides in the geological research of the soil and subsoil to identify all useful mineral substances and supply services specific to this activity.

The basic activity is developed on three modules:

- seismic prospecting for hydrocarbons;
- geological prospecting for useful mineral substances;
- laboratory analyses.

The company is certified by the National Agency for Mineral Resources to perform geological research, to draft documentations according to the Law on mines no. 85/2003, to exploit coals, ores, non-metalliferous substances, useful/ornamental rocks, peat, therapeutic mud and industrial, drinking and mineral waters.

S.C. Prospectiuni S.A. implemented and maintains quality and environment management systems, certified according to the requirements of standards SR EN ISO 9001:2001 and SR EN ISO 14001:2005.

b) The company was incorporated in 1950, and in 2000 it became a private company, having as main shareholders on 31.12.2008 the trading company S.C. Tender S.A. with a participation of 69.48689%, SIF Muntenia with a participation of 11.86666%, other legal entities with a participation of 11.28919% and individuals with a participation of 7.35726%.

Further to the privatization, the company commenced an intensive modernization and re-technologization program. The endowment with high performance equipments, that observe the most exigent international standards in this field, enabled the diversification of the services offered by S.C. Prospectiuni S.A. and increasing the efficiency of the production process.

c) No significant mergers or reorganizations took place during the financial year.
d) During 2008, tangible and intangible investments were operated, with the value of RON 50,334,146.

Together with the purchase of technical installations and machines, a job dwelling was purchased in Mogoșoaia commune, with the value of RON 351,968 and land with the area of 1200.82 square meters with a value of RON 1,148,032.

During 2008, the Coring Bases and the land related thereto were alienated (buildings with an accounting value of RON 7,939,305 and land with the value of RON 306,184).

The land with the area of 2,451.33 square meters with an accounting value of RON 42,319 within the Repair Base Leordeni was also sold.

1.1.1. General Assessment Elements on 31.12.2008:

- a) Gross profit = RON 3,845,322
Net profit = RON 3,014,275
- b) Turnover = RON 124,634,067
- c) Total income = RON 142,508,187
- d) Total costing = RON 138,662,865
- e) S.C. PROSPECTIUNI S.A. is the only Romanian economic agent specialized in supplying seismic and magneto-telluric prospecting services from Romania.

1.1.2. Assessment of the Technical and Production Level of the Company:

In 2008, S.C. Prospectiuni S.A. accomplished a turnover in the amount of RON 124,634,067.

The main beneficiaries of the services supplied by the company were: OMW-Petrom SA, National Company of Natural Gas - Romgaz SA, Jkx Bulkan Bg Ead, Regal Petroleum Ltd U.K., Expert Petroleum Romania SRL, Ministry of Economy and Finance, Audax Energy GmbH, North Caspian Petroleum, Amromco Energy, etc.

The evolution of the physical volumes of the production as compared to the similar period of the preceding year is the following:

ASSORTMENT OF WORKS	M.U.	PHYSICAL VOLUMES accomplished in		Increase or decrease (%) accomplished in 2008 compared to 2007
		2007	2008	
1. Seismic Pr. 2D- T	km	3963	3101	78.25
2. Seismic Pr. 3D- T	sq.km	851	266	31.26
3. Gravimetric Pr. for Gas T	stations	8437	9472	112.27
4. Magneto-metric Pr. for Gas T	stations	75000	62177	82.90
5. Magneto-telluric probes	probes	756	898	118.78
6. Laboratory analyses	RON	1811944	772418	42.63
7. Studies and syntheses for gas	hours	5840	4800	82.19
8. Studies and syntheses	hours	10750	7158	66.59
9. Hydro + geotechnical drilling	meters	999	1067	106.81

The data from the table above reveal significant decreases of the services of seismic prospecting for oil and gas, by the methods 2D and 3D (21.75 %, respectively of 68.74 %).

This decrease was due first to the delay of Petrom SA, one of the two large beneficiaries of the services supplied by our company, in the organization of the annual tenders for the seismic research of the conceded petroliferous perimeters.

Petrom SA used to organize such tenders during the first quarter of the year, thus the development of the contracts could be accomplished during the interval April – December.

In 2008, the tendering of the purchase of seismic data for the conceded perimeters was made in two stages: the first stage resided in the organization of the tender for the purchase of data by the 2D method (perimeters Maramureş and Giurgiu), and the second stage in the program ‘Megasurvey and Highresolution’.

The tender session for the first stage was held on 26 May 2008, tender won by S.C. Prospecțiuni S.A., and the signing of the contract by Petrom was made only in August, although our company possessed the labor force and the technological equipment necessary to accomplish such services from July.

Due to the delay in holding the tender and signing the contract, as well as due to the unfavorable climatic conditions from December, the finalization of the projects Giurgiu and Maramureş in 2008 was not possible, and a large part of the works would be accomplished in 2009.

In order to avoid the losses caused by the delay in holding the tender related to the first stage, our company modified its initial working schedule, by using its own staff and equipments held to perform the contract concluded with Romgaz (finalized in July).

The tender session for the program ‘Megasurvey’ was held on 09 October 2008 and aimed at commencing the services to purchase seismic data in November of the same year. Due to the fact that only S.C. Prospecțiuni S.A. participated in the tender, Petrom SA modified the tender specifications and decided that this tender should be recommenced on 16 March 2009.

S.C. Prospecțiuni S.A. succeeded in limiting the decrease of the physical production volume further to the delay of the tenders by Petrom by concluding a contract to purchase 3D seismic data with JKC Bulcan Bulgaria, contract commenced in September 2008 and finalized in January 2009.

Another cause of diminishing the production on 2008 was the promotion of the seismic services by our company on the Iranian market. This promotion was rather difficult due to the bureaucratic tardiness proved by the customs bodies from Iran in admitting the temporary import of over 300 tons of prospecting equipments sent on time from Romania, resulting in a delay of 7 months in commencing the contract to purchase seismic data in the area Ramshir.

The two mentioned causes generated major disturbances in the working schedule of S.C. Prospecțiuni S.A. and led to the accomplishment of an extremely diminished production volume as compared to the one obtained in 2007.

In respect of the geophysical prospecting for gas, the physical work volumes were exceeded, due to the modification of the structure in the demand of services of the customer, by 12.7% in gravimetry and by 18.8% in magneto-telluric probes, however a diminish in the magneto-telluric prospecting by 17.1%.

The increase of the physical volumes of geotechnical drilling or diminishes in the studies and syntheses for gas, in the geological studies and syntheses and in the laboratory analyses did not influence significantly the activity of the company, as the weight thereof in the turnover is under 2.5%.

For the accomplishment of the work volumes from 2008, investments were made with the value of RON 46,700,028, residing in purchases of technological equipment and transport means.

The objectives of the investments accomplished include:

- a station Sercel 428 UL with 6000 channels;
- a set of 6 vibrators Sercel Nomad;
- field equipment (boxes, cables, geophones);

- purchase of 54 field vehicles, of which a part replaced the ARO vehicles and trucks in the endowment, physically and morally worn.

For a future development of the company, S.C. Prospecțiuni S.A. proposed to promote its services on other international markets as well (Iran, Syria, Iraq, Morocco, Libya, Moldavia).

The weight of the main beneficiaries of the services in the turnover of the company is the following:

BENEFICIARY	Percentage weight in turnover (%)	
	2007	2008
1 PETROM-OMV SA	57.15	36.49
2 SNGN ROMGAZ SA	29.29	32.72
3 REGAL PETROLEUM LTD-UK	-	2.21
4 EXPERT PETROLEUM ROMANIA SRL	-	2.98
5 AMROMCO ENERGY LLC	0.24	1.81
6 ATLAS-GIP	1.27	0.57
7 JKX BULKAN BG EAD	-	11.57
8 MINISTRY OF INDUSTRY AND FINANCE	0.13	0.40
9 NORTH CASPIAN PETROLEUM	-	0.26
10 AURELIAN OIL & GAS	2.04	1.37
11 AUDAX ENERGY GMBH	-	0.18
12 OTHER BENEFICIARIES (including sale of assets)	1.57	9.44

The data reveal a significant decrease of the weight of the traditional client PETROM SA in the turnover of the company.

In 2008, an important weight in the turnover is held by the firm JKX BULKAN BG EAD (11.57%), representing data purchase works 3D performed at Golitza (Varna) in Bulgaria.

We must mention the fact that S.C. Prospecțiuni S.A. controls currently approximately 80 % from the market of seismic prospecting works from Romania and that it possesses performing technological equipment and labor force with superior qualification, and this fact may assure it competitiveness on the external market as well. In 2008, S.C. Prospecțiuni S.A. concluded 2 contracts for supply of seismic purchase services with the Iranian firm PARS ENERGY-GOSTAR DRILLING AND EXPLORATION CO (PEDEX), contracts pending accomplishment.

1.1.3. Assessment of the Technical – Material Supply Activity:

The technical-material supply of the company is performed by the specialty operational service according to the specific procedures of quality management. Due to the specificity of the object of activity of S.C. Prospecțiuni S.A., the proper development of the production process is directly influenced by the supply with equipments, spare parts, materials and fuels that are procured from the external, as well as from the internal market.

During 2008, the traditional external suppliers were maintained (Sercel – France, ION – USA, AB Entreprises – USA, Lister Petter – USA, Little Beaver – USA, Phoenix – Canada, EMCI – France, Technidrill – France) and the internal ones (OMV Petrom, BADUC, AUTORO, TIM PROTECTION, CARMESIN, CHIMOPAR, COMNICO SERV, ROMSYSTEMS).

New external suppliers were contacted as well for superior technique purchases (U.S. Alliance – USA, Thomas Instruments Inc. – USA).

Having regard to the increases of prices of several percentages at certain important products, firms in the field were addressed (Dynamic Technologies – Canada, Orion – Great Britain), whose relation of quality/price satisfied the beneficiaries.

On the internal market, the purchases of performing field vehicles were continued (Nissan and Toyota) by renouncing finally the vehicles ARO, technically obsolete, and whose maintenance was very costly. Having regard to the increases of prices of the products purchased from the internal market (determined by the evolution of inflation and exchange rate), the aim was a permanent negotiation of the supply prices with the suppliers, by obtaining important discounts at each concluded contract/order.

The development of the purchase contracts on the entire year 2008 took place in proper conditions, without misunderstandings with the internal or external suppliers.

We mention that on the entire period of the year 2008, no dysfunctions were signaled in respect of the technical-material supply process and in the relations with the suppliers.

The value of the stocks of raw materials and materials had, at the end of the year 2008, the value of RON 6,924,391.

1.1.4. Assessment of the Sale Activity:

- a) The services of the company were destined to the internal and external market; For the external, the seismic prospecting services were developed in Bulgaria.

In January 2009, the contract of seismic prospecting from Bulgaria was finalized, and the two contracts in Iran are in progress.

The actions to promote the seismic services internationally represent a permanent preoccupation of the company management.

- b) On the internal market, S.C. Prospeccțiuni S.A. is the only Romanian economic agent specialized in the supply of seismic services for oil and gas.

The competition on the internal market was sensed in the previous years by the presence of the companies Westen Atlas International (USA) and C.G.G. (FRANCE) that accomplished supplies in panels conceded by S.C. PETROM S.A. The services were practically supplied also by S.C. Prospeccțiuni S.A. in the capacity of subcontractor.

Currently, there is no risk for a real competition. In order to ensure the control of the internal market, S.C. Prospeccțiuni S.A. makes permanent efforts to maintain the technical level of production at high standards, holding labor force with high qualification in the field;

- c) We must mention that the dependence of the company on the existence of the 2 customers OMV – PETROM S.A. and SNGN ROMGAZ S.A. caused us in 2008 the difficulties presented at point 1.1.2. from the report, however not to the extent that the activity of the company dropped under the profitability threshold. For 2009, the company is no longer exposed to such a risk, and the contracts that are concluded and the ones to be concluded assure a volume of works superior to that of the year 2008.

The company also supplies services for the international companies that conceded petroliferous perimeters in Romania (Aurelian Oil&Gas, Regal Petroleum).

In order to diminish the dependency on the main customers, measures were taken to promote the services of the company on the international market.

1.1.5. Assessment of the Aspects Related to the Company Staff:

- a) In 2008, the company recorded a number in the books of 1918 employees structured as follows:

- executive management staff	6
- working staff + foremen	1339

- technical and administrative services staff	470
- guard staff	103

A special specificity in the prospecting activity resides in the large variation of staff during the two intervals, winter and summer as well as the number of contracts and terms thereof. The variation of the number of staff is influenced by the number of seasonal staff.

In order to ensure an adequate training level to the objectives of the company, internal and external trainings are scheduled each year, including an increasing number of employees.

The internal and external training programs are monitored by the Quality Department, by internal audits.

From the analysis of the feedback from customers in respect of the **staff competence**, at the level of the company, we also find the maintenance at maximum levels of the weight in grades «excellent» and «very well», granted by the beneficiaries, for the **criterion staff competence**.

No union is currently recorded within the company.

The Collective Employment Contract is negotiated between the employers and the elected representatives of the employees.

b) There are collaboration relations between the staff and the company management, and no conflicting elements existed or exist, that could affect the activity of the company.

1.1.6. Assessment of Environment Related Aspects:

S.C. Prospecțiuni S.A. implemented in 2007 an Environment Management System (EMS) according to the requirements SR EN ISO 14001:2005. It was certified by the certification body SIMTEX-OC in March 2008.

The basic activities of the company generate no significant impact on the environment factors (soil/subsoil, air, waters, ecosystems).

The prospecting works are supported by auxiliary activities. Some of these cause impacts on the environment factors, by generating wastes, evicting used waters, emissions of pollutants in the air, derived from the operation of stationary sources (thermal power stations) and mobile sources (vehicle park), risk of causing certain major accidents involving hazardous substances (explosive materials). These activities are authorized by the Territorial Agencies of Environment Protection, being permanently monitored.

The top management of the company defined an environment policy adequate to the application field of the system (geological and geophysical prospecting or hydrocarbons, solid mineral substances and underground waters and physical-mechanical, chemical and geological trials for minerals, rocks, ores, waters, air, natural gas, fuels, alloys) to the size of the organization and nature of the activities, its products and services, undertaking, in the form of commitments, the principles: of observing the applicable environment legislation and other environment requirements subscribed to by the organization, in respect of its environment aspects; of pollution prevention; further improvement of the environment performance. This represents a framework to establish the general environment objectives.

By its environment policy, reviewed in October 2008, the company promotes technical solutions, working practices, non-polluting technologies and performing equipments with minimal impact on the environment, pursuing the prevention with priority at source of the appearance of pollutants in air, water and soil.

The objectives, targets and environment programs of the organization were harmonized with the Investment Program for 2008 – that also took into account the environment requirements of the organization.

The following were established as environment objectives for 2008:

- maintaining and improving the quality of air in the working area by modernizing the vehicle park – purchasing vehicles with a decreased level of pollutant emissions and fuel consumption;

- decreasing the atmospheric pollutant emissions caused by burning installations – small capacity thermal power stations, by modernizing the system of thermal agent supply and preparation of domestic hot water, by setting in operation the thermal power stations with small capacity condensation (150 kW)

- preserving the water resources and preventing the deterioration of the characteristics of underground and surface water bodies by maintaining and exploiting at the designed parameters the hydro-geological drillings that assure the own source of water supply and optimization of water consumptions;

- preventing the contamination of the soil/subsoil and underground water by eliminating the pollution sources caused by inadequate generation, accumulation and storage of materials and wastes of any nature;

- protecting and preserving biodiversity, natural habitats and wild flora and fauna by assuring the best available working technology, economically viable, adequate to the Management Plans and Regulations of protected natural areas;

- increasing the awareness degree of the staff in respect of observing the environment and EMS regulations by establishing the environment obligations deriving from the legal requirements and from other requirements, training the staff for the adoption of a responsible behavior towards the environment, preventing accidental pollutions, observing the regime of wastes;

- preventing major accidents involving hazardous substances by training the staff in respect of the behavior in case of accident and security measures (testing intervention plans and scenarios drafted for each type of identified risk), organizing the operational flow in security conditions.

In order to accomplish the environment objectives and targets established by the organization, Environment Programs were drafted, aiming at decreasing the impacts on the environment.

Observing the legal provisions for environment protection and other requirements concerning the environment, in respect of the environment aspects generated by the activities of the company was and is a nucleus of the organization preoccupations. The staff that develops activities with a significant aspect on the environment was adequately trained to observe the environment requirements adequate to the developed activities (according to the training programs made within the organization, as well as legal training requirements for certain professional categories developing activities that could cause prejudices to the environment), and the environment composition is integrated in all working practices of the organization.

The provisions established by the regulation deeds (environment and water management authorizations) implemented for the working points where activities with a significant impact on the environment are developed were adequately managed, and in 2008 no sanctions and contraventions were registered in respect of environment protection from the competent authorities.

Also, no claims and penalties were registered from interested parties (owners of lands, local and territorial administrative authorities, central and territorial authorities for environment protection and water management, forest authorities, etc.) in respect of the failure to observe the legislation in the field of environment protection and other requirements subscribed to by the organization on the environment aspects generated by the developed activities.

1.1.7. Assessment of the Research-Development Activity:

As of 2006, S.C. Prospecțiuni S.A. became a partner/coordinator in research-development programs, innovation (CDI) administrated by the Ministry of Education, Research and Youth, developing activities within several projects.

In 2008, services of research-development-innovation were supplied in the following projects:

CEEX Programs (launched in 2006):

- “Multidisciplinary researches for drafting a national standard on mapping land falls, zonation of habitats with a risk degree on land falls and implementing data obtained at a national and local level” – District Bazinul Buzăului. – Contract no. 746/2006, finalized on 15.09.2008 – value 2008 – RON 303,000 (without co-financing);
- “Shaping the deep structure of the Getic Crystalline from the central Meridional Carpathians by correlating petrologic, tectonic, geophysical and remote sensing data” - contract no. X2C14, finalized on 05.09.2008 – value 2008 – RON 286,153 (without co-financing);

PNCIDI II Programs- Partnerships in priority fields - P4 (launched in 2007):

“Performing the detail geochemical map of Bucharest Municipality, by presenting the habitat damaging/preserving degree of the environment factors - water (underground and surface), soil, plants”- contract no. 31-006/2007, development stage 2-2008 – value RON 434,701 (+co-financing – RON 280,000). The project continues with stage 3-2009 with the value of RON 714,299 (+co-financing – RON 338,694)

- “Geo-economic characterization of major tectonic units from Romania. Models of speed distribution of seismic waves”. - contract no. 32157/2008 –financing value from the state budget, stage I – January-February 2009:-RON 38,700; (+co-financing – RON 20,910);

PNCIDI II Programs (P5 – Innovation) (launched in 2008):

- “OLAP Analysis System of urban data obtained by geo-spatial and geo-morphological survey of public utility networks” within PNCIDI – II, period 2007 - 2011, (subcontract IPA no. 220.2/2008) – financing value stage I - 2008 – February 2009: state budget – RON 40,000; (+co-financing – RON 21,550).

Total collections 2008 – RON 1,123,854 (+ RON 60,250, stage 2008 with collection 2009).

The advantages of the company participation in the Romanian Research-Development-Innovation Programs-P4 (Partnerships in priority fields) reside in:

- covering the costs for the internal technical modernization necessity;
- improving the staff knowledge by involvement in the research-development programs;
- covering the representation costs in national and international scientific manifestations;
- covering the costs for computer modernization;
- covering the purchase costs for soft involved in projects;
- covering the costs for knowledge improvement of staff;
- co-opting students within projects and selecting staff for future technical processes;
- participation in the intellectual right resulted further to the research-development.

For 2009, S.C. Prospecțiuni S.A. is registered as an eligible participant in the PNCIDI II Program - P4, in 3 projects, with a total value of over RON 1,200,000 from the state budget (towards which it engages with approximately RON 400,000 co-financing).

1.1.8. Assessment of the Company Activity on Risk Management:

The treasury flows show that the company held financial sources to cover all expenses, although the resources appeared mainly in the second part of the year.

In this context, covering certain expenses, especially the ones related to investments in equipments and plants necessary to the production process were made or shall be made during the first interval of the year from own sources, supplier credits, financial leasing and as necessary also from bank credits, should they be possible to engage.

Having regard to the level of services production to be contracted on the internal and external market, we estimate that the company is not exposed towards the risk of price and liquidity, as the prices from the offered bids are competitive and the financial sources for the activity development are assured in their vast majority.

1.1.9. Perspective Elements on the Company Activity:

a) Having regard to the trend of development of the prospecting activity for the perimeters on the internal market where the company holds a favorable position, as well as on the external one, we may conclude that as compared to the period of 2008, for 2009 the company activity is not affected and there are no factors of uncertainty.

b) The capital expenses suffered a significant modification of the value in the sense of increasing thereof, further to the investments aimed especially at endowing the company with state-of-the-art devices for registration of seismic signals, as well as with performing vehicles and plants for the development of the production activity. The permanent endowment with performing plants and installations is further a priority in the company investment policy.

All contracted prospecting works were obtained by public tenders, and the technical bid has an important place in the tender documentation, and the beneficiaries request state-of-the-art technical endowments.

c) Certain economic changes are provided for 2009, to assure an increase of the income from the basic activity. The accomplished profit shall exclusively derive from the basic activity and shall be determined by the increase of the seismic services by the 3D method as well as further to the measures to decrease the operating expenses.

2. TANGIBLE ASSETS OF THE COMPANY

2.1. The location and characteristics of the main buildings and lands within the ownership of the company are presented as follows:

No	Address	Asset	Area	Area	Value
			total (sq.m)	build.(sq.m)	in accounting
1	Caransebes Street No. 1, District 1, Bucharest	* Land	8,784.47	3,063.32	1,235,974.93
		* Buildings:			
		Office building U+GF+7			1,588,050.18
		Laboratory Building GF+3			753,706.50
		Building Dispensary – Polyclinic			508,269.08
		Other buildings and constructions			598,643.96
2	Coralilor Street No. 20A, District 1, Bucharest	* Land	17,194.83	7,206.47	2,419,308.36
		* Buildings:			

		Administrative building			646,537.00
		Computer Building CDC			829,005.59
		Wall building 34 boxes			194,720.71
		Other buildings and constructions			601,297.21
3	Coralilor Street No. 31, District 1, Bucharest	* Land	13,736.22	2,904.38	1,932,686.15
4	Coralilor Street No. 31A, District 1, Bucharest	* Land	19,496.14	1,536.47	2,561,870
5	Modestiei Street No. 1, District 1, Bucharest	* Land	20,956.20	13,026.00	2,569,791.23
		* Buildings:			
		Administrative Building			262,148.70
		Core Repository – Test Laboratory			141,581.20
		Shop for tachograph assembly			50,699.30
		Other buildings and constructions			645,828.05
6	Fabrica de Oxigen Street, Buciumeni, County of Ilfov	* Land	2,593.33	785.42	139,002.49
		* Buildings:			
		Social Group Building Buciumeni			301,795.02
		Other buildings and constructions			144,721.20
7	Hangarelor Street No. 2, Buzau, County of Buzau	* Land	70,530.44	14,212.90	1,417,661.84
		* Buildings:			
		Hangar building			181,607.69
		Interior roads			114,488.25
		Other buildings and constructions			167,944.76
8	Leordeni Commune, County of Arges	* Land	65,619.40	26,353.58	728,951.65
		* Buildings:			
		Vehicle repair shop			153,251.30
		Administrative building			70,358.00
		Tractor repair shop			45,959.30
		Other buildings and constructions			127,359.82
9	Sinca Veche Commune, County of Brasov	* Land	25,909.80	996.29	303,795.92
		* Buildings:			
		Explosive materials warehouse			327,432.56
		Other buildings and constructions			69,686.95
10	Furnica Street No. 52, Sinaia, County of Prahova	* Land	1,288.11	176.00	181,237.08
		* Buildings:			
		Estate Sinaia			2,064,789.63
11	Mogoșoaia, Vinătorilor Street no. 2C, county of Ilfov	* Land	1,200.82	167.70	1,148,031.95
		* Buildings:			
		- Dwelling			351,968.05
	TOTAL	* Land	247,309.76	70,428.53	14,638,314.60
		* Buildings:			10,941,849.95

The total patrimony assets with the value of RON 212,320,839 are structured as follows:

A. Intangible assets: materialized especially in software licenses for production and computers 651,976

B. Tangible assets:

- Lands	14,638,311
- Constructions	9,186,149
- Technical installation and transportation means	94,121,038
- Furniture, office automation devices, equipment of protecting human values and materials and other tangible assets	304,313
- Advances	-
- Assets in progress	4,347,620

Total 122,597,431

C. Financial assets:

- Titles as participation	4,412
- Other long term receivables (guaranties)	1,970,025

Total 1,974,437

D. Current assets:

- Stocks and production in progress	7,299,607
- Commercial receivables and other receivables	73,744,022
- Petty cash and accounts at banks	6,052,139

Total 87,095,768

E. Accrued expenses:

- Leasing interests	1,227
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Total assets on 31.12.2008 212,320,839

The correspondence in liabilities of the above itemized patrimony assets is materialized in the following:

A. DEBTS

- Debts that must be paid in a period under one year	28,358,351
- Debts that must be paid in a period above one year	3,670,199

Total debts 32,028,550

B. CAPITALS, RESERVES, PROFIT

- Subscribed and paid up share capital – account 1001.2	71,804,872
- Reevaluation reserves – account 105	16,304,324
- Legal reserves– account 106.3	4,270,734
- Reserves representing the surplus accomplished from reevaluation reserves – account 106.5	497,995
- Other reserves (mt. pr., fd. dev.) account 106.8	84,639,018
- Other retained earnings (account 117)	-46,663
- Distributions from the profit of 2007	-192,266
- Non-distributed profit prior to the Decision of the General Meeting	3,014,275

Total capitals 180,292,289

Total liabilities on 31.12.2008 212,320,839

At the end of 2008, S.C. Prospecțiuni S.A. recorded patrimony assets with the total value of RON 212,320,839, exceeding with RON 17,414,106 the ones from 2007.

Having regard that the total debts from 2008 was in the amount of RON 32,028,550, it results the net assets of the company on 31.12.2008 of RON 180,292,289, exceeding with RON 20,886,112 the one from the same period of the previous year.

In 2008, the share capital increased further to the subscription and paying up by the shareholders of the amount of RON 17,871,982.50.

STATUS OF INVESTMENTS AND TANGIBLE AMORTIZATIONS

The expenses made for investments on 2008 were of RON 54,681,766 materialized in the following:

I	Tangible assets	=	RON 49,972,841
II	Intangible assets	=	RON 361,305
III	Tangible assets in progress and advances	=	RON 4,347,620

I. Tangible Assets	RON 49,972,841
1. Land	RON 1,148,031
2. Constructions of which	RON 2,108,810
- Mogoșoaia Building	RON 351,968
- New constructions	RON 628,504
- Arrangements in existing constructions	RON 1,228,338
3. Technical installations, transport means	RON 46,700,028
3.1. New plants, installations and machines for production of which	RON 41,170,614
3.1.1. Plants and installations of which	RON 35,677,804
Telemetric station	RON 16,249,696
Geophone interchange	RON 9,413,565
Vibrators – 6 pcs.	RON 8,156,420
TAF – 7 pcs.	RON 1,130,318
GPS	RON 322,434
Tester	RON 189,804
Shot Pro	RON 177,371
Independent testing system	RON 38,196
3.1.2. Transport means of which	RON 4,574,546
- Toyota Hilux – double cabin (50 pcs.)	RON 3,546,219
- Chassis MAN and 3 Renault Utility Vehicles	RON 593,986
- Other transport means	RON 434,341
3.1.3. Computers for production and administration activity	RON 462,259
3.1.4. Other plants and installations of which	RON 456,005
- Container, Softening station, Container, etc.	RON 265,097
- Thermal heating installation	RON 102,097
- Air conditioning installation	RON 67,255
- Other installations	RON 21,556
3.2. Modernizations at the existing assets	RON 5,529,414

- Modernizations of the seismic station 408	RON 4,533,550
- Minitrak modernization	RON 841,467
- Other modernizations	RON 154,397
4. Furniture, office automation devices, equipments for protecting human and material values, other tangible assets	RON 15,972
II. Intangible assets	RON 361,305
- License CHARISMA (wages program)	RON 102,160
- License THIN ANZWHERE SCHLUMBERGER LOGELCO	RON 40,984
- License SOFTWARE TESTI-F	RON 24,173
- License SOFTWARE TESTI-F (2 licenses)	RON 44,087
- License SDI PM WG1 (3 licenses)	RON 48,225
- License soft Novell+USER LIC	RON 10,978
- Licenses Autodesk Raster Desing	RON 9,057
- Other licenses WINDOWS XP, PHOTOSHOP, SOL CAL, ETC	RON 81,637
III. Tangible assets in progress and advances of which	RON 4,347,620
Advances	Ø
Assets in progress of which	RON 4,347,620
Plants for seismic registration	RON 369,452
TAF with multifunctional installations	RON 300,737
Auto RX 400	RON 135,919
Electric connection Base	RON 55,193
Construction works Coralilor	RON 373,035
Software seismic equipments + Licenses	RON 300,856
Utility vehicle and mini-truck arrangement	RON 487,621
Arrangement Social Home Buciumeni	RON 87,188
Arrangement Repair Base Bucharest	RON 926,262
Arrangement building Caransebeş	RON 1,180,242
Arrangement building Mogoşoia	RON 59,396
Other assets in progress	RON 71,719

By following the increase of the value in the tangible assets during 2008, as compared to the value on 31.12.2007, it is presented as follows:

Tangible asset	Balance on 31.12.2007	Balance on 31.12.2008	Difference
Lands and constructions	RON 28,671,637	RON 23,824,460	RON -4,847,177
Technical installations and vehicles	RON 61,788,278	RON 94,121,038	RON +32,332,760
Other installations, plants and furniture	RON 331,780	RON 304,313	RON -27,467
Advances and assets in progress	RON 8,411,653	RON 4,347,620	RON -4,064,033
TOTAL	RON 99,203,348	RON 122,597,431	RON +23,394,083

As it results, the chapter technical installations and machines suffered a significant modification of the value in the sense of its increase, further to the investments aimed especially at the endowment of the company with last generation devices for the investigation of seismic signals, as well as with performing machines and plants for the development of the production activity. The permanent endowment with performing plants and installations continues to be a priority in the investment policy of the company. All contracted prospecting works were obtained by public tenders, and technical bid has an important place in the tender documentation, as the beneficiaries request state-of-the-art technical endowments.

We must mention the fact that the financing source of the investments performed in 2008 resided in the recovered amortization further to the wear of the fixed means as well as reinvested net profit.

In this context, the investment plan on 2009 shall be especially accomplished based on supplier credits and financial leasing. We must mention the fact that for the year 2009 tangible and intangible investments are provided in the amount of RON 21,141,115, and the financing sources shall further be amortization and net profit.

2.2. Further to the vast investment program from the last 4 years, the wear degree, especially at the technical installations, vehicles and transportation means decreased a lot. At the technical installations, vehicles and transportation means, the decrease of the amortization degree in 2008 as compared to 2007 was of 4.5%, from 45.3 % to 40.8 %. The investment program in a percentage of 90% was and shall be aimed at the purchase of equipments necessary to the production process.

2.3. The company has no problems related to the ownership right over the tangible assets, except for the land situated in Bucharest, Coralilor Street no. 31 A, District 1, with the area of 19,496.14 square meters, on which various individuals requested at law the claim of 8,419 square meters from the abovementioned area.

3. SECURITIES MARKET

3.1. The shares of S.C. Prospeccțiuni S.A. are traded at the Stock Exchange Bucharest, RASDAQ market, under the symbol PRSN.

In the session from 04.12.2007 of the Extraordinary General Meeting of the Shareholders, it was decided to increase the share capital with the amount of RON 17,977,630, the equivalent of 7,191,052 shares. Among these, a number of 7,148,792 shares with the value of RON 17,871,982.50 (99.41%) was subscribed by the shareholders of the company. According to the same decision of the General Meeting of the Shareholders, the splitting of the shares from the nominal value of RON 2.5 to the nominal value of RON 0.10 took place.

Further to the above, as of April 2008, the share capital of S.C. Prospeccțiuni S.A. is of RON 71,804,872.50, divided in 718,048,725 shares with a nominal value of RON 0.10.

3.2. The Ordinary General Meetings of the Shareholders from 26.04.2006, 19.04.2007 and 22.04.2008 decided the integral use of the profit obtained in these years as main source to support the investment programs for company development purposes.

In 2007, a possibility was created that the company may increase the share capital by the capitalization of the retained earnings related to the previous years, with the amount of RON 49,438,483, the equivalent of 19,775,393 shares. The shares resulted further to the

increase of the share capital were granted free of charge in a percentage of 1:11, to all shareholders, with the registration date 27.07.2007.

3.3. In the session of the Extraordinary General Meeting of the Shareholders from 30.09.2008, it was decided the purchase by the company of up to maximum 10% from the total issued shares, at a price comprised between RON 0.10 – 1.00. The action may be developed during the interval 21.10.2008 – 21.10.2009. The unfavorable economic circumstance and the depression of the capital market led to the direction of liquidities mainly to production, deriving in the delay of developing the purchase program.

3.4. The company holds shares at other companies as follows:

- RON 2,000 at S.C. PROSPECTIUNI S.A. DIVIZIA DE PAZĂ ȘI PROTECȚIE as sole shareholder and participation of 100% in the share capital;

- RON 2,337.50 representing 3,935 shares with a participation of 2.5% in the share capital of S.C. ESPAROM S.A.

- RON 75 representing 30 shares with a participation of 0.0068% in the share capital of S.C. GET S.A..

In 2008, S.C. PROSPECTIUNI S.A. collected no dividends or shares from the abovementioned companies.

3.5. The company issued no bonds or other debentures.

4. MANAGEMENT OF THE COMPANY

4.1. Administrators of the Company:

1. Tender Nicoleta Daniela, aged 40, Ph.D. at Law, Administrator with powers of Chairman of the Board of Directors;

2. Petrișor Nicolae, aged 51, Legal Expert, Administrator;

3. Gubandru Traian, aged 68, Economist, Administrator, holds a number of 352,800 shares with a participation quota of 0.0491% from the share capital;

4. S.C. Middle EUROPE Investment SRL, holds a number of 34,505,015 shares with a participation quota of 4.8054% from the share capital; represented by Fader Cristian Robert, aged 28, Economist, Administrator;

5. Constantin Mircea, aged 47, Engineer, Administrator representing SIF Muntenia that holds a number of 85,208,400 shares with a participation quota of 11.8667% from the share capital.

By the decision of the Extraordinary General Meeting of the Shareholders from 24.11.2008 it was approved the increase of the number of members in the Board of Directors from 5 to 7.

According to the decision of the Ordinary General Meeting of the Shareholders from 24.11.2008, two new members of the Board of Directors were appointed.

By decision no. 12 from 24.11.2008 of the Board of Directors, it was approved the release from the function of Chairman of Mrs. Tender Nicoleta Daniela and remaining as a member of the Board of Directors, as well as appointing as the Chairman of the Board of Directors of Mr. Gehrig Stannard Schultz, registered at the Trade Register Office according to the Order of the Delegated Judge no. 9293 from 9 February 2009.

4.2. Members of the Executive Management:

- Gubandru Traian, Managing Director;

- Milea Marius, Production Director on undetermined period, holds 95,200 shares;

- Sighişoreanu Alexandru, Economic Director on undetermined period, holds 16,000 shares;
- Ciovică Aurel, Commercial Director on undetermined period, holds no shares at the company;
- Mitroi Mihail, Deputy Production Director on undetermined period, holds 17,675 shares;
- Iuşan Constantin, Deputy Director Mechanic on undetermined period, holds no shares.

4.3. The members of the Board of Directors and of the Executive Management were not involved in litigations or administrative procedures in respect of the their activity or concerning their capacity in exercising the attributions.

5. FINANCIAL - ACCOUNTING STATUS

Balance sheet elements – income – expenses – profit				
-RON-				
No.	ELEMENT	YEAR		
		2006	2007	2008
1.	TOTAL ASSETS of which:	167,690,694	194,906,733	212,320,839
2.	- TANGIBLE ASSETS	80,512,518	99,203,348	122,597,431
3.	- Current assets of which	83,638,772	93,241,890	87,095,768
4.	- Stocks	5,519,999	7,957,210	7,299,607
5.	- Receivables	59,317,680	66,813,652	73,744,022
6.	- Availabilities	18,801,093	18,471,028	6,052,139
7.	- Net cash flow	13,359,223	- 330,065	-12,418,889
8.	- Capitals of which	105,393,641	159,406,167	180,292,289
9.	- Share capital	4,494,407	53,932,890	71,804,872
10.	- Turnover	206,476,789	203,072,576	124,634,067
11.	- Total income	213,445,485	216,156,806	142,508,187
12.	- Total expenses of which:	165,620,923	152,367,913	138,662,865
13.	- Expenses with raw materials and materials	20,611,126	26,854,822	17,779,075
14.	- Expenses with staff	54,255,172	71,527,957	61,233,613
15.	- Expenses - external supplies	58,986,367	15,864,138	19,425,306
16.	- Average number of employees	2,468	2,807	1,918
17.	- Total provisions of which:	561,830	723,590	525,558
18.	- For stocks depreciation	46,778	369,554	379,635
19.	- For doubtful receivables	515,052	354,036	145,923
20.	- Gross profit	47,824,562	63,788,893	3,845,322
21.	- Net profit of which:	39,833,471	54,007,995	3,014,275
22.	- Legal reserve	-	3,179,587	192,266
23.	- Development	39,833,471	50,828,408	2,822,009

In evolution, the balance sheet elements reflect a permanent increase of the total assets, with a very high increase of the tangible assets compared to the total assets increase.

The increase of tangible assets outruns the increase of the current assets.

This positive evolution was possible further to the orientation of the funds to investments.

A positive evolution recorded also the capitals and especially the share capital that in 2008 was higher by 15.98 times compared to the one from 2006.

The total income and the turnover from 2008 were decreased as compared to the

previous years, and the decrease of the expenses did not follow the same evolution and in this case the financial results (gross profit) were a lot less than in the previous years.

	Expenses	Weight in expenses	
		2007	2008
1.	Expenses raw materials and materials	17.62	12.82
2.	Expenses with the staff	46.94	44.16
3.	Expenses with the external supplies	10.41	14.01

We find that the weight of the raw materials and of the ones with the labor force in 2008 decreased as compared to the previous year, and this situation leads to the conclusion that the decreased level of the obtained income influenced to the highest extent the indicators of efficiency presented below.

INDICATORS		Computation formula	31.12.2007	31.12.2008
1.	Operation profitability rate	$\frac{\text{operation result}}{\text{turnover}} * 100$	$\frac{64,272,225}{203,072,576} * 100 = 31.65\%$	$\frac{4,609,577}{124,634,067} * 100 = 3.70\%$
2.	Economic profitability rate	$\frac{\text{operation result}}{\text{total assets}} * 100$	$\frac{64,272,225}{194,906,733} * 100 = 32.98\%$	$\frac{4,609,577}{212,320,839} * 100 = 2.17\%$
3.	Liquidity indicators			
3.1	Current liquidity (report should be > 2)	$\frac{\text{current assets}}{\text{current debts}}$	$\frac{93,241,890}{22,213,261} = 4.20$	$\frac{87,095,768}{28,358,351} = 3.07$
3.2	Immediate liquidity: (report should be > 2)	$\frac{\text{current assets} - \text{stocks}}{\text{current debts}}$	$\frac{85,284,680}{22,213,261} = 3.84$	$\frac{79,796,161}{28,358,351} = 2.81$
4.	Management Indicators			
4.1	Stocks rotation speed	$\frac{\text{stocks}}{\text{turnover}} * 365$	$\frac{7,957,210}{203,072,576} * 365 = 14.60 \text{ days}$	$\frac{7,299,607}{124,634,067} * 365 = 21.38 \text{ days}$
4.2	Debits rotation speed (customers)	$\frac{\text{customers}}{\text{turnover}} * 365$	$\frac{19,634,965}{203,072,576} * 365 = 36.5 \text{ days}$	$\frac{26,283,266}{124,634,067} * 365 = 76.97 \text{ days}$
4.3	Credits rotation speed (suppliers)	$\frac{\text{suppliers}}{\text{turnover}} * 365$	$\frac{16,345,388}{203,072,576} * 365 = 29.20 \text{ days}$	$\frac{15,838,536}{124,634,067} * 365 = 46.38 \text{ days}$
4.4	Non-current assets rotation speed	$\frac{\text{turnover}}{\text{non - current assets}}$	$\frac{203,072,576}{101,044,321} = 2.01$	$\frac{124,634,067}{125,223,844} = 1.00$
4.5	Total assets rotation speed	$\frac{\text{Turnover}}{\text{total assets}}$	$\frac{203,072,576}{194,906,733} = 1.04$	$\frac{124,634,067}{212,320,839} = 0.59$
5.	Profitability Indicators			
5.1	Engaged capital profitability	$\frac{\text{gross profit}}{\text{engaged capital}} * 100$	$\frac{63,788,893}{159,406,167} * 100 = 40\%$	$\frac{3,845,322}{180,292,289} * 100 = 2.13\%$
5.2	Gross sales margin	$\frac{\text{sales gross profit}}{\text{turnover}} * 100$	$\frac{63,788,893}{203,072,576} * 100 = 31.41\%$	$\frac{3,845,322}{124,634,067} * 100 = 3.08\%$

The efficiency and profitability indicators accomplished in 2008 are decreased as compared to the previous year, however we must specify the fact that the financial position was not endangered as there are no major risks and uncertainties.

The correct management of the financial risk and of the treasury flow presented below enabled the performance in time of the priority expenses during the entire financial year.

	2007	2008
Treasury flows from the operating activity		
Net profit of the year	54,007,995	3,019,261
Adjustments for non-monetary elements:		
Operating expenses on amortization and depreciation of assets (account 681)	17,304,919	15,132,535
Expenses with tax on profit from account 691	9,780,898	831,047
Net expenses provisions for current assets	161,760	(198,032)
Net earnings from assignments of fixed means (ac. 758.3- 658.3)	(689,043)	(1,738,343)
Income from interests account 766	(234,343)	(264,855)
Expenses with interests account 666	1,952,841	527,541
Other retained earnings derived from corrections of previous years account 117.4	4,573	-
Result from operation prior to modifications of circulating capital	82,289,600	17,304,169
Modifications of net circulating capital in:		
Receivables and similar accounts	(7,547,858)	(8,444,777)
Stocks	(2,563,889)	647,524
Other assets	1,009,554	619,295
Suppliers and similar accounts	(31,722,565)	1,265,078
Modifications of circulating capital	(40,824,758)	5,912,880
Paid interests related to financial leasing	(1,537,726)	527,542
Tax on profit paid	(10,536,228)	1,809,211
Net treasury flow from operating activity	29,390,888	9,054,536
Treasury flow used in the investment activity		
Purchases of assets	(16,708,549)	(39,211,493)
Collections from the sale of tangible assets	1,817,882	7,758,594
Collected interests	234,343	264,855
Net treasury flow used in the investment activity	(14,656,324)	31,188,044
Treasury flow used in the financing activity		
Received loans	8,695,500	-
Reimbursements of loans	(6,303,124)	(1,822,382)
Financial leasing payments	(17,457,005)	(6,334,981)
Collections from the increase of the share capital	-	17,871,982
Net treasury flow used in the financing activity	(15,064,629)	9,714,619
Net increase/(decrease) of availabilities and similar elements	(330,065)	(12,418,889)
Availabilities and similar elements on the beginning of the year	18,801,093	18,471,028
Availabilities and similar elements at the end of the year	18,471,028	6,052,139

In 2008, as compared to the year 2007, the financial balance is presented as follows:

-RON-			
No.	INDICATOR	On 31.12.2007	On 31.12.2008
1.	Non-current assets	101,044,321	125,223,844
2.	Long term debts	13,287,305	3,670,199
3.	Provisions	-	-
4.	Equities	159,406,167	180,292,289
5.	Working capital	71,649,151	58,738,644
6.	Stocks	7,957,210	7,299,607
7.	Receivables	66,813,652	73,744,022
8.	Accrued expenses	620,522	1,277
9.	Short term debts	22,213,261	28,358,351
10.	Deferred income	-	-
11.	Necessary working capital	53,178,123	52,686,505
12.	Available	18,471,028	6,052,139
13.	Net treasury	18,471,028	6,052,139
14.	TOTAL ASSETS	194,906,733	212,320,839
15.	TOTAL DEBTS	35,500,566	32,028,550

S.C. Prospecțiuni S.A. has no debts towards credit institutions, being financed until this moment only from own sources and supplier credits. Thus, the net treasury equals the liquidities within bank accounts and petty cash and is decreased with RON 12,418,889.

The working capital was decreased with RON 12,910,507 further to the increase of the non-current assets and to the decrease of the short-term debts, and the increase of the equity could not cover the influence thereof.

The decrease of the working capital with RON 12,910,507 and the decrease of the necessary of working capital with RON 491,618 derived in a treasury deficit of RON 12,418,889.

The receivables were increased simultaneously with the short-term debts. The increase of receivables of RON 6,930,370 covers the increase of the short-term debts of RON 6,145,090, resulting a plus of RON 785,280.

Concurrently, we find a decrease of the total debts in the amount of RON 3,472,016, decrease that was covered from the net treasury.

From the total receivables of RON 73,744,022, the receivables with the affiliated units from the group are of RON 2,829,214.

By analyzing the evolution of the receivables registered in 2008, we find an increase of the volume thereof by 10.37 % respectively RON 73,744,022 in 2008 as compared to RON 66,813,652 accomplished at the level of the year 2007.

We must note the fact that in the table of the receivables with the value of RON 73,748,434, the weight belongs to the receivables RAFO with the value of RON 45,834,133. This receivable, according to the Decision of the General Meeting of the Shareholders from 22.01.2008, shall be converted in a number of 18,333,653 shares with a nominal value of RON 2.5 as participation in the increase of the share capital of S.C. RAFO S.A. This Decision was taken based on the Current Report from 20.11.2007 of the Extraordinary General Meeting of the Shareholders RAFO whereby it was transmitted to the Stock Exchange Bucharest the increase of the share capital and the new structure of the shareholding wherein S.C. Prospecțiuni S.A. participates in the share capital with the amount of RON 45,834,133 equivalent with 18,333,653 shares and a weight in the total

share capital of 2.2701%.

The value of the customers on 31.12.2008 outside the group represents the amount of RON 23,271,990 and of the ones from the group of RON 2,829,214.

The value of the debts recorded in bookkeeping at the end of the year 2008 is of RON 32,028,550 out of which:

1. Debts to the state budget and local budgets	RON 2,158,998
2. Debts for leasing contracts	RON 6,439,359
3. Debts with staff (wages and other rights)	RON 2,679,989
4. Total suppliers	RON 15,838,536
out of which	
- Suppliers within the group	RON 523,799
- Suppliers of assets – internal	RON 1,082,843
- Suppliers of assets – external	RON 11,586,013
- Internal suppliers raw materials, materials	RON 1,854,414
- Other internal suppliers	RON 791,467
5. Management guarantees	RON 40,668
6. Other debts (accounts 419, 462)	RON 4,871,000
out of which	
- VAT Bulgaria	RON 2,979,350
- Compensations for crops	RON 1,226,879

The debts to the state budget and local budgets registered on 31.12.2008 with the value of RON 2,158,998 refer to:

- Tax on profit	RON 37,783
- VAT	RON 176,933
- Tax on wages	RON 459,472
- Social security	RON 663,279
- Health contribution	RON 392,099
- Unemployment contribution	RON 33,517
- Special funds	RON 13,770
- F.N.U.A.S.S. + Accidents + others	RON 373,189
- Debts to the local budgets	RON 8,956

On 31.12.2008, the company recorded no outstanding debts to the budgets, the current debts being paid at maturity.

The debts towards the leasing suppliers with the value of RON 6,439,359 are to the following:

TOYO MOTOR LEASING	RON 4,702,219
RCI Leasing	RON 1,098,378
MARFIN LEASING	RON 381,191
TOYO MOTOR LEASING	RON 191,337
PORCHE LEASING	RON 66,234

The debts refer to the 155 financial leasing contracts for the endowment of the vehicle park with the vehicles necessary mostly to the field activity, with a payment term on a period of 1 year with the value of RON 2,769,160 and of RON 3,670,199 above one year.

The outstanding rates are paid to date.

6. CONCLUSIONS

This Report includes the data reflected in the bookkeeping of the company on the year 2008, according to the provisions of the Law on Accounting no. 82/1991, republished with the subsequent amendments and supplements, as well as to the provisions of the order of the Minister of Finance no. 1752/2005 on the approval of the Accounting Regulations harmonized with Directive IV of the European Economic Community.

Further to the decision of the General Meeting of the Shareholders from September 2002, the company instituted the internal audit according to the provisions of Law no. 301/2002, assured by a specialized and authorized firm in this field.

The external audit is assured by contract with the audit firm KPMG AUDIT S.R.L., and the payment of the respective service is made according to the provisions of the Engagement Letter signed by the two parties.

This Report is accompanied by the Report of the External Auditor, Trial Balance, Balance Sheet, Account of Profit and Losses.

The balance sheet and the account of profit and losses were drafted based on the data from the trial balance.

The items from the balance sheet are according to the data recorded in bookkeeping, and the results of the annual inventory are capitalized and reflected in the respective items.

Further to the presented facts, we may formulate the following conclusions:

- the company ended with profit the activity of the year 2008;
- in the Prospecting department, the company holds a favorable market share;
- the increased degree of technical endowment enables the execution of complex works on the internal as well as on the external market;
- the financial balance was assured, as the company is up to date with the payment of the debts to the state budget, local budgets and other state institutions;
- solid partnership with large companies on the hydrocarbon department (OMW-PETROM S.A., SNGN, ROMGAZ S.A.)
- the possibility to continue the investment program, having ensured the financing sources;
- the possibility to approach other external markets further to the state-of-the-art technical endowment and qualified staff.

CHAIRMAN OF THE BOARD OF DIRECTORS

TENDER NICOLETA DANIELA Ph.D.

ADMINISTRATOR, MANAGING DIRECTOR

TRAIAN GUBANDRU