



**Petroplus** Annual Report 2009



# Financial Highlights

		2009	2008 <sup>1) 2) 3)</sup>	2007 <sup>1) 2)</sup>	2006 <sup>1) 2)</sup>
<b>Selected Operating Data</b>					
Revenue	in millions of USD	14,797.8	24,302.0	10,581.0	3,797.5
Gross margin	in millions of USD	1,205.4	948.6	913.0	405.7
Net (loss)/income	in millions of USD	(108.8)	(333.0)	206.2	104.6
from continuing operations					
Net (loss)/income	in millions of USD	(249.9)	(516.6)	303.3	443.6
Basic earnings per share <sup>4)</sup>	in USD	(3.20)	(6.94)	4.22	10.06
Diluted earnings per share <sup>4)</sup>	in USD	(3.20)	(6.94)	4.09	9.71
Employees <sup>5)</sup>	Number	2,845	2,882	1,827	925
Total throughput <sup>6)</sup>	in thousands of bpd <sup>7)</sup>	543.5	643.0	384.8	201.0
Total production <sup>6)</sup>	in thousands of bpd <sup>7)</sup>	553.9	654.1	391.0	202.1
Per barrel of total throughput					
R&M Gross Margin per bbl <sup>8) 9)</sup>	in USD	5.72	4.07	7.50	3.70
Operating expenses total Company <sup>9)</sup>	in USD	3.64	3.44	3.04	1.84

## Selected Statement of Financial Position

Cash and short-term deposits	in millions of USD	11.2	209.8	62.5	91.6
Current ratio <sup>10)</sup>		1.2	1.1	1.3	1.6
Net current assets <sup>11)</sup>	in millions of USD	397.8	341.1	832.2	648.6
Total assets	in millions of USD	6,678.3	6,914.9	7,466.8	3,014.8
Total debt	in millions of USD	1,833.4	1,881.9	1,333.1	–
Total equity	in millions of USD	1,988.0	1,987.6	2,501.5	1,555.1

## Selected Share Data <sup>12)</sup>

(ISIN: CH0027752242; Symbol: PPHN)					
Issued shares at December 31	Number	86,325,289	69,060,231	68,641,599	61,036,600
Nominal value	in CHF	7.58	8.18	9.18	9.18
Share price: high	in CHF	28.24	84.15	133.00	79.90
low	in CHF	13.78	18.05	70.00	66.90
Share price at December 31	in CHF	19.03	20.96	87.70	74.00
Market capitalization at December 31	in millions of CHF	1,643	1,448	6,020	4,517

<sup>1)</sup> Includes the Petit Couronne and Reichstett refineries (acquired on March 31, 2008), the Coryton Refinery (acquired on May 31, 2007), the Ingolstadt Refinery (acquired on March 31, 2007), the BRC Refinery (acquired on May 31, 2006) and the Cressier Refinery.

<sup>2)</sup> The 2008, 2007 and 2006 financials have been re-presented to reflect the impact of discontinued operations related to the Teesside Facility and the Antwerp Processing Facility.

<sup>3)</sup> The 2008 financial data have been adjusted by USD 21.5 million in accordance with IFRS 2 (revised) *Share-based Payment – Vesting Conditions and Cancellations*. Further details are disclosed in Note 2 “Accounting Policies” of the Consolidated Financial Statements.

<sup>4)</sup> In relation to the rights offering, the comparative earnings per share have been restated to retroactively reflect the discount provided to shareholders in the September 2009 rights issue. As the rights issue was offered at a discount (CHF 16.90) to market value (CHF 27.50) the weighted average number of shares outstanding were adjusted in accordance with IAS 33 *Earnings per Share*. The adjustment resulted in an increase in the weighted average shares outstanding, both basic and diluted, of approximately 8%.

<sup>5)</sup> Includes employees of the Antwerp Processing Facility which had not been sold as at December 31, 2009.

<sup>6)</sup> Includes throughput and production of the Teesside Refinery up to Q1 2009.

<sup>7)</sup> Barrels per day (“bpd”).

<sup>8)</sup> Represents gross margin from refining and marketing activities.

<sup>9)</sup> Includes the Teesside Facility through Q1 2009.

<sup>10)</sup> Current assets divided by current liabilities.

<sup>11)</sup> Current assets minus current liabilities (excludes net assets/liabilities held for sale of USD 57.6 million in 2009 and of USD 41.8 million in 2006).

<sup>12)</sup> The shares of Petroplus Holdings AG were traded on the SIX Swiss Stock Exchange on November 30, 2006 for the first time.

## Petroplus: “Pure Play” Multi-Site Refiner



We are focused on refining and currently own and operate six refineries across Europe: The Coryton Refinery on the Thames Estuary in the United Kingdom, the Belgium Refining Corporation Refinery in Antwerp, Belgium, the Petit Couronne Refinery in Petit Couronne, France, the Ingolstadt Refinery in Ingolstadt, Germany, the Reichstett Refinery near Strasbourg, France, and the Cressier Refinery in the canton of Neuchâtel, Switzerland. The six refineries have a combined throughput capacity of approximately 752,000 barrels per day (“bpd”). The Company also owns the Teesside Facility in Teesside, United Kingdom.

### 1 Coryton

Capacity:	220,000 bpd <sup>1)</sup>
Commissioned:	1953
Acquired:	2007

<sup>1)</sup> Total crude and other throughput capacity.

### 3 Petit Couronne

Capacity:	161,800 bpd
Commissioned:	1929
Acquired:	2008

### 5 Reichstett

Capacity:	84,800 bpd
Commissioned:	1963
Acquired:	2008

### 2 BRC

Capacity:	107,500 bpd
Commissioned:	1968
Acquired:	2006

### 4 Ingolstadt

Capacity:	110,000 bpd
Commissioned:	1963
Acquired:	2007

### 6 Cressier

Capacity:	68,000 bpd
Commissioned:	1966
Acquired:	2000

### 7 Teesside

On November 5, 2009, we announced our intention to shut down the refining operations at our Teesside Facility and to convert the site into a marketing and storage facility. For further details, refer to the “Operating and Financial Review” section of this Annual Report.



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### Forward Looking Statement

Certain portions of this document contain forward looking statements that reflect our current judgment regarding conditions we expect to exist and the course of action we expect to take in the future. Even though we believe our expectations regarding future events are based on reasonable assumptions, forward looking statements are not guarantees of future performance. In some cases, these forward looking statements can be identified by the use of forward looking terminology, including the words aims, believes, estimates, anticipates, expects, intends, may, will, plans, continue or should and in each case, their negative or other variations or comparable terminology or by discussions of strategies, plans, objectives, targets, goals, future events or intentions. These forward looking statements include all matters that are not historical facts. Our assumptions rely on our operational analysis and expectations for the operating performance of our assets based on their historical operating performance, management expectations as described in this report and historical costs associated with the operations of those assets. Factors beyond our control could cause our actual results to vary materially from our expectations and are discussed in Outlook and elsewhere in this document. Any prospective financial information included in this document is not fact and should not be relied upon as being necessarily indicative of future results, and you are cautioned not to place undue reliance on this prospective financial information. We undertake no obligation to update any forward looking statements contained in this document as a result of new information, future events or subsequent developments, or otherwise.

## Letter to the Shareholders

Dear Shareholder,

We had indicated in our 2008 Letter to Shareholders that we expected 2009 to be a difficult year. Sadly, we were correct and the year 2009 turned out to be a very challenging one for Petroplus and the European oil refining industry. The economic crisis that developed in the second half of 2008 caused the worst recession since the Great Depression. This has negatively impacted most industries, and particularly the European refining industry. We are not alone in this difficult market, as published reports of the European oil refining industry's losses clearly show that it is a business under great pressure.

Refining margins, referred to in our industry as the "refining crack", came under pressure for three principal reasons:

First, consumption of oil products in the Atlantic Basin dropped by about 6%.

Second, the governments in the European Union and its member states, and the US government have mandated the use of a minimum percentage of biofuels. These fuels replace oil refinery products and reduce the market available to European oil refiners.

Third, the nations known as "developing countries", particularly India and China, among other "emerging economies", are building export refining capacity which has either directly or indirectly taken market share from European refiners. The US, a traditional outlet for European surplus gasoline, is also experiencing a growing level of imports from India and the Far East.

Oil refiners like Petroplus cannot affect macro market conditions and thus we have to rely on economic growth to cure the first negative of this economic downturn.

The second area of market loss is in the hands of our governments. We view biofuels as a fact of life. The environmental effect of these fuels is positive from some perspectives but serious questions have been, and should be, raised about their overall environmental consequences.

The third area affecting Atlantic Basin refining profitability is the growth of giant refineries in countries like India. These refineries, which operate on very low wages and with different environmental and safety standards, are presently capturing and will continue to capture, market share in Europe and the US. This will accelerate refinery closures in these developed markets. The present trend in international trade will transfer many of these jobs to lesser developed countries.

Careful consideration should be given to CO<sub>2</sub> rules that put the European refining industry at a financial disadvantage to export refineries built anywhere in the world where similar rules don't apply. The world will not improve by creating rules that ultimately lead to the closure of European refineries where the product is then supplied by countries that do not have similar CO<sub>2</sub> rules.

Moving on from these three points, Petroplus suffered a severe operating loss as a result of a partial closure (for about six months) of the pipeline that serves two of our refineries, Cressier in Switzerland and Reichstett in France. This pipeline is the only means of transporting crude oil to these refineries. The pipeline has been repaired, and both refineries are back in operation. This was a one-time event which we don't anticipate being repeated.

As we indicated in our 2008 Letter to Shareholders, we had to recognize that one of our refineries was no longer viable. The Teesside Refinery was closed down in April 2009. We've tried to find a buyer, but have not succeeded in uncovering any real interest. We intend to operate the site as a marketing and storage facility, pending a final disposition.

On a more positive note (and as also indicated in our 2008 Shareholders Letter), Petroplus strengthened its financial position in September with a successful rights issue. We also effectively extended the maturity on a convertible note to 2015 that was to have come due in 2011. We also arranged a new working capital agreement in a difficult market.

We made progress on safety and environmental compliance, with better results in 2009 over 2008. Petroplus will continue to focus its energy on these areas. There is always room for improvement, and management will continue to give this the highest priority.

On the management side, our new Chief Executive Officer, Jean-Paul Vettier, brings to Petroplus years of experience in refining, having for many years run the largest refining and marketing system in Europe. We are certain that Mr. Vettier will add greatly to the Company in the years to come.

THE FUTURE: We believe a reviving world economy will improve refining margins in 2010. The economic revival which has started should result in growth in consumption of oil products to more normal levels in 2010. The fourth quarter of 2009 was, we believe, the low point. Petroplus must be pro-active in reducing costs and even more importantly, in improving operations at our refineries. The programs we began in 2009 are starting to show results and will improve our results in 2010 and beyond. We must become more efficient to survive and prosper.

Growth has always been important to Petroplus. We are in a difficult market which, of course, has hurt us, but it has also caused asset prices to come down, thus creating acquisition opportunities at attractive levels. We continue to seek expansion opportunities in the refining industry in Western Europe and North America. Our goal, as always, is to add to shareholder value.

In closing, we want to thank all of our Directors and all employees for their valuable contributions, and to thank all of our shareholders for investing in us.

We hope and believe that 2010 will show a better result than 2009.

Kindest regards,



Thomas D. O'Malley  
Chairman of the Board



Jean-Paul Vettier  
Chief Executive Officer

# Petroplus at a Glance

## The Petroplus Company

Listed on the SIX Swiss Exchange, Petroplus Holdings AG, together with its subsidiaries (“Petroplus”, the “Company”, the “Group”, “we”, “our”, or “us”) focuses on refining and currently owns and operates six refineries across Europe: The Coryton Refinery on the Thames Estuary in the United Kingdom, the Belgium Refining Corporation Refinery in Antwerp, Belgium, the Petit Couronne Refinery in Petit Couronne, France, the Ingolstadt Refinery in Ingolstadt, Germany, the Reichstett Refinery near Strasbourg, France, and the Cressier Refinery in the canton of Neuchâtel, Switzerland. The refineries have a combined throughput capacity of approximately 752,000 barrels per day. The Company also owns the Teesside Facility in Teesside, United Kingdom, which will be operated as a marketing and storage facility.

Petroplus produces a variety of finished products including gasoline, diesel, heating oil, light and heavy fuel oils, aviation fuels, gasoline components and other petroleum products. We typically sell our refined products on an unbranded basis to distributors and end customers, primarily in the United Kingdom, Germany, France, Switzerland and the Benelux countries as well as on the global spot market.

Our supply and distribution group, centrally based in Zug, Switzerland, is responsible for all physical supply and commercial optimization activities for our refineries. The group’s primary goal is to optimize both the supply of crude oil and feedstocks for each refinery and the off-take of each refinery’s petroleum products. We source our crude oil on a global basis through a combination of spot market purchases and short-term purchase contracts. We believe purchasing based on spot market pricing provides us flexibility in obtaining crude oil at lower prices and on a “as needed” basis. Since all of our refineries have access, either directly or through pipeline connections to deepwater terminals, we have the flexibility to purchase crude oil originating from a number of different countries.

Petroplus employs approximately 2,900 employees throughout Europe and we consider good corporate citizenship as a core responsibility of our business.

## Our Strategy

We are a ‘pure play’ refiner able to source crude on a global basis not integrated with retail outlets. As a result, we are free to supply our products into the distribution channel or market that we believe will maximize profit. Petroplus strives for safe and reliable business operations and searches for opportunities to expand our key business area – the refining of crude oil and marketing of refined petroleum products.

## Our Key Values



We are committed to creating value for our shareholders. We have a prudent capital structure which allows us to operate and grow a sustainable enterprise. We are disciplined in how we acquire assets, focusing on opportunities that will be accretive to our earnings. We devote significant time and resources to improving the safety, reliability and environmental compliance of our operations. Our management team is highly experienced with a proven track record of growth in operations.

## Our History

Petroplus International B.V. ("PPI"), Netherlands, was founded in 1993. In 1998, PPI was listed on the Amsterdam Stock Exchange.

**March/April 2005** PPI is acquired and taken private by the newly formed RIVR Acquisition B.V. ("RIVR") and is subsequently delisted from Euronext Amsterdam.

**February 2006** Argus Atlantic Energy Ltd. ("Argus") is incorporated in Bermuda.

**May 2006** We recruited a new management team, including Thomas D. O'Malley as our Chairman and Chief Executive Officer ("CEO").

We acquired European Petroleum Holdings N.V. ("EPH"), the holding company of the Belgium Refining Corporation ("BRC") in Antwerp, Belgium, and related supply and distribution assets from Sovereign Holding Limited (Bermuda).

**August 2006** We sold Petroplus Tankstorage Germany, a tank storage business; Frisol/Bunkering, a wholesale bunkering and trading business; Oxyde Chemical, a chemicals and plastics trading and distribution business; negotiated to sell 4Gas, a liquefied natural gas import terminal and marketing business; and other non-core assets.

Argus and RIVR merged and the combined entity was relocated to Switzerland and renamed Petroplus Holdings AG.

**November 2006** On November 30, 2006, the shares of Petroplus Holdings AG traded on the SIX Swiss Exchange for the first time.

**March 2007** We acquired the Ingolstadt Refinery and selected wholesale assets from ExxonMobil Central Europe Holding ("Exxon").

**April 2007** We issued 7.6 million new shares through a Rights Offering and subsequent International Offering. We also issued US dollar ("USD") 1.2 billion in high yield corporate bonds.

**May 2007** We acquired the Coryton Refinery from BP PLC ("BP").

**March 2008** Robert J. Lavinia was appointed CEO of the Company.

We entered into a partnership ("PBF") with The Blackstone Group and First Reserve, to evaluate acquisitions of crude oil refineries in the United States of America ("US"), its possessions and Eastern Canada.

We issued USD 500.0 million in guaranteed, convertible bonds due in 2013 ("2013 CB").

We acquired the Petit Couronne and Reichstett refineries from Société des Pétroles Shell SAS ("Shell").

## Key Events 2009



### September

Jean-Paul Vettier was appointed CEO of the Company replacing Robert J. Lavinia who will remain on the Company's Board of Directors.

We issued 17.3 million new shares through a Rights Offering and subsequent International Offering. We also issued USD 400.0 million in high yield corporate bonds.



### October

We successfully completed a tender offer and repurchased the 2013 CB. During the same month, we issued USD 150.0 million in guaranteed senior secured convertible bonds due in 2015 ("2015 CB").

We successfully completed a new three-year committed Revolving Credit Facility of USD 1.05 billion.

We entered into a definitive agreement to sell the Petroplus Refining Antwerp N.V. and Petroplus Refining Antwerp Bitumen N.V. facilities (the "Antwerp Processing Facility") to Eurotank Belgium B.V., a wholly-owned subsidiary of Vitol Tank Terminals International B.V., part of the Vitol Group of companies. The sale was completed on January 12, 2010.



### November

We suspended the Teesside refining operations and began the process to convert the site into a marketing and storage facility.

## Petroplus Refineries at a Glance

	Key Facts	Major Units	Crude and Products	Highlights
	<p><b>Coryton Refinery</b></p> <ul style="list-style-type: none"> <li>&gt; Acquired in May 2007</li> <li>&gt; Located in southeastern UK approximately 30 miles east of London on a 589-hectare site</li> <li>&gt; 175,000 bpd total nameplate crude capacity and additional throughput capacity of up to 65,000 bpd of other feedstocks</li> <li>&gt; Nelson Complexity 12.0</li> </ul>	<p>Atmospheric Distillation Vacuum Distillation Fluid Catalytic Cracker Catalytic Reformer Naphtha Pretreaters Alkylation Product Hydrotreaters Isomerization Sulfur Recovery Propane Deasphalter Bitumen Production</p>	<ul style="list-style-type: none"> <li>&gt; Processes a blend of light sweet crude oils, and sour crude oils. Additionally, the refinery processes a significant volume of other low-cost feedstocks, primarily high-sulfur straight-run fuel oils</li> <li>&gt; Distributes products primarily in southern UK</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Opportunities exist for both sweet vs. sour as well as light vs. heavy crude optimization</li> <li>&gt; Maximizes the production of higher value light products while decreasing the production of lower value fuel oils</li> </ul>
	<p><b>BRC Refinery</b></p> <ul style="list-style-type: none"> <li>&gt; Acquired in May 2006</li> <li>&gt; Located in Antwerp, Belgium on a 105-hectare site</li> <li>&gt; 107,500 bpd total throughput capacity</li> <li>&gt; Nelson Complexity 4.5</li> </ul>	<p>Atmospheric Distillation Vacuum Distillation Visbreaker Catalytic Reformer Product Hydrotreaters Isomerization (TIP) Sulfur Recovery</p>	<ul style="list-style-type: none"> <li>&gt; Processes predominantly medium sour crude oil and other low-cost feedstocks, primarily high-sulfur straight-run fuel oils</li> <li>&gt; Distributes products primarily in the Antwerp-Rotterdam-Amsterdam ("ARA") region and to the US</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Production cost benefits are realized as a result of processing sour crude oils and discounted feedstocks</li> <li>&gt; BRC provides additional midstream processing and conversion capability</li> </ul>
	<p><b>Petit Couronne Refinery</b></p> <ul style="list-style-type: none"> <li>&gt; Acquired in March 2008</li> <li>&gt; Located in Petit Couronne near Rouen, France approximately 130 km Northwest of Paris on a 225-hectare site</li> <li>&gt; 161,800 bpd total throughput capacity</li> <li>&gt; Nelson Complexity 7.3</li> </ul>	<p>Atmospheric Distillation Vacuum Distillation Fluid Catalytic Cracker Catalytic Reformer Visbreaker Product Hydrotreaters Sulfur Recovery Lubes Plant Bitumen Plant Power Generation</p>	<ul style="list-style-type: none"> <li>&gt; Processes a blend of crude oils, predominantly medium sour and heavy sweet crude oil varieties</li> <li>&gt; Distributes products primarily in the local markets, including Paris</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Favorably located in the regional market surrounding Paris with waterborne access to crude oil</li> <li>&gt; Flexibility to run as a lubes and a traditional fuels refinery</li> </ul>

Key Facts	Major Units	Crude and Products	Highlights
<p><b>Ingolstadt Refinery</b></p> <ul style="list-style-type: none"> <li>&gt; Acquired in March 2007</li> <li>&gt; Located in Ingolstadt, Germany on a 128-hectare site</li> <li>&gt; 110,000 bpd total throughput capacity</li> <li>&gt; Nelson Complexity 7.3</li> </ul>	<ul style="list-style-type: none"> <li>Atmospheric Distillation</li> <li>Vacuum Distillation (Bitumen Production)</li> <li>Fluid Catalytic Cracker</li> <li>Product Hydrotreaters</li> <li>Sulfur Recovery</li> <li>Catalytic Reformer</li> <li>Isomerization</li> <li>Hydrogen Plant</li> <li>Power Generation</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Processes mainly crude oil from the Caspian Sea region, supplied via pipeline from Trieste</li> <li>&gt; Distributes products primarily in the local Bavarian market</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Located in a niche inland market that provides for realized product premiums relative to products imported from outside the region</li> </ul>



Key Facts	Major Units	Crude and Products	Highlights
<p><b>Reichstett Refinery</b></p> <ul style="list-style-type: none"> <li>&gt; Acquired in March 2008</li> <li>&gt; Located in Reichstett, France near Strasbourg in the Alsace region close to the River Rhine ("Rhine") and to the German border on a 650-hectare site</li> <li>&gt; 84,800 bpd total throughput capacity</li> <li>&gt; Nelson Complexity 5.3</li> </ul>	<ul style="list-style-type: none"> <li>Atmospheric Distillation</li> <li>Vacuum Distillation</li> <li>Visbreaker</li> <li>Thermal Cracker</li> <li>Fluid Catalytic Cracker</li> <li>Catalytic Reformer</li> <li>Product Hydrotreaters</li> <li>Sulfur Recovery</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Processes a blend of crude oils, including heavy and light sweet, and light and medium sour crude oil varieties, supplied via pipeline from Fos-sur-Mer in the Mediterranean</li> <li>&gt; Distributes products primarily in local markets, including Strasbourg</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Located in an inland market that provides for higher realized product premiums relative to products imported from outside the region</li> </ul>



Key Facts	Major Units	Crude and Products	Highlights
<p><b>Cressier Refinery</b></p> <ul style="list-style-type: none"> <li>&gt; Acquired in 2000</li> <li>&gt; Located in Cressier near Neuchâtel, Switzerland on a 74-hectare site</li> <li>&gt; 68,000 bpd total throughput capacity</li> <li>&gt; Nelson Complexity 6.4</li> </ul>	<ul style="list-style-type: none"> <li>Atmospheric Distillation</li> <li>Vacuum Distillation</li> <li>Thermal Cracker</li> <li>Visbreaker</li> <li>Catalytic Reformer</li> <li>Product Hydrotreaters</li> <li>Isomerization (TIP)</li> <li>Sulfur Recovery</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Processes a mix of light sweet crude oils, and light sour crude oils, supplied via pipeline from Fos-sur-Mer in the Mediterranean</li> <li>&gt; Distributes products primarily in the local Swiss market</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Located in the niche inland market of Switzerland of which over half of refined product is imported</li> <li>&gt; Significant product premiums realized based upon the Rhine Freight Premium for products imported from the ARA region</li> </ul>



## Oil Refining Basics

### Introduction to the Petroleum Industry

The petroleum industry includes the global processes of exploration, extraction, refining, transportation and marketing of petroleum products. The key products of the industry are middle distillates, gasoline, fuel oil and aviation fuels. The industry is divided into two major components: upstream and downstream.

- Upstream refers to the exploration, development and production of crude oil or natural gas.
- Downstream refers to the refining of crude oil and the marketing of refined petroleum products.

Petroplus is focused solely on refining and is a wholesaler of petroleum products.



### Refining Industry Overview

Oil refining is the process of separating the hydrocarbon molecules present in crude oil and converting them into marketable, finished petroleum products, such as diesel fuel, gasoline and home heating oil. Refining is primarily a margin-based business where both the feedstocks and refined petroleum products are commodities. Refiners create value by selling refined petroleum products at prices higher than the costs of acquiring crude oil and other feedstocks. The oil refining

industry operates in a global business environment. There is worldwide demand for crude oil, other feedstocks and refined petroleum products, all of which are transported at relatively low costs by sea and by pipeline between geographic regions. According to the Wood Mackenzie Global Outlook, there are approximately 650 oil refineries worldwide, with approximately 130 operating in greater Europe.

## Refining Basics

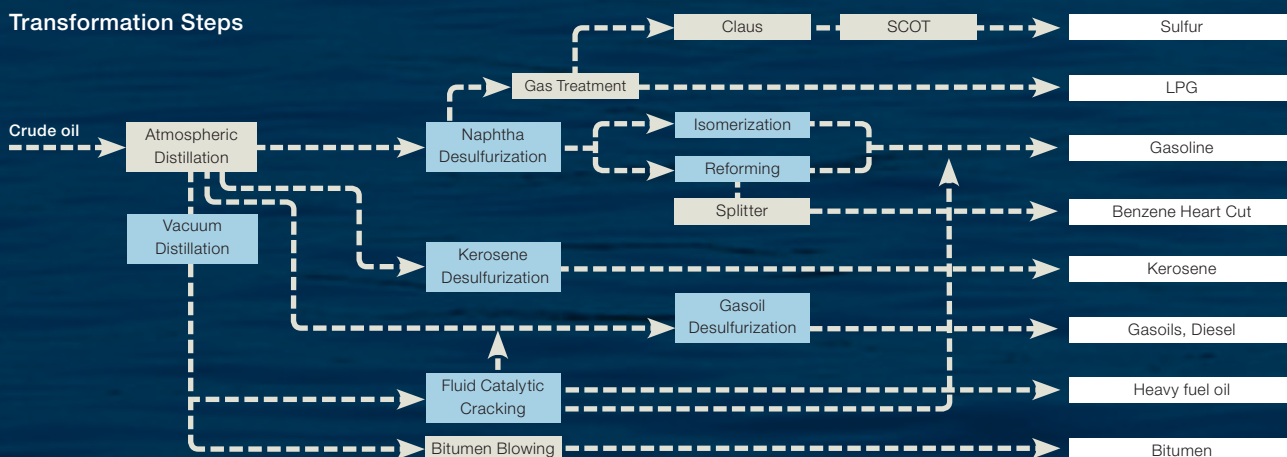
Refineries are typically designed to process specific grades of crude oils into selected products. In general, each of a refinery's different process units performs one of three functions:

- Separation through distillation of the many types of hydrocarbons present in crude oil into a number of different components, ranging from light to heavy;
- Chemical conversion of the separated hydrocarbons into more desirable products; and
- Treatment of the products by removing unwanted elements or compounds.

Each function in the refining process is designed to maximize the value of the refined petroleum products produced.

Highly refined petroleum products, known as light products, including diesel fuel, gasoline, jet fuel and home heating oil, amongst others, accounted for approximately 87% of Petroplus product volume for the year ended December 31, 2009.

### Transformation Steps



## Refinery Complexity

Refinery complexity refers to an oil refinery's ability to process feedstocks, such as heavier and higher sulfur content crude oils, into value added products. The configuration of complex oil refineries is typically oriented towards the production of gasoline (fluid catalytic cracking), whereas the configuration of less complex refineries is oriented towards the production of middle distillates (thermal conversion and/or hydrocracking). Refinery complexity is commonly measured by the Nelson Complexity Index which assigns a value, or complexity factor, to each major piece of refinery equipment based on its capability. This factor is compared to crude distillation, which is assigned a complexity factor of 1.0. Adding up the complexity values assigned to each piece of equipment, including crude

distillation, determines a refinery's total complexity value. A refinery with a complexity of 10 on the Nelson Complexity Index is considered ten times more complex than crude distillation for the same amount of throughput. The average Nelson Complexity Index rating for refineries in Western Europe is approximately 6.

The average Nelson Complexity Index for Petroplus refineries is approximately 8.

## Petroplus Refineries

The following table provides a summary of crude capacity, average throughput and production data for our refineries for the year ended December 31, 2009:

	Total	Coryton <sup>2)</sup>	BRC	Petit Couronne	Ingolstadt	Reichstett	Cressier
<b>Throughput Capacity</b> (in bpd)	<b>752,100</b>	220,000	107,500	161,800	110,000	84,800	68,000

### Throughput

#### Crude Unit Throughput

Light sweet	38 %	73 %	0 %	32 %	1 %	52 %	63 %
Medium sweet	3 %	-	-	1 %	13 %	6 %	4 %
Heavy sweet	0 %	1 %	-	-	-	-	-
Light sour	24 %	5 %	41 %	2 %	74 %	5 %	26 %
Medium sour	16 %	-	12 %	56 %	-	25 %	3 %
Heavy sour	5 %	-	23 %	1 %	6 %	1 %	-
<b>Total Crude Unit Throughput</b>	<b>86 %</b>	<b>79 %</b>	<b>76 %</b>	<b>92 %</b>	<b>94 %</b>	<b>89 %</b>	<b>96 %</b>
Other Throughput	14 %	21 %	24 %	8 %	6 %	11 %	4 %
<b>Total Throughput</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>

### Production (in % of total throughput)

#### Light Products

Gasoline	28 %	42 %	13 %	20 %	29 %	24 %	26 %
Diesels and gasoils <sup>1)</sup>	43 %	32 %	66 %	37 %	45 %	45 %	46 %
Jet fuel	5 %	11 %	-	8 %	2 %	1 %	4 %
Petrochemicals	2 %	1 %	-	6 %	1 %	-	1 %
Naphtha	3 %	-	0 %	6 %	7 %	10 %	1 %
LPG	6 %	2 %	6 %	6 %	10 %	8 %	6 %
<b>Total Light Products</b>	<b>87 %</b>	<b>88 %</b>	<b>85 %</b>	<b>83 %</b>	<b>94 %</b>	<b>88 %</b>	<b>84 %</b>
Low sulfur straight-run	-	-	-	-	-	-	-
Fuel oil/Bitumen	10 %	9 %	13 %	12 %	5 %	10 %	13 %
Solid by-products/fuel consumed in process/fuel loss	5 %	5 %	4 %	6 %	5 %	4 %	4 %
<b>Total Production</b>	<b>102 %</b>	<b>102 %</b>	<b>102 %</b>	<b>101 %</b>	<b>104 %</b>	<b>102 %</b>	<b>101 %</b>

<sup>1)</sup> Includes vacuum gasoil ("VGO") produced at the BRC Refinery.

<sup>2)</sup> Includes other feedstock capacity.

## The Coryton Refinery



We acquired the Coryton Refinery, and related supply and distribution assets from BP, on May 31, 2007. The purchase price was USD 1.6 billion, net including net working capital and fees. The Coryton Refinery was commissioned in 1953 and has a crude oil throughput capacity of 175,000 bpd and up to an additional 65,000 bpd of other feedstocks. Full capacity of crude reduces capacity of other feedstock throughput by 20,000 bpd and vice versa. The refinery is a fully integrated catalytic cracking/alkylation refinery with substantial distillate hydrodesulfurization capacity.

### Refinery Overview

The refinery is located in southeastern United Kingdom (“UK”) on a 589-hectare site located about 30 miles east of London on the Thames Estuary. Opportunities exist for both sweet ver-

sus sour optimization as well as light versus heavy crude optimization. The refinery is also able to maximize the production of higher value light products while decreasing the production of lower value fuel oils. The refinery’s low-sulfur products meet the European Union (“EU”) 2009 mandatory maximum sulfur limit of 10 parts per million (“ppm”) for gasoline and diesel.

The Coryton Refinery is the most complex of Petroplus’ sites with a Nelson Complexity of 12.0.

### Main Process Units

The following table sets forth the main process units of the Coryton Refinery, their current capacities, start-up years and years of their most recent major modification:

Main Process Units	Units	Current Capacity <sup>1)</sup>	Start-Up Year	Modification
Atmospheric Distillation	1	175,000	1963	-
Vacuum Distillation	2	38,400 60,400	1969 1982	2006 -
Diesel Hydrotreater	1	56,000	1969	2003
Continuous Catalytic Reformer	1	38,000	1989	-
Isomerization Penex	1	23,600	1993	-
Isomerization C4	1	19,600	1982	-
Propane Deasphalter	1	6,300	1969	-
Fluid Catalytic Cracking Unit	1	63,400	1982	2005
FCC Gasoline Hydrotreater (SHU/SHDS)	1	24,500	2003	-
HF Alkylation	1	24,000	1982	1993
Sulfur Recovery Unit (tons per stream day)	2	101	1982	2005
Bitumen Production (tons per stream day)	2	1,100	1969	2009

<sup>1)</sup> Barrels per day, except as indicated.

*Feedstocks and Supply Arrangements*

Crude is supplied from the North Sea, Mediterranean, Baltic Sea as well as North Africa. Coryton's crude unit allows for the processing of blends of crudes and has twin feed trains with the ability to segregate the atmospheric residues from these two crude feeds (by means of a separation baffle at the bottom of the single crude tower).

*Product Off-take*

The Coryton Refinery has four operational jetties for the supply by sea of all crude and feedstocks and has one of the largest bulk loading terminals in Europe. It supplies the majority of its fuel products to major customers in the southeast of the UK by a combination of road truck deliveries (from the adjacent bulk terminal) and oil product pipelines. The refinery also ships other products by sea (fuel oil and propylene) to European markets and bitumen by road. The refinery is connected to the United Kingdom Oil Pipeline ("UKOP"), a multi product pipeline operated on behalf of its shareholders by British Pipelines Agency ("BPA") that runs from the Thames to the Midlands region. This pipeline feeds terminals at Buncefield (North London), Northampton and Kingsbury (Birmingham) and also serves as a key supply route for aviation fuel into Heathrow Airport. Coryton is also connected to Government Pipelines and Storage System ("GPSS"), a government-owned pipeline system operated by Oil & Pipelines Agency ("OPA") that is dedicated to jet fuel. This pipeline has traditionally supplied fuel to service Air BP customers and third party demand at Stansted Airport and the military airbases of East Anglia.

Product off-take agreements entered into with BP as part of the Coryton Refinery purchase agreement accounted for 90-100% of the refinery's gasoline, jet fuel and ULSD production and approximately 40% of the refinery's and gasoil production in 2009. The initial term of the agreement lasts until 2012; the percentage of products purchased by BP will likely decrease annually.

*Energy and Other Utilities*

The Coryton Refinery has an electrical demand between 45 and 50 megawatts. There is one gas turbine generator that produces approximately 25 megawatts of electricity. In addition, there are four steam turbine generators that are able to produce approximately 10 megawatts of electrical power in total. The refinery buys 10-15 megawatts via the utility grid. The refinery's steam requirements are met by a combination of three steam boilers plus additional steam generation from certain process units. All hydrogen needs are supplied by on-site production at the continuous catalytic reformer.

*Tankage Capacity*

Tankage at the refinery is 9.5 million barrels; with 3.9 million barrels dedicated to crude and other feedstock storage and 4.0 million barrels to intermediate and finished products. In addition, Coryton has tankage at its bulk terminal with a capacity of 1.6 million barrels.

## The BRC Refinery



We acquired EPH, the holding company for the BRC Refinery and related supply and distribution assets, from Sovereign Holding Limited (Bermuda) on May 31, 2006. The purchase price was USD 511.2 million, net including net working capital and fees. The BRC Refinery was commissioned in 1968 and has a crude oil throughput capacity of 107,500 bpd. The refinery is an atmospheric/vacuum distillation refinery with visbreaking capability.

### *Refinery Overview*

The BRC Refinery is located north of the Port of Antwerp at the center of the Antwerp-Rotterdam-Amsterdam ("ARA") region on a 105-hectare site. The refinery's location provides it with several competitive advantages, including access to feedstocks that can be purchased on a spot basis at prices at or below prevailing market benchmark prices and the ability to transport feedstocks and products by sea, including to North America. The refinery's location also gives it close proximity to intermediate and finished product markets in a densely populated region with a heavy industrial presence as well as to a number of other refineries in the Antwerp area.

One of the key strengths of the BRC Refinery is its extensive hydrodesulfurization capacity that enables the refinery to process a predominantly sour crude slate to produce low-sulfur, light products, including gasoline, naphtha, heating oil and VGO. The refinery's low-sulfur products meet the EU 2009 mandatory maximum sulfur limit of 10 ppm for gasoline and diesel. The low-sulfur and low-aromatic qualities of the refinery's gasoline components make them highly marketable in both the Northwest European and US markets.

Since acquiring the BRC Refinery, we have continued to implement the refinery's ongoing improvement plan. The former owner of the BRC Refinery invested USD 124.9 million from 2000 through 2005 improving the refinery, including a product tank farm refurbishment program, instrumentation modernization and construction of an isomerization unit, which became operational in June 2005. The tank farm refurbishment program is one of the conditions agreed with the Belgian authorities in 2001 in connection with the refinery's operating permit, which will require renewal in 2021.

During a scheduled maintenance shutdown in 2007, the vacuum distillation unit improvement project was completed. The project improved the yield of VGO and heating oil by 3,100 bpd. During 2008, we completed the re-instrumentation of the Visbreaker unit and also completed the new waste water treatment facility.

The BRC Refinery has a Nelson Complexity of 4.5.

### Main Process Units

The following table sets forth the main process units of the BRC Refinery, their current capacities, start-up years and years of their most recent major modification:

Main Process Units	Units	Current Capacity <sup>1)</sup>	Start-Up Year	Modification
Atmospheric Distillation	1	107,500	1968	2000
Vacuum Distillation	1	56,000	1973	2007
Naphtha Hydrotreater	1	26,000	1968	-
Catalytic Reformer	1	10,000	1968	1999
Isomerization (TIP)	1	9,000	2005	-
Distillate Hydrotreater	1	35,500	1975	1993
Visbreaker	1	23,000	1986	2000
Sulfur Recovery Unit (tons per stream day)	1	55	1980	-

<sup>1)</sup> Barrels per day, except as indicated.

### Feedstocks and Supply Arrangements

The BRC Refinery processes predominantly higher sulfur crude oils and high-sulfur straight-run fuels and supplements these feedstocks with a variety of other feed and blendstocks purchased on the spot market to optimize its gross refining margins. The BRC Refinery's feedstocks are shipped primarily from Baltic Sea ports.

### Product Off-take

BRC's products are sold to a variety of customers, including oil majors, petrochemical companies, and wholesalers. The BRC Refinery uses two jetties for loading products. An 18-bay truck-loading rack is used for product deliveries over the road.

The bulk of the BRC Refinery's products are sold on an F.O.B. basis, with about 70% of the total products being loaded on barges to take advantage of the higher prices generated from local sales in the ARA inland market. Some of the refinery's products are sold on a discharge-delivered basis, for example, into the US.

The BRC Refinery's finished gasoline and gasoline blend components are primarily sold in barge lots. The high quality and low-sulfur content of the refinery's gasoline components allows premium grades of gasoline to be blended at the refinery. Since 2005, the refinery has been selling gasoline and reformulated gasoline blendstock for oxygenate blending ("RBOB") to North America.

A large proportion of the refinery's middle distillates is heating oil, which is either sold locally or exported, depending on economics.

In addition to being a major supplier of VGO within northwest Europe, the BRC Refinery exports cargo lots of VGO to Eastern or Gulf Coast refineries in the US to be used as fluid catalytic cracking ("FCC") or hydrocracker feedstock.

The majority of BRC's heavy residual fuels are sold to supply marine bunkering companies in the Antwerp harbor, one of the busiest ports in Europe.

### Energy and Other Utilities

The BRC Refinery's average power demand is between 12.5 and 15 megawatts, which is purchased from the grid. Steam for the refinery is produced by two on-site boilers. Hydrogen is produced on site, supplemented by purchases from the local industry grid.

### Tankage Capacity

The BRC Refinery has crude storage capacity of 1.8 million barrels and product/intermediate storage capacity of 3.8 million barrels.

## The Petit Couronne Refinery



We acquired the Petit Couronne Refinery from Shell on March 31, 2008. The combined purchase price for both the Petit Couronne and Reichstett refineries was USD 810.9 million, net including net working capital and fees. The Petit Couronne Refinery was commissioned in 1929 and has a crude oil throughput capacity of 161,800 bpd. The refinery is an atmospheric/vacuum distillation refinery with visbreaking, thermal and FCC capabilities, including bitumen and lube oil manufacturing.

### *Refinery Overview*

The Petit Couronne Refinery is situated on a 225-hectare site located near Rouen, about 130 kilometers northwest of Paris on the River Seine. Two of the refinery's key benefits are its favorable location to the regional market surrounding Paris and its flexibility to run as a lubes and a traditional fuels refinery.

Starting in the mid-fifties, a program to increase the capacity of the refinery was launched. This program included the construction of a cat cracker in 1955, a new crude distillation unit ("CDU") in 1958 and the start-up of the base oil manufacturing activities with the construction of a furfural extraction unit, the same year.

From 1971 to 1979, the production capacity of the site was further developed with the addition of the base oil manufacturing plant and the construction of a new CDU, hydrodesulfurization ("HDS") unit and a platformer, all of which are still in operation.

Further investments were made in the 1990s to meet more stringent environmental regulations: the most significant were the construction of a new sulfur recovery unit ("SRU") in 1993, followed by a second SRU in 2005. The refinery's low-sulfur products meet the EU 2009 mandatory maximum sulfur limit of 10 ppm for gasoline and diesel.

The Petit Couronne Refinery has a Nelson Complexity of 7.3.

### *Main Process Units*

The following table sets forth the main process units of the Petit Couronne Refinery, their current capacities, start-up years and years of their most recent major modification:

Main Process Units	Units	Current Capacity <sup>1)</sup>	Start-Up Year	Modification
Atmospheric Distillation	1	161,800	1974	-
Vacuum Distillation <sup>2)</sup>	3	128,100	1958-1974	-
Fluid Catalytic Cracking	1	24,700	1955	1994
Catalytic Reformer	1	29,800	1974	-
GO Desulfurization	1	39,700	1974	-
Naphtha Hydrotreater	1	56,600	1974	-
Hydrogen Manufacturing Plant (tons per stream day)	1	30	1971	2000
Visbreaker	1	12,700	1934	-
Sulfur Recovery (tons per stream day)	3	289	1993-2005	-
Lubes Hydrotreaters	2	12,205	1972-1977	-
Dewaxing	2	12,050	1972-1977	-
Hydrofinishing Unit (HFU)	1	2,885	1974	-
Furfurol extraction	2	4,563	1959	-
Propane Deasphalting	1	6,200	1972	-
Bitumen Production (tons per stream day)	2	2,550	1962	-

<sup>1)</sup> Barrels per day, except as indicated.

<sup>2)</sup> Including one vacuum flash tower (5,400 bpd).

#### Feedstocks and Supply Arrangements

The Petit Couronne Refinery can process a range of sour and sweet crude oils. Crude is supplied from a variety of sources including the Mediterranean, Baltic Sea, Africa, as well as the North Sea. Crude oil is primarily delivered to the refinery initially through the crude storage terminal in Le Havre and subsequently through a 70-kilometer Petroplus-owned pipeline.

#### Product Off-take

Petit Couronne is connected to the Société des Transports Pétroliers par pipeline ("TRAPIL") with an ownership interest of 5.5%, through which the majority of the refinery's lighter products, such as clean transportation fuels, are transported. The pipeline is connected to several product storage terminals that supply the greater Paris area.

Petit Couronne supplies the majority of its fuel products to major customers in the northwest of France, including the Paris region, by a combination of pipeline, rail, barge, and truck deliveries (from the refinery's adjacent bulk terminal). The refinery also ships other products, base oils and bitumen by road and sea.

Petroplus and Shell have entered into off-take agreements, at market prices, which accounted for 95-100% of the refinery's lube oils and bitumen products, approximately 50% of aviation fuels production and approximately 20% of gasoline and gasoline intermediates produced during 2009. The agreement for aviation fuel has been terminated at the end of 2009. The remaining contracts are three to five year contracts, with volumes reducing each year until expiry.

#### Energy and Other Utilities

The Petit Couronne Refinery's average electricity demand is approximately 45 megawatts. The refinery is able to meet up to 75% of its electricity requirements with its three steam turbine generators. The refinery buys about 22 megawatts from the utility grid. The refinery's high pressure steam requirements are met by a combination of four steam boilers and an FCC carbon monoxide boiler. Hydrogen is produced at the on-site hydrogen plant supplementing the production of the catalytic reformer unit which meets the hydrogen requirements of the refinery.

#### Tankage Capacity

Storage capacity at the refinery is 12.3 million barrels, with 4.7 million barrels dedicated to crude and other feedstocks and 7.6 million barrels to intermediate and finished products. Additionally, we rent crude tanks at the Le Havre crude terminal with storage capacity of 2.9 million barrels.

## The Ingolstadt Refinery



We acquired the Ingolstadt Refinery and related assets on March 31, 2007 from Exxon. The purchase price was USD 694.8 million, net including the value of net working capital and fees. The Ingolstadt Refinery was commissioned in 1963 and has a throughput capacity of 110,000 barrels per day. The refinery is an atmospheric/vacuum distillation refinery with two crude oil trains and an FCC conversion unit.

### Refinery Overview

The Ingolstadt Refinery is located on a site covering approximately 128-hectares in Ingolstadt, Germany, approximately 80 kilometers north of Munich. Exxon commissioned the Ingolstadt Refinery in 1963 as a hydroskimming refinery to provide motor fuels for the growing industrial base of southern Germany. In 1969 an FCC unit was added and the refinery became a “cat-cracking” refinery.

According to information provided by Exxon, approximately USD 111 million was spent from 2000 to 2005 on improving the Ingolstadt Refinery. From 2000 to 2003, the refinery was modified by installing a hydrogen plant, a cracked naphtha splitter and other improvements to, among other things, reduce fuel sulfur content to meet German product standards for gasoline and diesel, which were implemented in advance of the 2009 deadline for the European Auto Oil II standards.

The Ingolstadt Refinery has a Nelson Complexity of 7.3.

### Main Process Units

The following table sets forth the main process units of the Ingolstadt Refinery, their current capacities, start-up years and years of their most recent major modification:

Main Process Units	Units	Current Capacity <sup>1)</sup>	Start-Up Year	Modification
Atmospheric Distillation	2	110,000	1963	-
Vacuum Distillation	2	40,159	1963	1999
Diesel Hydrotreater	2	28,700	1977	2008
Heating Oil Hydrotreater	1	19,600	1991	2007
Catalytic Reformer	1	19,600	1963	1993
Isomerization	1	9,000	1991	2008
Fluid Catalytic Cracking Unit	1	29,000	1969	2005
Sulfur Recovery Unit (tons per stream day)	1	68	1963	1989
Hydrogen Plant (tons per stream day)	1	27	2003	-
Naphtha Hydrotreater	1	37,700	1963	1999
Kerosene Hydrotreater	1	20,400	1963	1993
Propylene Splitter	1	3,000	1989	-
Bitumen Production (tons per stream day)	1	1,300	1963	-

<sup>1)</sup> Barrels per day, except as indicated.

#### *Feedstocks and Supply Arrangements*

The Ingolstadt Refinery can process a range of sweet crude oils. On average the refinery processes approximately 80% crude from the Caspian Sea region. The refinery also processes medium as well as some heavy crude oils to produce bitumen, generally during the road paving season in Germany and Austria.

All crude is delivered to the Ingolstadt Refinery directly from the port city of Trieste, Italy, via a 465-kilometer portion of the Trans-Alpine ("TAL") pipeline system.

#### *Product Off-take*

The Ingolstadt Refinery's product slate is focused primarily on the production of higher value middle distillates, including ULSD, gasoil and jet fuel, and, to a lesser extent, various grades of gasoline.

The majority of the Ingolstadt Refinery's total production is currently sold in Germany and Austria. With its location in a high-demand local market, the Ingolstadt Refinery is able to achieve product premiums to ARA reference prices for gasoline, jet fuel and distillates.

Approximately one half of the refinery's total production is delivered to customers by rail, the other half by truck. The refinery's rail-car-loading facilities have a capacity of 27.8 million barrels per year. A dedicated import rail track assures high flexibility on import of blending intermediates and bio-components like FAME or Bio-Ethanol. The refinery's truck-loading facilities comprise 17 loading racks with the capacity to load up to 10.5 million barrels of gasoline per year, 11.3 million barrels of distillates per year, 2.3 million barrels of LPG per year and 4.4 million barrels of bitumen and heavy fuel oil per year. In addition, a fuel oil pipeline allows the refinery to supply fuel oil to a nearby power station.

In connection with the acquisition of Ingolstadt, we entered into a five-year off-take agreement with ESSO Deutschland GmbH ("Esso") in Bavaria for substantial amounts of gasoline, ULSD and jet fuel. This agreement accounted for 25-30% of the Ingolstadt refinery's gasoline and ULSD production and approximately 50% of its jet fuel production in 2009. The off-take agreement expires on December 31, 2011.

The Ingolstadt Refinery's production of heating oil is sold on the spot market via branded and unbranded resellers. Petroplus Bayern, which we acquired in connection with the acquisition, operates as a branded reseller.

The Ingolstadt Refinery's production of LPG's and heavy fuel oil is mainly sold directly to end consumers in and around Bavaria. The remainder is sold to resellers or exported to Eastern Europe or the ARA region. The majority of Bitumen production is sold to one customer.

#### *Energy and Other Utilities*

The Ingolstadt Refinery's average power demand is approximately 25 megawatts. The refinery is able to generate most of its electricity requirements as well as all of its steam requirements from refinery fuel gas. The refinery has two turbines with a maximum gross electrical output of 7.5 megawatts and one let-down turbine with an output of 11 megawatts. In addition, the refinery purchases energy to meet its remaining electricity needs and can import up to 25 megawatts of electricity from a local electric provider. The refinery also has an FCC carbon monoxide boiler and two fired boilers for steam production. Hydrogen is produced at the on-site hydrogen plant; this production supplements other on-site sources and meets all of the refinery's hydrogen requirements. Natural gas imports via a nearby high pressure pipeline gives the refinery operational flexibility regarding power plant and hydrogen plant feedstock.

#### *Tankage Capacity*

The Ingolstadt Refinery has crude storage capacity of 1.0 million barrels and product storage capacity of 5.9 million barrels.

## The Reichstett Refinery



We acquired the Reichstett Refinery on March 31, 2008 from Shell. The combined purchase price for both the Petit Couronne and Reichstett refineries was USD 810.9 million, net including net working capital and fees. The Reichstett Refinery was originally commissioned in 1963 and has a crude oil throughput capacity of 84,800 barrels per day. The refinery is an atmospheric/vacuum distillation refinery with visbreaking, thermal and FCC capability.

### *Refinery Overview*

The Reichstett Refinery is located on a 650-hectare site in Alsace, France, near the city of Strasbourg, about 5 kilometers from the River Rhine. The refinery started operation as a semi-complex, hydroskimming refinery and was upgraded in 1983 when an FCC unit was built, together with new utilities (Gas turbine and second steam boiler). In 1996, the gasoil desulfurization unit was upgraded to produce 50 ppm, and then eventually 10 ppm automotive diesel. The refinery's low-sulfur products meet the EU 2009 mandatory maximum sulfur limit of 10 ppm for gasoline and diesel.

The Reichstett Refinery is located in an inland market, supported by economically attractive crude supply from the Mediterranean area via the Société du Pipeline Sud Européen ("SPSE") and a logistical premium for products such as ULSD and heating oil given its location.

The Reichstett Refinery has a Nelson Complexity of 5.3.

### Main Process Units

The following table sets forth the main process units of the Reichstett Refinery, their current capacities, start-up years and years of their most recent major modification:

Main Process Units	Units	Current Capacity <sup>1)</sup>	Start-Up Year	Modification
Atmospheric Distillation	1	84,800	1963	-
Vacuum Distillation <sup>2)</sup>	2	50,600	1983	-
Naphtha Hydrotreater	1	27,000	1963	-
GO Desulfurization	1	23,500	1963	1996
Catalytic Reformer	1	16,900	1963	-
Catalytic Cracker	1	15,800	1983	-
Visbreaker	1	11,900	1963	-
Thermal GO Unit	1	8800	1963	-
Claus Unit (tons per stream day)	2	108	1963	1994

<sup>1)</sup> Barrels per day, except as indicated.

<sup>2)</sup> Including one vacuum flash tower (12,600 bpd).

### Feedstocks and Supply Arrangements

Crude is mostly supplied from the Mediterranean, Africa, Baltic Sea, Middle East and North Sea. Crude oil is delivered to the Fos-sur-Mer terminal on the Mediterranean coast of France and shipped via the SPSE pipeline to the refinery. This is the same terminal and pipeline that services the Cressier Refinery.

### Product Off-take

Products are distributed primarily in the region surrounding the refinery via truck. The refinery also has product pipelines and connections to the Rhine for distribution by barge. The refinery has a truck-loading station equipped with 27 truck-loading racks. The refinery is connected by pipeline to a third party LPG filling plant (built on a piece of land owned by Petroplus and rented to the LPG plant owner) where both LPG streams (commercial butane and commercial propane) are either bottled or loaded in road or rail tank cars. The refinery is connected by three dedicated eight-kilometer-long pipelines to a river terminal on the Rhine: one gasoline pipeline, one middle distillate pipeline and one heavy fuel pipeline. The Rhine terminal installations are owned by Petroplus and have two jetties capable of loading/unloading up to four barges at the same time.

In connection with the acquisition of the Reichstett Refinery we entered into off-take agreements with Shell, at market prices, which accounted for 90-100% of bitumen produced, approximately 50% of aviation fuels produced and approximately 20% of gasoline and gasoline intermediates produced at the Reichstett Refinery in 2009. The agreement for aviation

fuel has been terminated at the end of 2009. The remaining contracts are four to five year contracts, with volumes reducing each year until expiry.

### Energy and Other Utilities

The average power demand of the refinery is approximately 17 megawatts. About 40% of this demand is generated by the refinery by a gas turbine (burning fuel gas) unit. The remaining 60% is supplied through a long-term contract with an external supplier expiring in 2010.

### Tankage Capacity

Storage capacity at the refinery is approximately 8 million barrels, with 1.5 million barrels dedicated to crude and other feedstock storage and 6.5 million barrels to intermediate and finished products.

## The Cressier Refinery



We acquired the Cressier Refinery and related assets from Shell Switzerland in May 2000. The Cressier Refinery was commissioned by Shell in 1966 and has a crude oil throughput capacity of 68,000 bpd. The Cressier Refinery is an integrated atmospheric-vacuum distillation, visbreaking and thermal cracking refinery.

### *Refinery Overview*

The Cressier Refinery is located on a 74-hectare site in the canton of Neuchâtel in the western part of Switzerland and is one of only two refineries in Switzerland. During 2009, the Cressier Refinery's production accounted for approximately 20% (by volume) of all refined product sales in Switzerland. Of Switzerland's total demand for refined products, approximately 65% was imported in 2009, principally by rail and by barge on the Rhine and by pipeline. During times of very high or very low water levels, or high demand for refined products along the Rhine, transportation costs can increase significantly. As a consequence of these transportation costs and its niche Inland location, the Cressier Refinery benefits from a built-in margin premium relative to Dutch and German refineries competing to supply the Swiss market.

Another strength of the Cressier Refinery is the ability of its thermal cracker and visbreaking units to upgrade heavy VGOs and heavy fuel oil to higher value clean products, such as ULSD and home heating oil. The refinery's production of gasoline and diesel meets the EU 2009 and Swiss mandatory 10 ppm sulfur limits, and home heating oil meets the 1000 ppm sulfur standards. Through the startup at the end of 2004 of an

on-site hydrogen facility owned by an external manufacturer, the refinery meets the specification requirements under the European Commission's Oil II Program.

The Cressier Refinery has a Nelson Complexity of 6.4.

### Main Process Units

The following table sets forth the main process units of the Cressier Refinery, their current capacities, start-up years and years of their most recent major modification:

Main Process Units	Units	Current Capacity <sup>1)</sup>	Start-Up Year	Modification
Atmospheric Distillation	1	68,000	1966	2007
Vacuum Distillation	1	37,000	1966	2007
Thermal Cracker	1	12,150	1966	2005
Visbreaker	1	10,800	1966	2005
Catalytic Reformer	1	16,400	1966	1986
Naphtha Hydrotreating	1	27,700	1966	2005
Kerosene Hydrotreating	1	9,400	1966	2001
Gasoil Hydrotreating	1	29,600	1993	-
Isomerization	1	7,500	1976	1996
Sulfur Recovery (tons per stream day)	1	25	1966	1988

<sup>1)</sup> Barrels per day, except as indicated.

### Feedstocks and Supply Arrangements

The Cressier Refinery is able to process sweet crude oil and a smaller amount of sour crude oil. We currently source the Cressier Refinery's crude oils through spot market purchases and, to a lesser extent, short-term purchase contracts.

Crude for the Cressier Refinery is shipped to Fos-sur-Mer in southern France and transported first by the SPSE pipeline to the Gennes depot in France, and then by the Société Française du Pipeline du Jura ("SFPLJ") and Oléoduc du Jura Neuchâtelois S.A. ("OJNSA") pipelines to the Cressier Refinery. We own 100% of the equity of the SFPLJ pipeline (from our connection with the SPSE pipeline to the French-Swiss border) and 80% of the equity of the OJNSA pipeline (from the Swiss-French border to the Cressier Refinery). Our right to use the SPSE pipeline is governed by a 25-year throughput agreement with SPSE.

### Product Off-take

We typically sell the majority of the Cressier Refinery's annual production to oil majors, resellers, industrial customers and retail petrol stations. The majority of the refinery's gasoline is sold pursuant to term contracts, with a duration of one year, with the remainder being sold on a spot market basis.

The Company has a truck-loading rack and railcar facilities for loading of products to customers. The Company also has three product depots: Birsfelden, which supplies the northern Swiss region, including Basel; a 32% ownership interest in a

Geneva depot that supplies the southwestern Swiss region; Niederhasli, which supplies the northern Swiss region around Zurich; and Rothenburg, which supplies the central Swiss region around Lucerne. The Birsfelden depot also has barge-loading facilities for shipments to and from the ARA region with storage capacity of 630,000 barrels.

Cressier's gasoline and middle distillates are sold in Switzerland.

### Energy and Other Utilities

The refinery's average power demand is approximately 14 megawatts. The Cressier Refinery's electricity requirements are supplied under a contract with an external supplier. Hydrogen is supplied to the Cressier Refinery under a 15-year contract, expiring 2019, with an external supplier.

### Tankage Capacity

Cressier's aggregate crude storage capacity is 2.1 million barrels. The refinery's on-site crude storage tanks have a capacity of 480,000 barrels. The Gennes depot has a capacity of 630,000 barrels. In addition, the refinery has been allocated 945,000 barrels of storage capacity at the SPSE terminal in Fos-sur-Mer. The Cressier Refinery's on-site product storage tanks have a combined capacity of 2.7 million barrels.

## Other

### The Teesside Facility



We acquired the Teesside Refinery in December 2000. The refinery was commissioned by Phillips Imperial Petroleum Ltd. in 1966 and had a total throughput capacity of 117,000 bpd. Given the unfavorable market environment and capital expenditures required to maintain refinery operations at Teesside, we decided during the fourth quarter of 2009 to suspend the refinery operations and to convert it into a marketing and storage facility. We expect the full transition of the site to be completed by the end of 2010.

#### *Facility Overview*

The Teesside Facility is located on a 40-hectare site on the northeastern coast of England. The assets on site include a crude unit, a distillate hydroprocessing unit, tankage and shipping facilities. The crude unit historically processed Ekofisk crude oil via a pipeline connection from the nearby North Sea supply point.

The UK marketing system based at Teesside has well established outlets to deliver products to customers. Middle distillates including ULSD, heating oil and jet fuel are sold predominantly in the North East United Kingdom, with delivery by truck and train.

#### *Tankage Capacity*

The aggregate storage capacity for the Teesside Facility's crude is 2.4 million barrels. Crude can be stored in the underground salt caverns at the adjacent SABIC petrochemicals facility, which has a total capacity of 1.5 million barrels, or in the refinery's on-site crude oil tanks, which have a total capacity of 0.9 million barrels.

The Teesside Facility's total product storage capacity is 1.9 million barrels. The refinery's on-site product storage tanks have a capacity of 1.7 million barrels. In addition, product storage tanks with a capacity of 0.2 million barrels are located at the facility's truck- and rail-loading facilities.

# Operating and Financial Review

## Management Discussion and Analysis of the Financial Condition and the Results of Operations

The following discussion and analysis is derived from, and should be read in conjunction with, the Petroplus Holdings AG Consolidated Financial Statements and the related notes to those financial statements included elsewhere in this 2009 Annual Report. The following discussion of our financial condition and results of operations contains forward-looking statements that are based on assumptions about future business developments. As a result of many factors, including the risks set forth under the caption "Risks Relating to Our Business and Our Industry" in this 2009 Annual Report, our actual results may differ materially from those anticipated by these forward-looking statements.

### Company Overview

We are the largest independent refiner and wholesaler of petroleum products in Europe. We are focused on refining and currently own and operate six refineries across Europe, specifically in the United Kingdom, Belgium, France, Germany and Switzerland. The six refineries have a combined throughput capacity of approximately 752,000 barrels per day ("bpd"). We also own a marketing and storage facility, located in the United Kingdom. We sell our refined petroleum products to distributors and end customers, primarily in the United Kingdom, France, Germany, Switzerland and the Benelux countries, as well as on the global spot market.

### Factors Affecting Comparability

#### Convertible Bond

*Convertible Bond USD 150 million, 4.0 % due 2015 (the "2015 CB")*

On October 16, 2009, Petroplus Finance Ltd., a subsidiary of the Company issued USD 150 million in guaranteed senior secured convertible bonds due 2015. The debt is guaranteed by the Company as well as by certain of its subsidiaries. The specified conversion price into common shares of the Company is CHF 30.61 per share. The 2015 CB bears interest at 4.0 % per annum.

*Convertible Bond USD 500 million, 3.375 % due 2013 (the "2013 CB") redeemed on October 16, 2009*

On October 12, 2009, we announced the successful result of the tender offer to repurchase our 2013 CB of USD 500 million 3.375 % due in 2013. The 2013 CB was redeemed on October 16, 2009 at the principal amount of USD 500 million, plus aggregate accrued interest.

#### Senior Notes

*Senior Notes USD 400 million, 9.375 % due 2019 (the "2019 SN")*

On September 17, 2009, Petroplus Finance 3 Limited, Bermuda, an unrestricted subsidiary of the Company, issued USD 400 million aggregate principal amount of 9.375 % senior notes due 2019 at an issue price of 98.42 % giving a yield of 9.625 %.

Upon successful completion of the tender offer and subsequent repayment of the 2013 CB, Petroplus Finance Limited assumed the obligations of Petroplus Finance 3 Limited under the 2019 SN, the Company and certain of its subsidiaries became guarantors of the 2019 SN and Petroplus Finance 3 Limited was released of all obligations under the 2019 SN.

#### Rights Issue and International Offering

During September 2009, we completed a rights offering and international offering whereby the Company issued 17,265,058 new registered shares from existing authorized share capital. Existing shareholders were entitled to subscribe for one new share at a subscription price of CHF 16.90 per share for every four existing shares held. The new shares began trading on September 22, 2009. The gross proceeds amounted to USD 284.2 million excluding share issue costs of USD 12.2 million.

#### Share-based Payment

During the first quarter of 2008, our former Chief Executive Officer Mr. Robert J. Lavinia decided to forfeit a total of 350,000 options granted to him during 2007. Additionally, Mr. Thomas D. O'Malley, our Chairman of the Board of Directors, Mr. Lavinia and other members of executive management voluntarily relinquished options granted in January 2008. In accordance with IFRS 2 Share-based Payment, a retroactive adjustment of USD 21.5 million was taken in the first quarter 2008 to reflect the cost associated with the forfeited options. The adjustment had no impact on income taxes. Net loss for 2008 has been increased to USD 516.6 million from USD 495.1 million. The effect on earnings per share related to the restatement results in an increase in loss per share of USD 0.29 for basic and diluted earnings.

#### Acquisition of the Petit Couronne and Reichstett Refineries

On March 31, 2008, we completed the purchase of the Petit Couronne and Reichstett refineries located in France. The purchase price, including fees, inventory and other adjustments, totaled USD 810.9 million and was financed with proceeds from the issuance of convertible bonds, drawings under our working capital facilities and cash on hand. The Petit Couronne and

Reichstett refineries and other related assets and liabilities are included in the Consolidated Statement of Financial Position based on the final asset valuation, which was completed during the first quarter of 2009. The preliminary purchase price allocation was adjusted as necessary. The Consolidated Statement of Comprehensive Income and the Consolidated Cash Flow Statement include nine months of operations of the Petit Couronne and Reichstett refineries for the year ended December 31, 2008.

### Discontinued Operations

During 2009, we suspended refining operations at our Teesside Facility and entered into an agreement to sell our processing facility in Antwerp. The results of these operations, including impairment charges recorded in 2009 and 2008, have been reclassified to a separate line item in our Consolidated Statement of Comprehensive Income for the years ended December 31, 2009 and 2008.

#### *Operations of the Teesside Refinery*

Due to the low complexity configuration of the facility, the unfavorable market environment, especially the decline in the naphtha cracks, and the significant regulatory capital expenditures required to maintain refinery operations, we announced on November 5, 2009 our intention to suspend our Teesside Facility's refining operations. The refinery had been shut down for economic reasons since the second quarter of 2009. The refinery site is now in transition to continue as a marketing and storage facility. The refinery's 117,000 bpd throughput capacity had represented approximately 14% of our combined throughput capacity.

#### *Sale of the Antwerp Processing Facility*

On October 23, 2009, we entered into a definitive agreement with Eurotank Belgium B.V., a wholly-owned subsidiary of Vitol Tank Terminals International B.V., part of the Vitol Group of companies ("Vitol") for the sale of Petroplus Refining Antwerp N.V. and Petroplus Refining Antwerp Bitumen N.V. (the "Antwerp Processing Facility"). The sale was closed on January 12, 2010. The proceeds received were USD 55.0 million including hydrocarbon inventory on site. Final adjustments for working capital and net debt will be settled during the second quarter of 2010.

#### *Impairments*

During the third quarter of 2009 USD 110.0 million and USD 15.0 million in non-cash impairment charges were recorded for the Teesside Refinery and Antwerp Processing Facility, respectively.

In 2008, USD 87.5 million in non-cash impairment charges were recorded for the Antwerp Processing Facility. Additionally, the Company incurred USD 6.0 million of impairment charges related to assets taken out of service at the Antwerp Processing Facility.

## Factors Affecting Operating Results

### Overview

Our earnings and cash flows from operations are primarily affected by the relationship between refined product prices and the prices for crude oil and other feedstocks. The cost to acquire crude oil and other feedstocks and the price of refined petroleum products ultimately sold depend on numerous factors beyond our control, including the supply of, and demand for, crude oil, gasoline, diesel and other refined petroleum products, which, in turn, depend on, among other factors, changes in global and regional economies, weather conditions, global and regional political affairs, production levels, the availability of imports, the marketing of competitive fuels, pipeline capacity and availability, prevailing exchange rates and the extent of government regulation. Our revenue and operating income fluctuate significantly with movements in refined petroleum product prices; our materials costs fluctuate significantly with movements in crude oil prices and our other operating expenses fluctuate with movements in the price of energy to meet the power needs of our refineries. In addition, the effect of changes in crude oil prices on our operating results is influenced by how the prices of refined products adjust to reflect such changes.

Crude oil and other feedstock costs and the prices of refined petroleum products have historically been subject to wide fluctuations. Expansion and upgrading of existing facilities and installation of additional refinery distillation or conversion capacity, price volatility, international political and economic developments and other factors beyond our control are likely to continue to play an important role in refining industry economics. These factors can impact, among other things, the level of inventories in the market, resulting in price volatility and a reduction or increase in product margins. Moreover, the industry typically experiences seasonal fluctuations in demand for refined petroleum products, such as for gasoline and diesel, during the summer driving season and for home heating oil during the winter.

## Benchmark Refining Margins

In assessing our operating performance, we compare the refining margins (revenue less materials cost) of each of our refineries against a specific benchmark industry refining margin based on a crack spread. Benchmark refining margins take into account both crude and refined petroleum product prices. When these prices are combined in a formula, they provide a single value – a gross margin per barrel – that, when multiplied by a throughput number, provides an approximation of the gross margin generated by refining activities.

As the performance of our refineries does not closely follow any of the currently published industry benchmark refining margins, we have created benchmark refinery margins, based upon publicly available pricing information, for each of our refineries that more closely reflect each of our refineries' actual performance. The benchmark refining margins for the six refineries we operated during the year 2009 are set forth in the following table:

Coryton Refinery 5/2/2/1	five Dated Brent/two gasoline/ two ULSD/one 3.5 % fuel oil
BRC Refinery 6/1/2/2/1	six Dated Brent/one gasoline/ two gasoil/two VGO/ one 3.5 % fuel oil
Petit Couronne and Reichstett refineries 4/1/2/1	four Dated Brent/one gasoline/ two ULSD/one 3.5 % fuel oil
Ingolstadt Refinery 10/1/3/5/1	ten Dated Brent/one naphtha/ three gasoline/five ULSD/one 3.5 % fuel oil
Cressier Refinery 7/2/4/1	seven Dated Brent/two gasoline/ four gasoil/one 1 % fuel oil

Each of the benchmark refining margins for our refineries as shown on page 35 is expressed in USD per barrel and serves as proxy for the per barrel margin that a Dated Brent crude oil refinery situated in northwest Europe would earn assuming it sold the benchmark production for the relevant refinery margin.

While the benchmark refinery margins presented in the table above are representative of the results of our refineries, each refinery's realized gross margin on a per barrel basis will differ from the benchmark due to a variety of factors affecting the performance of the relevant refinery to its corresponding benchmark. These factors include the refinery's actual type of crude oil throughput, product yield differentials and any other factors not reflected in the benchmark refining margins, such as transportation costs, fuel consumed during production and any product premiums or discounts, as well as inventory

fluctuations, timing of crude oil and other feedstock purchases, a rising or declining crude and product pricing environment and commodity price management activities.

The following table sets forth historical benchmark crude and refined petroleum product pricing information used in calculating each of our refineries' benchmark refining margins:

## Reference Benchmark Crude and Product Prices

(in USD per barrel)	For the year ended December 31,	
	2009	2008
<b>Crude Oil <sup>1)</sup></b>		
Dated Brent	62.04	97.69
<b>Products Differential to Dated Brent <sup>1)</sup></b>		
Naphtha	(2.05)	(8.13)
95 RON gasoline	7.55	2.24
ULSD	9.93	29.81
Gasoil <sup>2)</sup>	7.33	24.93
VGO	(0.30)	(3.21)
1 % Fuel Oil	(5.89)	(15.17)
3.5 % Fuel Oil	(7.44)	(24.81)

Source: Bloomberg

<sup>1)</sup> Average of daily prices for trading days during the relevant period.

<sup>2)</sup> Based on the quoted price for heating oil.

## Commodity Price Management

The nature of our business requires us to maintain a substantial investment in petroleum inventories. Since petroleum feedstocks and products are global commodities, we have no control over the changing market value of these inventories. To supply our refineries with crude oil on a timely basis, we enter into purchase contracts that fix the price of crude oil from one to several weeks in advance of receiving and processing that crude oil. In addition, as part of our marketing activities we may enter into fixed price contracts for sales of our refined petroleum products in advance of producing and delivering the products. Prior to delivery of the crude oil and sale of the related refined petroleum products, the market value of the crude oil and products may change as prices related to the fixed purchase and sale commitments rise and fall.

On average, throughout 2009, we have held approximately 23 million barrels of crude and product inventory on hand. This level fluctuates on a daily basis, depending on timing of crude purchases and product sales, operations and optimization of crude and product pricing. We are exposed to the fluctuation in crude and product pricing on the inventory

we hold. Currently, we primarily use a commodity price management program to manage the fluctuation associated with commodity pricing on a defined volume of inventory. Under this program we enter into commodity Intercontinental Exchange (“ICE”) futures contracts and counterparty swaps to lock in the price of certain commodities.

Most derivative transactions are not designated as effective hedges, therefore any gains or losses arising from changes in the fair value of these instruments are recorded in our Consolidated Statement of Comprehensive Income in the line item “Materials cost”. Our derivative contracts are classified as derivative instruments and are recorded in our Consolidated Statement of Financial Position at fair market value. We currently do not enter into material derivative financial instruments for speculative transactions and do not hedge our Group refining margin. This strategy is continually reviewed and adapted for current economic and market conditions.

As noted above, our refineries’ results will differ from the reference benchmarks due to our hedging or commodity price management activities.

### Foreign Currency Fluctuation Management

As of January 1, 2008, we are a USD functional currency Company. Upon translation to the USD, our foreign currency exposure was reduced in that the majority of our financing activities and costs of sales are incurred in USD. We are still exposed to the fluctuation in the USD versus the Swiss Franc (“CHF”), Euro (“EUR”) and the British Pound (“GBP”) as our local marketing sales, while driven by the USD, are invoiced in local currencies, and a portion of our local capital expenditures, operating and personnel costs are incurred in local currencies. We are also exposed to foreign currency risk because certain of our assets and liabilities are denominated in currencies other than USD. To manage foreign currency exposure risk, we enter into both swaps and forward derivative contracts. As we have not currently designated our derivative financial instruments as effective hedges, any gains or losses arising from changes in the fair value of these instruments are recorded in our Consolidated Statement of Comprehensive Income. The Company does not use derivative contracts to manage fluctuations on personnel and operating costs.

### Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Our exposure to credit risk is represented by the carrying amount of the receivables that are presented in the Consolidated Statement of Financial Position, including derivatives with positive market values. To minimize credit risk, all customers are subject to credit verification procedures and extensions of credit above defined thresholds are subject to an approval process. Our intention is to grant trade credit only to recognized creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis. We also limit the risk of bad debts by obtaining bank securities such as guarantees or letters of credit and credit insurance.

### Other Factors

Our operating cost structure is also important to our profitability. Major operating costs include costs relating to employees and contract labor, energy, maintenance and environmental compliance. The predominant variable costs are energy related, in particular, the price of electricity, natural gas and chemicals. In addition, operating costs will vary with movements in foreign currency.

Our operating results are also affected by safety, reliability and the environmental performance of our refinery operations. Unplanned downtime of our refinery assets generally results in lost margin opportunity and increased maintenance expense. The financial impact of planned downtime, such as major turnaround maintenance, is managed through a planning process that considers such things as, but not limited to, the margin environment, the availability of resources to perform the needed maintenance and feedstock logistics.

The following section includes refinery specific information related to crude differentials, ancillary costs, and local premiums and discounts. For actual charge and yields including fuel consumed by refinery see the “Results of operations” section.

*Coryton Refinery*

The benchmark refining margin for the Coryton Refinery is calculated by assuming that five barrels of the benchmark Dated Brent crude oil are converted into two barrels of 95 research octane number ("RON") gasoline, two barrels of ULSD and one barrel of 3.5 % fuel oil. We calculate this benchmark margin using the market value of 95 RON gasoline, ULSD and 3.5 % fuel oil, in each case on an F.O.B. basis, against the market value of Dated Brent crude oil and refer to the benchmark as the 5/2/2/1 benchmark refining margin.

The Coryton Refinery's realized gross margin on a per barrel basis has historically differed from the 5/2/2/1 benchmark refining margin due to the following factors:

- The Coryton Refinery processes primarily sweet crude oil from the North Sea region, which has historically constituted approximately 75 % of total throughput. The remaining throughput consists of other feed and blendstocks, typically a heavy straight-run fuel oil. These other throughputs have historically priced at a discount to Dated Brent.
- Ancillary crude costs, primarily transportation costs, have historically averaged approximately USD 0.80 per barrel of throughput.

*BRC Refinery*

The benchmark refining margin for the BRC Refinery is calculated by assuming that six barrels of benchmark Dated Brent crude oil are converted into one barrel of 95 RON gasoline, two barrels of gasoil, two barrels of VGO and one barrel of 3.5 % fuel oil. We calculate this benchmark margin using the market value of VGO on a C.I.F. basis and 95 RON gasoline, heating oil (as a proxy for gasoil) and 3.5 % fuel oil, in each case on an F.O.B. basis, against the market value of Dated Brent crude oil and refer to this benchmark as the 6/1/2/2/1 benchmark refining margin.

The BRC Refinery's realized gross margin on a per barrel basis has historically differed from the 6/1/2/2/1 benchmark refining margin due to the following factors:

- The BRC Refinery has processed primarily Urals crude oil, which has historically constituted approximately 60 % of total throughput, and heavy sour crude oils, which have historically constituted approximately 20 % of total throughput. These feedstocks have historically priced at a discount to Dated Brent. The remaining throughput consists of a mixture of other crude oils and feedstocks. In 2009, we reduced the overall processing of Urals by approximately 25 %, which we expect to continue going forward. The 25 % was replaced with a light sour blend, which typically prices with other light crudes. The impact on distillate yields increases about 10 % overall.

- Ancillary crude costs, primarily transportation costs, have historically averaged approximately USD 0.15 per barrel of throughput.

- The BRC Refinery also achieves a slight location premium for its products, primarily due to the low cost of transportation for the products it distributes in the ARA region.

*Petit Couronne Refinery*

The benchmark refining margin for the Petit Couronne Refinery is calculated by assuming that four barrels of benchmark Dated Brent crude oil are converted into one barrel of 95 RON Gasoline, two barrels of ULSD and one barrel of 3.5 % fuel oil. We calculate this benchmark margin using the market value of 95 RON gasoline, ULSD and 3.5 % fuel oil, in each case on an F.O.B. basis, against the market value of Dated Brent crude oil and refer to the benchmark as the 4/1/2/1 benchmark refining margin.

The Petit Couronne Refinery's realized gross margin on a per barrel basis differs from the 4/1/2/1 benchmark margin due to the following factors:

- The Petit Couronne Refinery processed approximately 60 % medium sour crude like Urals, which prices at a discount to Dated Brent, and sweet crude oil, which has constituted approximately 30 % of total throughput.
- Ancillary crude costs, primarily transportation costs, have averaged approximately USD 0.90 per barrel of throughput.

*Ingolstadt Refinery*

The benchmark refining margin for the Ingolstadt Refinery is calculated by assuming that ten barrels of the benchmark Dated Brent crude oil are converted into one barrel of naphtha, three barrels of 95 RON gasoline, five barrels of ULSD and one barrel of 3.5 % fuel oil. We calculate this benchmark margin using the market value of naphtha on a C.I.F. basis and 95 RON gasoline, ULSD and 3.5 % fuel oil, in each case on an F.O.B. basis, against the market value of Dated Brent crude oil and refer to the benchmark as the 10/1/3/5/1 benchmark refining margin.

The Ingolstadt Refinery's realized gross margin on a per barrel basis has historically differed from the 10/1/3/5/1 benchmark refining margin due to the following factors:

- The Ingolstadt Refinery has historically run a mixture of crude oils in its throughput slate, including CPC and Azeri Light, which tend to price at a premium to Dated Brent. The refinery also processes a heavy blend to produce Bitumen. In addition, the refinery blends bio-components typically in gasoline and diesel, which have fluctuated in parallel with gasoline and diesel pricing, which historically have increased the overall crude differential premium to Dated Brent.

- Given its inland location, the Ingolstadt Refinery incurs higher crude transportation costs, which also results in a differential to the 10/1/3/5/1 benchmark refining margin. Ancillary crude costs, primarily transportation costs, have historically averaged USD 1.15 per barrel of throughput.
- The Ingolstadt Refinery is located in an inland market, enabling the refinery to achieve a regional premium for its refined products compared to the cost of importing products from outside the region.

#### *Reichstett Refinery*

The benchmark refining margin for the Reichstett Refinery is calculated by assuming that four barrels of benchmark Dated Brent crude oil are converted into one barrel of 95 RON Gasoline, two barrels of ULSD and one barrel of 3.5 % fuel oil. We calculate this benchmark margin using the market value of 95 RON gasoline, ULSD and 3.5 % fuel oil, in each case on an F.O.B. basis, against the market value of Dated Brent crude oil and refer to the benchmark as the 4/1/2/1 benchmark refining margin.

The Reichstett Refinery's realized gross margin on a per barrel basis has differed from the 4/1/2/1 benchmark refining margin due to the following factors:

- The Reichstett Refinery processed a mixture of 60 % sweet crude oils, such as Mellitah, which tend to price higher than the benchmark Dated Brent crude and 35 % light or medium sour crude oils, such as Urals which price at a discount to Dated Brent.
- Given its inland location, the Reichstett Refinery incurs higher crude transportation costs, which also results in a differential to the benchmark refining margin. Ancillary crude costs, primarily transportation costs, averaged approximately USD 1.50 per barrel of throughput.
- The Reichstett Refinery is located in an inland market, enabling the refinery to achieve a regional premium for its refined products compared to the cost of importing products from outside the region.

#### *Cressier Refinery*

The benchmark refinery margin for the Cressier Refinery is calculated by assuming that seven barrels of Dated Brent crude oil are converted into two barrels of 95 RON gasoline, four barrels of gasoil and one barrel of 1 % fuel oil. We calculate this benchmark margin using the market value of 95 RON gasoline, heating oil (as a proxy for gasoil) and 1 % fuel oil, in each case on an F.O.B. basis, against the market value of Dated Brent crude oil and refer to this benchmark as the 7/2/4/1 benchmark refining margin.

The Cressier Refinery's realized gross margin on a per barrel basis has historically differed from the 7/2/4/1 benchmark refining margin due to the following factors:

- The Cressier Refinery has historically run a mixture of crude oils, including CPC and Mellitah. In the aggregate, these crude oils tend to price higher than the benchmark Dated Brent crude oil.
- Given its inland location, the Cressier Refinery incurs higher crude transportation costs, which also results in a differential to the benchmark refining margin. Ancillary crude costs, primarily transportation costs, have historically averaged approximately USD 1.50 per barrel of throughput.
- The Cressier Refinery is located in an inland market, enabling the refinery to achieve a regional premium for its refined products compared to the cost of importing products from outside the region. The principal driver of this regional premium is the freight costs on the Rhine River from Rotterdam into Switzerland.

## Results of Operations

The following table provides the Consolidated Financial Income data of Petroplus Holdings AG.

### Financial income data

(in millions of USD, except as noted)	For the year ended December 31,	
	2009	2008 <sup>1) 2) 3)</sup>
Revenue	14,797.8	24,302.0
Materials cost	(13,592.4)	(23,353.4)
<b>Gross margin</b>	<b>1,205.4</b>	<b>948.6</b>
Personnel expenses <sup>3)</sup>	(351.1)	(398.0)
Operating expenses	(451.2)	(490.5)
Depreciation and amortization	(282.1)	(230.3)
Other administrative expenses	(55.7)	(72.4)
<b>Operating profit/(loss)</b>	<b>65.3</b>	<b>(242.6)</b>
Financial expense, net	(164.6)	(140.3)
Foreign currency exchange gains	2.5	12.4
Share of loss from associates	(1.6)	(2.0)
<b>Loss before income taxes</b>	<b>(98.4)</b>	<b>(372.5)</b>
Income tax (expense)/benefit	(10.4)	39.5
<b>Net loss from continuing operations</b>	<b>(108.8)</b>	<b>(333.0)</b>
Loss from discontinued operations, net of tax	(141.1)	(183.6)
<b>Net loss</b>	<b>(249.9)</b>	<b>(516.6)</b>

### Net loss attributable to:

Shareholders of the parent	(249.9)	(516.6)
<b>Net loss</b>	<b>(249.9)</b>	<b>(516.6)</b>

### Other financial data

EBITDA <sup>4)</sup>	348.3	(1.9)
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### Net loss per share available to shareholders (in USD): <sup>5)</sup>

Basic	(3.20)	(6.94)
Diluted	(3.20)	(6.94)

### Weighted average shares outstanding (in million shares): <sup>5)</sup>

Basic	78.0	74.5
Diluted	78.0	74.5

<sup>1)</sup> The 2008 financials have been re-presented to reflect the impact of discontinued operations related to the Teesside Refinery and the Antwerp Processing Facility.

<sup>2)</sup> Petroplus acquired the Petit Couronne and Reichstett refineries on March 31, 2008. Therefore, the operating results for 2008 include only nine months of operations for the Petit Couronne and Reichstett refineries.

<sup>3)</sup> The 2008 personnel expenses have been adjusted by USD 21.5 million in accordance with IFRS 2 (revised) *Share-based Payment – Vesting Conditions and Cancellations*. Further details are disclosed in Note 2 "Accounting Policies" of the Consolidated Financial Statements.

<sup>4)</sup> Earnings before Interest, Tax, Depreciation and Amortization ("EBITDA") excluding results from Discontinued Operations.

<sup>5)</sup> In relation to the rights offering, the comparative earnings per share amounts for 2008 have been restated to retroactively reflect the discount provided to shareholders in the September 2009 rights issue. As the rights issue was offered at a discount (CHF 16.90) to market value (CHF 27.50) the weighted average number of shares outstanding for 2009 and 2008 were adjusted in accordance with IAS 33 *Earnings per Share*. The adjustment resulted in an increase in the weighted average shares outstanding, both basic and diluted, in 2009 and 2008 of approximately 8%.

## Market Indicators

The following table provides the average price of Dated Brent and benchmark indicators by each refinery for the years ended December 31, 2009 and 2008:

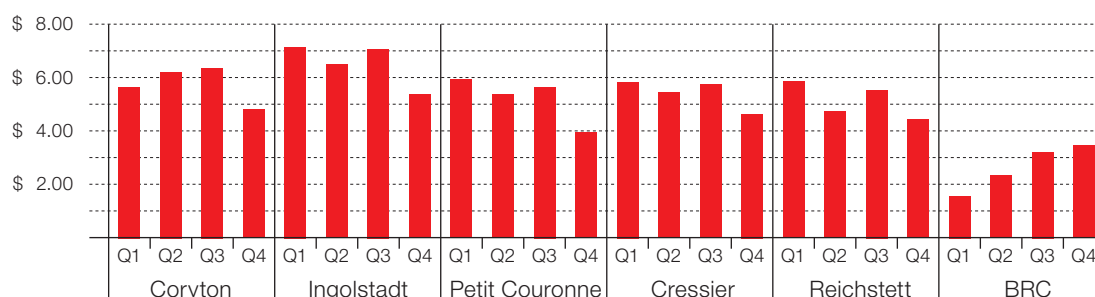
### Market indicators

(in USD per barrel)	For the year ended December 31,	
	2009	2008
Dated Brent	62.04	97.69
Benchmark refining margins		
5/2/2/1 Coryton	5.50	7.86
6/1/2/2/1 BRC	2.36	3.48
4/1/2/1 Petit Couronne <sup>1)</sup>	4.99	10.36
10/1/3/5/1 Ingolstadt	6.28	12.28
4/1/2/1 Reichstett <sup>1)</sup>	4.99	10.36
7/2/4/1 Cressier	5.50	12.72

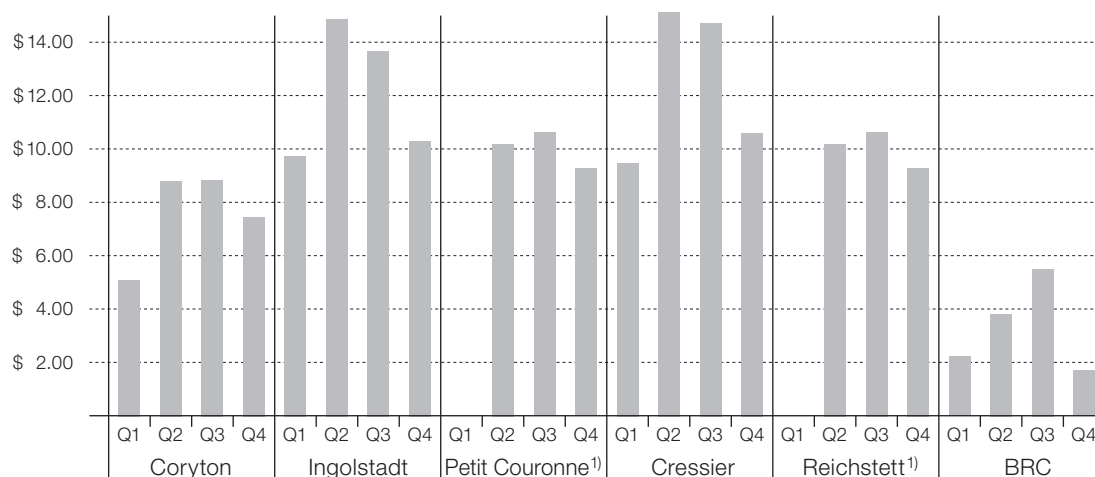
## Benchmark Indicators

The following tables provide benchmark refining margin indicators by refinery for each quarter for the years ended December 31, 2009 and 2008 (in USD per barrel):

### Benchmark indicators 2009



### Benchmark indicators 2008



Sources: Bloomberg, Platt's

### Footnotes for the tables on pages 35-39

<sup>1)</sup> We acquired the Petit Couronne and Reichstett refineries on March 31, 2008. Therefore, the operating results for 2008 include only nine months of operations for the Petit Couronne and Reichstett refineries.

<sup>2)</sup> The fuel consumed in process is a percentage of the total crude, feedstock, gasoline and diesel blending additives used by each refinery.

For the year ended December 31, 2009

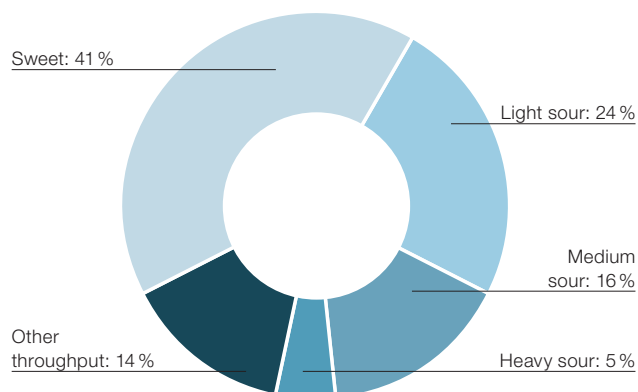
(in thousands of bpd, except as noted)

	Coryton		BFC	
<b>Throughput</b>				
Crude Unit Throughput				
Light sweet	106.3	73 %	0.3	0 %
Medium sweet	–	–	–	–
Heavy sweet	1.4	1 %	–	–
Light sour	7.1	5 %	33.1	41 %
Medium sour	–	–	9.3	12 %
Heavy sour	–	–	18.8	23 %
<b>Total Crude Unit Throughput</b>	<b>114.8</b>	<b>79 %</b>	<b>61.5</b>	<b>76 %</b>
Other Throughput	30.9	21 %	19.7	24 %
<b>Total Throughput</b>	<b>145.7</b>	<b>100 %</b>	<b>81.2</b>	<b>100 %</b>

**Production**

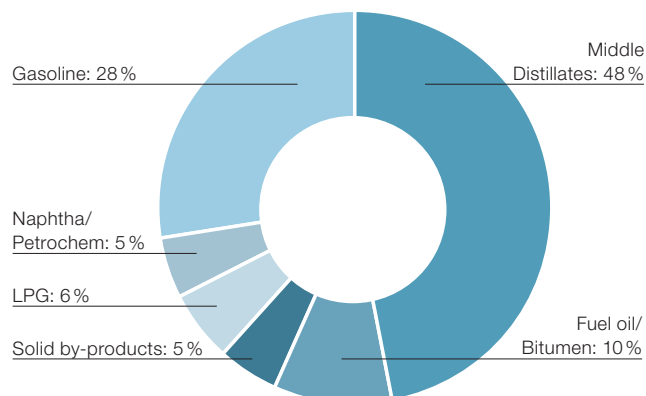
Light Products				
Gasoline	61.4	42 %	10.6	13 %
Diesels and gasoils	46.2	32 %	53.7	66 %
Jet fuel	15.8	11 %	–	–
Petrochemicals	2.2	1 %	–	–
Naphtha	–	–	0.4	0 %
LPG	2.2	2 %	4.6	6 %
<b>Total Light Products</b>	<b>127.8</b>	<b>88 %</b>	<b>69.3</b>	<b>85 %</b>
Low sulfur straight-run	–	–	–	–
Fuel oil/Bitumen	12.8	9 %	10.2	13 %
Solid by-products/fuel consumed in process/fuel loss <sup>2)</sup>	8.1	5 %	3.2	4 %
<b>Total Production</b>	<b>148.7</b>	<b>102 %</b>	<b>82.7</b>	<b>102 %</b>

**Petroplus Throughput**



Petit Couronne		Ingolstadt		Reichstett		Cressier		Total	
36.3	32 %	0.9	1 %	23.0	52 %	33.5	63 %	200.3	38 %
0.6	1 %	11.7	13 %	2.7	6 %	2.0	4 %	17.0	3 %
–	–	–	–	–	–	–	–	1.4	0 %
2.2	2 %	69.4	74 %	2.3	5 %	14.0	26 %	128.1	24 %
62.8	56 %	–	–	10.7	25 %	1.8	3 %	84.6	16 %
1.3	1 %	5.3	6 %	0.5	1 %	–	–	25.9	5 %
<b>103.2</b>	<b>92 %</b>	<b>87.3</b>	<b>94 %</b>	<b>39.2</b>	<b>89 %</b>	<b>51.3</b>	<b>96 %</b>	<b>457.3</b>	<b>86 %</b>
8.5	8 %	5.8	6 %	4.9	11 %	2.0	4 %	71.8	14 %
<b>111.7</b>	<b>100 %</b>	<b>93.1</b>	<b>100 %</b>	<b>44.1</b>	<b>100 %</b>	<b>53.3</b>	<b>100 %</b>	<b>529.1</b>	<b>100 %</b>
22.0	20 %	27.0	29 %	10.6	24 %	14.0	26 %	145.6	28 %
41.7	37 %	41.9	45 %	20.0	45 %	24.5	46 %	228.0	43 %
8.6	8 %	2.1	2 %	0.3	1 %	2.3	4 %	29.1	5 %
6.8	6 %	1.5	1 %	–	–	0.5	1 %	11.0	2 %
6.3	6 %	6.2	7 %	4.4	10 %	0.2	1 %	17.5	3 %
7.2	6 %	9.1	10 %	3.3	8 %	3.4	6 %	29.8	6 %
<b>92.6</b>	<b>83 %</b>	<b>87.8</b>	<b>94 %</b>	<b>38.6</b>	<b>88 %</b>	<b>44.9</b>	<b>84 %</b>	<b>461.0</b>	<b>87 %</b>
–	–	–	–	–	–	–	–	–	–
13.9	12 %	4.2	5 %	4.6	10 %	6.6	13 %	52.3	10 %
6.1	6 %	4.8	5 %	2.0	4 %	2.1	4 %	26.3	5 %
<b>112.6</b>	<b>101 %</b>	<b>96.8</b>	<b>104 %</b>	<b>45.2</b>	<b>102 %</b>	<b>53.6</b>	<b>101 %</b>	<b>539.6</b>	<b>102 %</b>

### Petroplus Production



For the year ended December 31, 2008

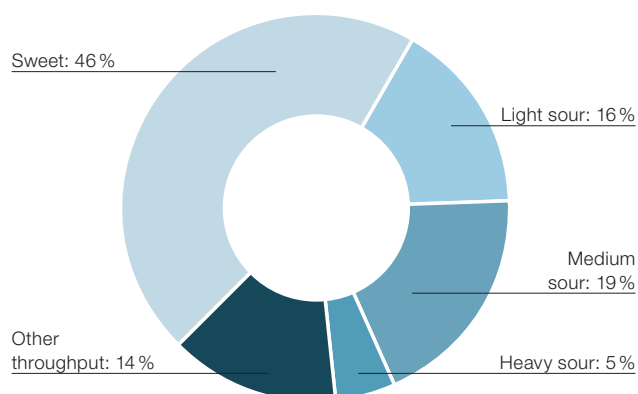
(in thousands of bpd, except as noted)

	Coryton		BRC	
<b>Throughput</b>				
Crude Unit Throughput				
Light sweet	121.5	70 %	10.5	11 %
Medium sweet	–	–	–	–
Heavy sweet	–	–	1.5	2 %
Light sour	7.2	4 %	3.1	3 %
Medium sour	1.9	1 %	35.7	39 %
Heavy sour	0.2	0 %	20.8	23 %
<b>Total Crude Unit Throughput</b>	<b>130.8</b>	<b>75 %</b>	<b>71.6</b>	<b>78 %</b>
Other Throughput	42.8	25 %	20.6	22 %
<b>Total Throughput</b>	<b>173.6</b>	<b>100 %</b>	<b>92.2</b>	<b>100 %</b>

**Production**

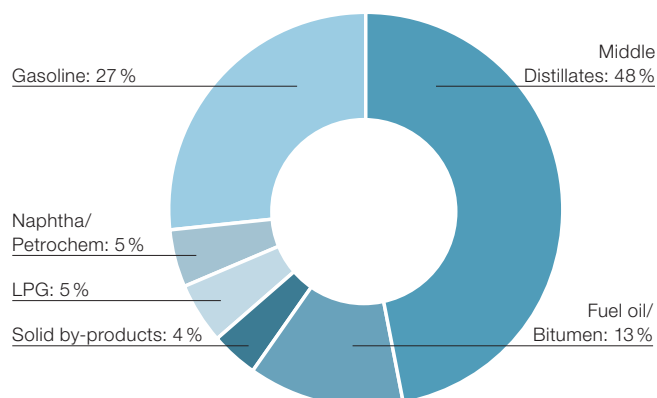
Light Products				
Gasoline	68.2	39 %	11.1	12 %
Diesels and gasoils	52.4	30 %	57.6	63 %
Jet fuel	18.0	11 %	–	–
Petrochemicals	2.8	2 %	–	–
Naphtha	–	–	–	–
LPG	2.2	1 %	5.7	6 %
<b>Total Light Products</b>	<b>143.6</b>	<b>83 %</b>	<b>74.4</b>	<b>81 %</b>
Low sulfur straight-run	–	–	–	–
Fuel oil/Bitumen	25.0	14 %	16.0	17 %
Solid by-products/fuel consumed in process/fuel loss <sup>2)</sup>	8.6	5 %	3.2	4 %
<b>Total Production</b>	<b>177.2</b>	<b>102 %</b>	<b>93.6</b>	<b>102 %</b>

**Petroplus Throughput**



Petit Couronne <sup>1)</sup>		Ingolstadt		Reichstett <sup>1)</sup>		Cressier		Total	
29.4	32 %	16.7	16 %	29.4	57 %	32.7	60 %	240.2	42 %
–	–	16.3	16 %	1.0	2 %	1.2	2 %	18.5	3 %
–	–	–	–	–	–	–	–	1.5	1 %
–	–	59.9	57 %	2.0	4 %	16.5	31 %	88.7	16 %
56.7	61 %	0.6	1 %	14.4	28 %	1.1	2 %	110.4	19 %
–	–	5.7	5 %	1.3	2 %	–	–	28.0	5 %
<b>86.1</b>	<b>93 %</b>	<b>99.2</b>	<b>95 %</b>	<b>48.1</b>	<b>93 %</b>	<b>51.5</b>	<b>95 %</b>	<b>487.3</b>	<b>86 %</b>
6.5	7 %	5.7	5 %	3.7	7 %	2.8	5 %	82.1	14 %
<b>92.6</b>	<b>100 %</b>	<b>104.9</b>	<b>100 %</b>	<b>51.8</b>	<b>100 %</b>	<b>54.3</b>	<b>100 %</b>	<b>569.4</b>	<b>100 %</b>
15.9	17 %	31.1	30 %	12.1	23 %	14.0	26 %	152.4	27 %
31.4	34 %	47.8	45 %	24.9	48 %	22.4	41 %	236.5	42 %
9.7	11 %	2.8	3 %	0.3	1 %	4.1	8 %	34.9	6 %
6.2	7 %	1.9	2 %	–	–	0.6	1 %	11.5	2 %
5.0	5 %	6.3	6 %	4.7	9 %	0.3	1 %	16.3	3 %
6.8	7 %	9.7	9 %	3.4	7 %	3.5	6 %	31.3	5 %
<b>75.0</b>	<b>81 %</b>	<b>99.6</b>	<b>95 %</b>	<b>45.4</b>	<b>88 %</b>	<b>44.9</b>	<b>83 %</b>	<b>482.9</b>	<b>85 %</b>
–	–	–	–	–	–	–	–	–	–
13.7	15 %	4.7	4 %	5.5	10 %	7.2	13 %	72.1	13 %
5.1	5 %	5.1	5 %	1.5	3 %	2.1	4 %	25.6	4 %
<b>93.8</b>	<b>101 %</b>	<b>109.4</b>	<b>104 %</b>	<b>52.4</b>	<b>101 %</b>	<b>54.2</b>	<b>100 %</b>	<b>580.6</b>	<b>102 %</b>

### Petroplus Production



## 2009 Compared to 2008

### Overview

Our operating profit from continuing operations was USD 65.3 million for the year ended December 31, 2009 as compared to an operating loss of USD 242.6 million for the same period in 2008. Our net loss from continuing operations for the year ended December 31, 2009 was USD 108.8 million as compared to a net loss from continuing operations of USD 333.0 million for the same period in 2008. Our net loss after discontinued operations attributable to shareholders was USD 249.9 million (USD 3.20 per share) for the year ended December 31, 2009 as compared to a net loss of USD 516.6 million (USD 6.94 per share) in the same period in 2008. The net loss in 2009 is mainly attributable to the overall lower refining margin environment and non-cash impairment charges partially offset by decreases in cost of fuel consumed and exchange rate benefits.

The results of operations for the year ended December 31, 2008 include operations of the Petit Couronne and Reichstett refineries for nine months. Additionally, the first quarter 2008 results have been adjusted by an increase in personnel expenses amounting to USD 21.5 million in accordance with IFRS 2 (*Revised*) *Share-based Payment – Vesting Conditions and Cancellations*. The results from discontinued operations related to the Antwerp Processing Facility and Teesside Refinery include a loss of USD 141.1 million for the year ended December 31, 2009 versus a loss of USD 183.6 million in the same period in 2008.

### Revenue

Our revenue decreased by USD 9,504.2 million, or 39.1 %, to USD 14,797.8 million for the year ended December 31, 2009 from USD 24,302.0 million for the year ended December 31, 2008. The decrease in revenue is mainly attributable to decreased refined petroleum product prices and lower volumes sold during 2009 compared to the same period in 2008.

### Gross Margin

Our gross margin from continuing operations increased by USD 256.8 million, or 27.1 %, to USD 1,205.4 million for the year ended December 31, 2009 from USD 948.6 million for the year ended December 31, 2008. Gross margin in 2009 was marked by positive impacts of crude oil pricing and benefits of a lower crude price environment on our cost of fuel consumed. These positive impacts were more than offset by lower refining margin cracks. Further, our gross margin was negatively impacted by reduced throughput at the Cressier and Reichstett

refineries due to the incident at the Société du Pipeline Sud-Européen ("SPSE") pipeline, the major turnaround at the Coryton Refinery as well as the accelerated turnaround of the Reichstett Refinery that had been scheduled for 2010. The gross margin for the year ended December 31, 2008 was principally driven by a steep decline in crude oil pricing and the associated effect on inventory value in the second half of 2008, offset by higher refining margin cracks and increased gross margin realized from the acquisition of Petit Couronne and Reichstett refineries on March 31, 2008.

Our 5/2/2/1 benchmark refining margin for the Coryton Refinery decreased 30% for the year ended December 31, 2009 as compared to the same period in 2008 as a result of declines in middle distillates partially offset by increased gasoline and fuel oil cracks to Dated Brent. Our 6/1/2/2/1 benchmark refining margin for the BRC Refinery decreased 32% for the year ended December 31, 2009 as compared to the same period in 2008 as a result of declines in gasoil cracks offset by improved gasoline cracks, VGO and fuel oil cracks. Our 10/1/3/5/1 benchmark refining margin for the Ingolstadt Refinery decreased 49% for the year ended December 31, 2009 as compared to the same period in 2008. The decrease was primarily due to declines in middle distillate cracks partially offset by strengthened gasoline cracks. Our 7/2/4/1 benchmark refining margin for the Cressier Refinery decreased 57% for the year ended December 31, 2009 as compared to the same period in 2008 as a result of lower gasoil cracks partially offset by higher gasoline and fuel oil cracks to Dated Brent. Our 4/1/2/1 benchmark refining margin for the Petit Couronne and Reichstett refineries averaged USD 4.99 for the year ended December 31, 2009 versus USD 10.36 for the nine months ended December 31, 2008.

Negative impacts from declining global oil demand, product cracks and throughput were partially offset by improved realized margins due to the lower crude price environment. Dated Brent declined from approximately USD 98 per barrel on average in the year ended December 31, 2008 to approximately USD 62 per barrel in the year ended December 31, 2009. The decline of about USD 36 per barrel resulted in a decrease in our cost of fuel consumed, which represents approximately 5% of our total throughput consumed.

Our realized margin at each of our refineries was impacted by the types of crude oil we processed during 2009 and 2008. We processed approximately 15% Urals crude oil, for which the average discount during 2009 to Dated Brent was approximately USD 0.81 per barrel, down 72% from the 2008 dis-

count to Dated Brent of USD 2.94 per barrel. We process Urals crude oil primarily at the BRC, Reichstett and Petit Couronne refineries. We processed approximately 16% CPC crude during 2009, for which the average price was approximately USD 0.25 per barrel under Dated Brent; down from USD 0.84 per barrel over Dated Brent in 2008. We process CPC crude predominantly at the Ingolstadt and Cressier refineries. Forties crude oil, which made up 6% of our total throughput in 2009 and is processed primarily at the Coryton and Petit Couronne refineries, averaged approximately USD 0.19 per barrel under Dated Brent during 2009 versus approximately USD 0.40 per barrel under Dated Brent in 2008. We also process other feed-and-blendstocks at most of our refineries. At the BRC Refinery, high-sulfur straight-run fuel oil made up 16% of total refinery throughput and priced at USD 2.27 per barrel under Dated Brent in 2009 versus USD 22 per barrel under Dated Brent in 2008. At many of our refineries, we blend biofuel components primarily into biodiesel, which priced in 2009 at an average of approximately USD 54 per barrel over Dated Brent versus approximately USD 72 per barrel over Dated Brent in 2008.

There is a lag between the time we purchase crude oil to the time we process and sell finished refined product. Timing of purchases depends on a number of factors, including the relevant refinery's planned throughput, unit disruptions which may cause usage of lighter and sweeter crude oil and availability of crude oil. Unplanned downtime has a more economic impact due to the disruption to the refinery's normal operating throughput, which results in a longer time lag between purchases and processing of crude oil. In addition, during unplanned downtime the timing of crude purchases is disrupted; which may cause a significant impact on realized gross margin.

Inland market premiums in 2009 were less compared to 2008 in part due to local market demand and transportation costs. The Cressier Refinery earns premiums to market prices, in part based on the freight rates on the Rhine river, which is the means of transport for Swiss customers purchasing refined product from the ARA region. In 2009, the Rhine freight average was approximately CHF 31 per ton as compared to CHF 40 per ton in 2008. In Germany, many of our refined products are based on an Oil Market Report ("OMR") price. The OMR price in 2009 for middle distillates was approximately USD 7 per barrel higher than the market price for the ARA region as compared to USD 10 per barrel higher in 2008.

Fuel consumed in the production process has a negative impact on our realization to the benchmark refining margin, fluctuating with the absolute crude price. In 2009 and 2008, we

consumed about 10 million barrels in the production process. The average price of Dated Brent was USD 62.04 per barrel in 2009 versus USD 97.69 per barrel in 2008. The decrease in the absolute price of crude oil in 2009 over the prior year had a direct impact on our cost of fuel consumed in production included in the refining margin in 2009.

We primarily use a commodity price management program to manage a small portion of the exposure to fluctuations in commodity pricing. Under this program we enter into commodity ICE futures contracts and counterparty swaps to lock in the price of certain commodities. Any gains or losses arising from changes in the fair value of these instruments are recorded in our Consolidated Statement of Comprehensive Income in the line item "Materials cost". Materials cost included a derivative loss of USD 5.7 million in 2009 and a loss of USD 91.0 million in 2008.

## Refinery Operations

*Coryton.* For the year ended December 31, 2009, the Coryton Refinery's total throughput averaged approximately 145,700 bpd. For the year ended December 31, 2008, the total throughput averaged approximately 173,600 bpd. Total throughput in 2009 was impacted by the fourth quarter planned major turnaround, which lasted 72 days. Total throughput in 2008 was impacted by reduced throughput from inspection delays, a power trip which limited the gas turbine generator and coke build-up in the naphtha pretreaters.

*BRC.* For the year ended December 31, 2009, the BRC Refinery's total throughput averaged approximately 81,200 bpd. For the same period ended December 31, 2008, the total throughput averaged approximately 92,200 bpd. Throughput was reduced due to planned and unplanned maintenance throughout 2009. Throughput in 2008 was impacted by planned and unplanned downtime from a minor fire in the visbreaker unit.

*Petit Couronne.* For the year ended December 31, 2009, the Petit Couronne Refinery's total throughput averaged approximately 111,700 bpd. The Petit Couronne Refinery was acquired on March 31, 2008. For the nine months ended December 31, 2008, the total throughput averaged approximately 92,600 bpd. Throughput in 2009 was reduced as a result of planned maintenance activity and an unplanned shutdown as a result of a leak in the fluid catalytic cracking unit late the year.

*Ingolstadt.* For the year ended December 31, 2009, the Ingolstadt Refinery's total throughput averaged approximately 93,100 bpd. For the year ended December 31, 2008, the total throughput averaged approximately 104,900 bpd. Throughput in 2009 was reduced as a result of planned downtime on the reformer unit and minor unplanned downtime.

*Reichstett.* For the year ended December 31, 2009, the Reichstett Refinery's total throughput averaged approximately 44,100 bpd. The Reichstett Refinery was acquired on March 31, 2008. For the nine months ended December 31, 2008, the total throughput averaged approximately 51,800 bpd. Throughput in 2009 was impacted by the incident at the Société du Pipeline Sud-Européen ("SPSE") pipeline, which limited crude supply causing downtime and the acceleration of the turnaround of certain units originally scheduled for 2010.

*Cressier.* For the year ended December 31, 2009, the Cressier Refinery's total throughput averaged approximately 53,300 bpd. For the same period in 2008, the Cressier Refinery's total

throughput averaged approximately 54,300 bpd. The throughput for the year ended December 31, 2009 was mainly impacted by the SPSE pipeline incident in August 2009. Throughput in 2008 was impacted by planned maintenance in the first two weeks of December, followed by a strike at Fos-sur-Mer which delayed the start-up of the refinery for the remainder of December.

### Personnel Expenses

Our personnel expenses decreased by USD 46.9 million to USD 351.1 million for the year ended December 31, 2009 from USD 398.0 million for the same period in 2008. This decrease in personnel expenses was principally due to a retroactive adjustment to the first quarter of 2008 to increase personnel expenses by USD 21.5 million in accordance with IFRS 2 (*Revised*) *Share-based Payment – Vesting Conditions and Cancellations*. As the Company's functional currency is USD, personnel costs for the year ended December 31, 2009 were positively impacted by the strengthening of the USD as personnel costs are paid in various local currencies, such as the EUR, GBP and CHF. These decreases were partially offset by increased salary costs associated with the acquisition of the French refineries.

### Operating Expenses

Our operating expenses decreased by USD 39.3 million to USD 451.2 million for the year ended December 31, 2009 from USD 490.5 million for the same period in 2008. The decrease was primarily attributable to the strengthening of the USD versus the GBP and EUR in 2009 as compared to the year ended December 31, 2008, as a significant portion of variable costs such as chemicals and energy, are paid in local currencies. There was a decrease in natural gas costs at the Coryton Refinery due to reduced spot market prices and consumption as a result of the turnaround in 2009. These decreases were partially offset by increased operating expenses following the acquisition of the Petit Couronne and Reichstett refineries in March 2008. The lower operating expenses in 2009 also reflect the release of USD 18.8 million of BRC's environmental provision in the first quarter of 2008.

### Depreciation and Amortization

Our depreciation and amortization expenses increased by USD 51.8 million, to USD 282.1 million for the year ended December 31, 2009 from USD 230.3 million for the same period in 2008. The increase is mainly attributable to the additional depreciation associated with the acquisition of the Petit Couronne and Reichstett refineries on March 31, 2008.

*Other Administrative Expenses*

Our other administrative expenses decreased by USD 16.7 million to USD 55.7 million for the year ended December 31, 2009 from USD 72.4 million for the same period in 2008. This decrease was mainly driven by a decline in costs associated with acquisition integration.

*Financial Expense, Net*

Our net financial expense increased by USD 24.3 million to USD 164.6 million for the year ended December 31, 2009 from USD 140.3 million for the same period in 2008. The increase in 2009 is mainly attributable to the three months of interest expense associated with the new 2015 CB and the net impact of the September 2009 refinancing of the 2013 CB, including transaction expenses, the write-off of capitalized financing fees and increased interest expense.

*Foreign Currency Exchange Gains*

Our foreign currency exchange results show a gain of USD 2.5 million for the year ended December 31, 2009 as compared to a gain of USD 12.4 million for the same period in 2008. The gain represents the revaluation of certain non-USD denominated monetary items against the GBP, EUR and CHF.

*Income Tax (Expense)/Benefit*

Our income tax benefit decreased USD 49.9 million to an expense of USD 10.4 million for 2009 as compared to a benefit of USD 39.5 million for 2008. Our effective tax rate was a 10.6% tax expense in 2009 and a 10.6% tax benefit in 2008. The tax rate was impacted by a lower refining margin environment, discontinued operations and non-cash fluctuations in foreign currency rates. Additionally, the tax rate was further impacted by unrecognized tax losses.

## Liquidity and Capital Resources

### Cash Flows

The following table summarizes the cash flow activity for the periods indicated:

(in millions of USD)	For the year ended December 31,	
	2009	2008
Cash flows from operating activities	(97.1)	747.2
Cash flows from investing activities	(272.6)	(1,119.3)
Cash flows from financing activities	159.3	525.3
<b>Net (decrease)/increase in cash and short-term deposits</b>	<b>(210.4)</b>	<b>153.2</b>
Net foreign exchange differences	11.8	(5.9)
Cash and short-term deposits at beginning of period	209.8	62.5
<b>Cash and short-term deposits at end of period</b>	<b>11.2</b>	<b>209.8</b>

#### *Cash Flows from Operating Activities*

Net cash flows used in operating activities were USD 97.1 million for the year ended December 31, 2009 as compared to net cash provided by operating activities of USD 747.2 million for the same period in 2008. Net loss had a negative impact on cash flows from operating activities in the amount of USD 249.9 million for 2009 versus USD 516.6 million for 2008. The weakness in earnings was driven by low refining margin cracks, resulting in reduced generation of cash flow compared to 2008. Net changes in working capital and other changes used an additional USD 248.4 million in cash flow for the year ended December 31, 2009. The higher cash balance at December 31, 2008 was primarily generated through the working capital benefit received from the decline in crude pricing in 2008.

#### *Cash Flows from Investing Activities*

Net cash flows used in investing activities were USD 272.6 million for the year ended December 31, 2009 as compared to net cash used in investing activities of USD 1,119.3 million for the same period in 2008. The cash used in investing activities in 2009 resulted primarily from capital expenditures in addition to turnaround activities at the Coryton, Petit Couronne, Reichstett and Ingolstadt refineries. On March 31, 2008, we completed the acquisitions of the Reichstett and Petit Couronne refineries, which resulted in a net cash outflow of USD 810.9 million. Remaining cash used in 2008 relates primarily to sustaining capital expenditures in addition to permit-related and turnaround activities.

#### *Cash Flows from Financing Activities*

Net cash flows provided by financing activities were USD 159.3 million for the year ended December 31, 2009 as compared to net cash provided by financing activities of USD 525.3 million for the same period in 2008. In September 2009, the Company issued the 2019 SN, resulting in net proceeds of USD 385.5 million which were used to repurchase a portion of the 2013 CB in October 2009. Also during September 2009, we completed a rights offering which resulted in net proceeds of USD 272.0 million. Additional financing activities in 2009 represent repayment of borrowings under the working capital facility. In 2008, the Company received net proceeds of USD 491.6 million from the issuance of the 2013 CB.

## Capital Spending

We classify our capital expenditures, excluding acquisition expenditures, into five major categories:

*Permit-related capital expenditures* include capital expenditures for improvements and upgrades to our production facilities required by local authorities as a condition of the granting or renewal of the operating permits for our facilities. These include process safety improvements and installation of equipment to reduce emissions to the environment.

*Sustaining capital expenditures* include regular, non-permit related capital expenditures we incur to maintain our production facilities and facilitate reliable operations.

*Turnaround capital expenditures* include capital expenditures incurred in connection with planned shutdowns to make necessary repairs, perform preventative maintenance, replace catalysts and implement capital improvements. We perform major scheduled turnarounds on each of our refineries generally every four to five years, with an intermediate, minor turnaround generally two years following each major scheduled maintenance turnaround.

*Project-related capital expenditures* include capital expenditures for improvements or upgrades to our production facilities that have been identified to provide significant gross margin returns. These projects are expected to either add capacity or increase product yields in higher value petroleum products.

*Information technology capital expenditures* include costs associated with software integration primarily from acquisitions and system upgrades.

Our total capital expenditures, excluding acquisition expenditures, are summarized in the following table by major category for the year ended December 31:

(in millions of USD)	2009	2008
Permit-related	41.7	53.7
Sustaining	141.6	163.2
Turnaround	158.8	75.1
Projects	1.9	9.1
Information technology	3.7	20.4
<b>Total capital expenditures</b>	<b>347.7</b>	<b>321.5</b>

Information about our 2010 planned capital expenditures is discussed in the "Outlook" section.

## Summary of Indebtedness

### Overview

The following table sets forth our financial indebtedness and cash balances as of December 31:

(in millions of USD)	2009	2008
Term loan facilities	1,683.8	1,632.8
Working capital facilities	149.6	249.1
<b>Total financial debt</b>	<b>1,833.4</b>	<b>1,881.9</b>
Cash and short-term deposits	11.2	209.8
<b>Net financial debt</b>	<b>1,822.2</b>	<b>1,672.1</b>

Below is a summary of our credit facilities and other financing arrangements, including a description of our plans with respect to such facilities or arrangements.

### Working Capital Facilities

#### *New Revolving Credit Facility ("New RCF")*

Certain of our subsidiaries are party to a USD 1.05 billion committed multicurrency secured revolving credit facility agreement dated October 16, 2009 which replaced our former revolving credit facility. The New RCF includes an option to increase the committed facility amount up to USD 2.0 billion on a preapproved but not pre-committed basis in the event of increased working capital needs or future acquisitions. We also have access to significant uncommitted lines from committed banks, providing increased liquidity on an as needed basis. As of December 31, 2009, we had additional uncommitted lines under the New RCF of USD 1.06 billion, bringing the total size of the New RCF to USD 2.11 billion.

The New RCF is available, subject to a current asset borrowing base, primarily in the form of letters of credit, short-term loan advances and bank overdrafts. Cash borrowings and revolving loans together may not exceed 60% of the committed facility, and bank overdrafts are limited to USD 100 million. The rate of interest on cash borrowings is the aggregate of LIBOR plus a margin plus mandatory costs, if any. The margin is subject to a pricing grid determined by reference to the Company's ratio of Net Debt to Net Capitalization and ranges from 2.75% to 4.00% for a ratio below 25% or above 60%, respectively. Commissions on payment instruments are also subject to a pricing grid determined by reference to the Company's ratio of Net Debt to Net Capitalization.

Borrowings under the New RCF are jointly and severally guaranteed by certain of our subsidiaries and such borrowings are secured by certain assets of the borrowers and of the guarantors, the form of such security includes certain pledges of bank accounts, oil inventory, trade receivables and other assets. In certain conditions related to an event of default as defined in the New RCF, the RCF Security Agent can enforce the pledge over the pledged assets. These pledges will expire together with the New RCF on October 16, 2012.

The balance of bank loans and overdrafts under the New RCF is USD 138.8 million and the carrying amount of the capitalized financing costs under the New RCF amounts to USD 13.5 million as of December 31, 2009. The capitalized financing costs are being amortized over three years.

#### *Other Working Capital Facilities*

One of our subsidiaries has a smaller working capital facility available in relation to Swiss compulsory stocks, of which USD 24.3 million (2008: USD 23.4 million) was drawn upon as of December 31, 2009.

#### **Covenants**

The New RCF contains covenants that could restrict certain of our activities, including restrictions on creating or permitting to subsist certain securities, engaging in certain mergers or consolidations, sales or other disposals of certain assets, giving certain guarantees, making certain loans, making certain investments, incurring certain additional indebtedness, engaging in different businesses, making certain debt or other restricted payments, and amending or waiving certain material agreements.

The New RCF also includes three financial covenants, calculated on a quarterly basis requiring us to maintain:

- a minimum Consolidated Tangible Net Worth of USD 1.5 billion;
- a minimum ratio of Clean EBITDA (as defined in the RCF documentation) to Net Interest Expense of 2.5 to 1.0 for the four prior rolling consecutive quarters; and
- a minimum ratio of Current Assets to Current Liabilities of 1.05:1.

Compliance with these covenants is determined in the manner specified in the documentation governing the New RCF.

At December 31, 2009, the Clean EBITDA to Net Interest Expense ratio was below 2.5 to 1.0. On January 27, 2010, the Company received a waiver for the fourth quarter 2009 through

the third quarter 2010 for the ratio of the Clean EBITDA to Net Interest Expense ratio covenant. During the waiver period and as long as this covenant is below 2.5 to 1, the interest rate margin on cash borrowings will be increased by 0.25% and the Company is required to meet an additional covenant, whereby the Company's Free Cash Flow before working capital changes, as defined in the waiver documentation, cannot be more negative than minus USD 250 million for the period starting from January 1, 2010 to each quarter end during the waiver period.

#### **Convertible Bonds**

*Convertible Bond USD 150 million, 4.0% due 2015 (the "2015 CB")*

On October 16, 2009, Petroplus Finance Ltd., a subsidiary of the Company, issued USD 150.0 million in guaranteed senior secured convertible bonds due 2015. The debt is guaranteed by the Company as well as by certain of its subsidiaries. Each bond in the principal amount of USD 100,000 is convertible into common shares of the Company at an initial conversion price of CHF 30.61 per share with a fixed exchange rate on conversion of USD/CHF 1.0469. The 2015 CB bears interest at the rate of 4.0% per annum, with the interest payable semi-annually in arrears on October 16 and April 16 of each year the debt is outstanding, commencing on April 16, 2010. The financing costs related to the issuance of the 2015 CB have been capitalized in the aggregate amount of USD 2.6 million and are being amortized over six years.

*Convertible Bond USD 500 million, 3.375% due 2013 (the "2013 CB") redeemed on October 16, 2009*

On October 12, 2009, Petroplus announced the successful result of the tender offer to repurchase all of its outstanding USD 500.0 million in guaranteed, convertible bonds due in 2013. The 2013 CB was redeemed on October 16, 2009 at the aggregate principal amount of USD 500.0 million, plus accrued interest calculated from September 26, 2009 until October 16, 2009 (20 days). The related remaining capitalized financing costs of USD 6.0 million and the difference between the carrying amount and the fair value of the liability portion of USD 2.1 million were written off as of September 30, 2009 and included in the line item "Financial expenses" in the Consolidated Statement of Comprehensive Income. The remaining difference of USD 35.0 million between the repurchase price of the bond and the fair value of the liability portion was recorded as a reduction of equity. The costs of the tender offer amounted to USD 2.6 million and are included in the line item "Financial expenses" in the Consolidated Statement of Comprehensive Income.

## Senior Notes

*Senior Notes USD 400 million, 9.375 % due 2019 (the "2019 SN")*

On September 17, 2009, Petroplus Finance 3 Limited, Bermuda, an unrestricted subsidiary of the Company, issued USD 400.0 million aggregate principal amount of 9.375 % senior notes due 2019 at an issue price of 98.42 % giving a yield of 9.625 %. The coupon is payable semi-annually in arrears on March 15 and September 15, beginning March 15, 2010.

Upon successful completion of the tender offer and subsequent repayment of the 2013 CB, Petroplus Finance Ltd. assumed the obligations of Petroplus Finance 3 Limited under the 2019 SN, the Company and certain of its subsidiaries became guarantors of the 2019 SN and Petroplus Finance 3 Limited was released of all obligations under the 2019 SN.

*Senior Note USD 600 million, 6.75 % due 2014 (the "2014 SN") & Senior Note USD 600 million, 7 % due 2017 (the "2017 SN")*

On May 1, 2007, Petroplus Finance Ltd. issued USD 600 million, 6.75 % senior notes due 2014 and USD 600 million, 7 % senior notes due 2017 (together the "Notes"). The Company used the proceeds from the Notes primarily to fund the acquisition of the Coryton Refinery. The total USD 1.2 billion Notes are presented in the Consolidated Statement of Financial Position at December 31, 2009 under non-current liabilities within interest-bearing loans and borrowings reduced by capitalized financing costs. The capitalized financing costs of approximately USD 18.1 million are amortized over seven and ten years.

## Financial Covenants

The main financial covenant under the 2015 CB and the 2014 SN, 2017 SN and 2019 SN is an EBITDA to gross interest cov-

erage ratio which is required to exceed 2.0 to 1.0. This covenant is not a maintenance covenant and therefore when the ratio is not met, the Company is not in breach but only limited in incurring certain debt or making certain payments outside of the ordinary course of business as long as the ratio does not exceed 2.0 to 1.0. There are no restrictions on short-term borrowings.

## Liquidity

Our ability to pay interest and principal on our indebtedness and to satisfy our other debt obligations will depend upon our future operating performance and the availability of new and refinancing indebtedness, which can be affected by prevailing economic conditions and financial, business and other factors, some of which are beyond our control.

We believe that our cash flows from operations, borrowings under our existing credit facilities and other capital resources will be sufficient to satisfy the anticipated cash requirements associated with our existing operations during the next twelve months. Our ability to generate sufficient cash from our operating activities depends on our future performance and global oil market pricing, which are subject to general economic, political, financial, competitive and other factors beyond our control. The Company could, during periods of economic downturn, access the capital markets and/or other available financial resources to strengthen its financial position. In addition, our future capital expenditures and other cash requirements could be higher than we currently expect as a result of various factors, including any acquisitions that we may complete.

## Contractual Obligations

The following table summarizes our material contractual obligations and commitments as of December 31, 2009:

(in millions of USD)	Payment due by Period			
	Total	< 1 year	1–5 years	> 5 Years
Interest-bearing loans and borrowings <sup>1)</sup>	2,795.5	289.1	1,077.0	1,429.4
Finance lease commitments	36.9	4.3	14.5	18.1
Operating lease commitments	98.8	20.7	40.8	37.3
Sales commitments <sup>2)</sup>	63.8	63.8	–	–
Purchase commitments <sup>2)</sup>	19.7	19.7	–	–
<b>Total</b>	<b>3,014.7</b>	<b>397.6</b>	<b>1,132.3</b>	<b>1,484.8</b>

<sup>1)</sup> Represents nominal values of contractual obligations and undiscounted interest payments excluding capitalized financing fees.

<sup>2)</sup> Represents contractual obligations for future product sales and capital expenditure purchase obligations. These obligations were calculated using information current as of December 31, 2009 and as such the actual commitment amount may vary. Variables such as product price and volume requirements can cause the minimum obligations to change.

## Outlook

*The discussion below contains forward-looking statements that reflect our current judgment regarding conditions we expect to exist and the course of action we expect to take in the future. Even though we believe our expectations regarding future events are based on reasonable assumptions, forward-looking statements are not guarantees of future performance. Our assumptions rely on our operational analysis and expectations for the operating performance of our assets based on their historical operating performance, management expectations as described below and historical costs associated with the operations of those assets. Factors beyond our control could cause our actual results to vary materially from our expectations, which are discussed in the "Forward-Looking Statement" and elsewhere in this document. The prospective financial information below is our current judgment and should not be relied upon as being necessarily indicative of future results, and the reader is cautioned not to place undue reliance on this prospective financial information. We undertake no obligation to update any forward-looking statements contained in this document as a result of new information, future events or subsequent developments, or otherwise.*

### Market

We expect the market outlook for 2010 to improve for the European refining industry as we see signs of an economic revival in the Atlantic Basin and a corresponding gradual increase in consumption, which we believe will drive improved refining margins. While we expect refining margins will continue to fluctuate, we believe that we are adequately positioned in the industry to perform and fund our operations under current and expected market conditions.

### Refinery Operations

#### Overview

As discussed under "Factors Affecting Operating Results", it is common practice in our industry to look to benchmark market indicators, such as our derived 5/2/2/1 benchmark refining margin for the Coryton Refinery, 6/1/2/2/1 benchmark refining margin for the BRC Refinery, 10/1/3/5/1 benchmark refining margin for the Ingolstadt Refinery, 4/1/2/1 benchmark refining margin for the Petit Couronne and Reichstett refineries and 7/2/4/1 benchmark refining margin for the Cressier Refinery, as proxies for refining margins. As indicators of the refinery's actual refining margins, each refinery's benchmark must be adjusted for the following: the refinery's actual crude oil slate, which does not correspond to the 100% Dated Brent crude oil slate we have used in our derived benchmark refining margins; for variances from the benchmark product slate to the

refinery's actual, or anticipated, product slate; and for any other factors not anticipated in the benchmark refining margin. These other factors include crude oil and product grade differentials, a rising or declining crude and products market pricing environment, timing of crude oil and feedstock purchases, fuel consumed during production, commodity price management, transportation costs and inventory fluctuations.

The throughput estimates set forth below assume that our refinery operations will experience no operating disruptions or economic run cuts in 2010 other than scheduled maintenance shutdowns as described below.

#### Coryton Refinery

We expect the Coryton Refinery's total throughput during the first quarter of 2010 to be approximately 165,000 to 175,000 bpd. We expect the Coryton Refinery's total throughput during 2010 will be approximately 185,000 to 195,000 bpd.

#### BRC Refinery

We expect the BRC Refinery's total throughput during the first quarter of 2010 to be approximately 100,000 to 110,000 bpd. We expect the BRC Refinery's total throughput during 2010 will be approximately 80,000 to 90,000 bpd; this reflects the turnaround planned for the second quarter of 2010.

#### Petit Couronne Refinery

We expect the Petit Couronne Refinery's total throughput during the first quarter of 2010 to be approximately 110,000 to 120,000 bpd. We expect the Petit Couronne Refinery's total throughput during 2010 will be approximately 120,000 to 130,000 bpd.

#### Ingolstadt Refinery

We expect the Ingolstadt Refinery's total throughput during the first quarter of 2010 to be approximately 90,000 to 100,000 bpd. We expect the Ingolstadt Refinery's total throughput during 2010 will be approximately 95,000 to 105,000 bpd.

#### Reichstett Refinery

We expect the Reichstett Refinery's total throughput during the first quarter of 2010 to be approximately 45,000 to 55,000 bpd. We expect the Reichstett Refinery's total throughput during 2010 will be approximately 55,000 to 65,000 bpd; this reflects the turnaround planned on the FCC unit at the end of the first quarter 2010.

*Cressier Refinery*

We expect the Cressier Refinery's total throughput during the first quarter of 2010 will be approximately 45,000 to 55,000 bpd. We expect the Cressier Refinery's total throughput during 2010 will be approximately 50,000 to 60,000 bpd; this reflects the turnaround planned for the second quarter of 2010.

**Other Revenues**

We engage in other activities that generate revenue, primarily centered on storage requirements for strategic petroleum reserves throughout Europe. We estimate that we will generate approximately USD 50 million in additional revenue in 2010 from these activities.

**Refining and Marketing Operating Expenses**

Assuming the crude oil throughput levels set forth above, we expect refining and marketing operating expenses, defined as refining personnel, operating and other administrative expenses that pertain to the processing of crude oil and feed-/blendstock into refined products, to be approximately USD 715 million for 2010. Natural gas is the largest component of our variable operating expenses. Other significant components of operating expenses are our employee costs, ongoing repair and maintenance, catalysts and chemicals.

Various factors beyond our control, such as energy prices, unplanned downtime and changes in the value of the USD against the EUR, GBP and CHF can cause actual results to differ from our expectations and such differences could be significant. The 2010 outlook is based on the following exchange rate assumptions:

**Foreign Exchange Rates Applied for 2010 Outlook**

	2010
EUR/USD	1.40
GBP/USD	1.70
CHF/USD	0.90

**Other Administrative and Non-Refinery Personnel Expenses**

We expect our other expenses comprised of non-refining and marketing personnel and other administrative expenses, excluding incentive compensation, to be approximately USD 140 million for 2010. As a significant portion of personnel and other administrative expenses is incurred in local currency, actual results will be impacted by changes in the value of the USD versus local currencies.

**Depreciation and Amortization**

We expect depreciation and amortization expenses to be approximately USD 315 million for 2010. Our depreciation expenses will vary in future periods based on completion and placing into service of our capital expenditure activity and decreased/increased capital expenditures as a result of favorable/unfavorable exchange rate benefits. We generally depreciate our capital assets, including those related to acquisitions, over a useful life of 20 years and our turnaround costs over a useful life between two and five years. We may be required to record impairment expenses from time to time in the future based on decreases in the fair value of our assets relative to their carrying costs.

**Interest Expense**

We expect that our net interest expense for borrowings under the working capital facilities and for utilization under our factoring facility will have a blended rate of the published LIBOR rate plus approximately 3%. Additionally, we expect to incur interest expense at a weighted-average rate of 7.2% on our long-term debt. We will also incur non-cash accretion expense in relation to the 2015 CB and the 2019 SN of approximately USD 5 million for 2010. Interest expense will also include letter of credit fees and non-cash deferred financing charges of approximately USD 10 million per quarter.

**Income Taxes**

We expect our effective tax rate for 2010 to be around 10% of our net income before income taxes excluding any non-recurring events. Our effective income tax rate will vary as realized refining margins fluctuate. For example, if realized refining margins are decreased, our effective tax rate increases. Our effective income tax rate will also vary in connection with any acquisitions and disposals.

**Capital Expenditures**

We plan to fund our capital expenditures from cash on hand and internally generated cash flows.

We expect capital expenditures to be approximately USD 350 million for 2010. Our capital expenditure plan includes costs for the BRC, Cressier and Reichstett turnarounds in 2010 and compliance with EU requirements related to renewable energy and the use of biofuels.

Our actual capital expenditures could be impacted by changes in the value of the USD against local currencies.

The following table summarizes the major planned turnarounds by refinery for 2010:

### Planned Major Turnaround Schedule

	2010	
	Duration	To occur
BRC	40–45 days	Mid Q2 2010
Cressier	35–40 days	Early Q2 2010
Reichstett	35–40 days	Late Q1 2010

The following table summarizes our budgeted capital expenditures for the year ending December 31, 2010, by major category:

### Planned Capital Expenditures

(in millions of USD)	2010
Permit-related	82.2
Sustaining	151.5
Turnaround	114.9
Information technology	1.4
<b>Total capital expenditures</b>	<b>350.0</b>

### Discretionary Capital Expenditure Plan

We believe that, due to lead time, economics and industry-wide delays, long-term capital projects will not return shareholder value in an appropriate time frame. As a result, we have evaluated each of our assets for those projects that can be implemented in the short-term. For example, in 2008, at the Ingolstadt Refinery, we spent USD 4.5 million on a diesel maximization project which resulted in more diesel production versus fuel oil. Our capital plan in 2010 only includes sustaining maintenance, permit-related and turnaround costs as well as maintenance and energy improvement projects.

### Quantitative and Qualitative Disclosure About Market Risk

#### General

The risks inherent in our business include the potential loss from adverse changes in commodity prices and certain operating costs, as well as exchange rates, interest rates, counterparty and operational risks.

### Commodity Price Risk

Our earnings, cash flow and liquidity can be significantly affected by a variety of factors beyond our control, including the supply of crude oil and other feedstocks and the demand for diesel, gasoline and other refined petroleum products. The supply of and demand for these commodities depends upon, among other factors, changes in global and regional economies, seasonal buying patterns, weather conditions, logistics, regional and global political affairs, planned and unplanned downtime in refineries, pipelines and production facilities, the amount of new refining capacity, the marketing of competitive fuels and the extent of government regulation. Our revenues fluctuate significantly with movements in the price of refined petroleum products; our cost of sales fluctuate significantly with movements in crude oil and other feedstock prices. Our operating expenses fluctuate with movements in the price of natural gas and electricity.

### Credit Risk

Credit risk arises from the potential failure of a counterparty to meet its contractual obligations resulting in financial loss to the Company. We are exposed to credit risk from granting trade credit to customers and from placing deposits with financial institutions. Our maximum exposure to credit risk is represented by the carrying amounts of cash and receivables that are presented in the Statement of Financial Position, including derivatives with positive market values.

### Foreign Currency Exchange Rate Risk

We are exposed to foreign currency risk, as a portion of our revenues, personnel and operating expenses are incurred in EUR, CHF and GBP and translated into USD which is our functional currency. Thus, a decline in the value of the USD against these currencies will have a negative effect on our liabilities and expenses and a positive effect on our revenue and assets. Conversely, an increase in the value of the USD against the EUR, CHF and GBP will have the opposite effect.

### Interest Rate Risk

As of December 31, 2009, we have USD 163.1 million in borrowings under our working capital facilities (excluding capitalized financing fees). As we borrow on our working capital facilities, we are subject to interest rate risk, as all of these borrowings bear floating rates of interest.

### Liquidity Risk

Our ability to pay interest and principal on our indebtedness and to satisfy our other debt obligations will depend upon our future operating performance and the availability of new and

refinancing indebtedness, which will be affected by prevailing economic conditions and financial, business and other factors, some of which are beyond our control.

Our ability to generate sufficient cash from our operating activities depends on our future performance and global oil market pricing, which is subject to general economic, political, financial, competitive and other factors beyond our control. In addition, our future capital expenditures and other cash requirements could be higher than we currently expect as a result of various factors, including any acquisitions that we may complete.

### Risks Relating to Our Business and Our Industry

We are subject to various risks relating to changing economic, political, legal, social, competitive, industry, business and financial conditions. The main risks we face are described below.

#### **Unfavorable general economic conditions have had and may continue to have a negative effect on our business, results of operations, financial condition, and future growth prospects.**

The financial markets in Europe and elsewhere have experienced extreme volatility and disruption since August 2007 due largely to the stresses affecting the global financial system, which accelerated significantly in the second half of 2008 and through 2009. Most major European countries, the US and Japan have been experiencing economic downturns that have had (and may continue to have) an adverse effect on consumer and business confidence and expenditure. We are unable to predict how severe or prolonged these recessions will ultimately be, despite past and any future governmental intervention in the world's major economies. Lower levels of economic activity during periods of recession often result in declines in energy consumption, including declines in the demand for and consumption of our refined products. This could cause our revenues and margins to decline and, in turn, have a material negative effect on our business, results of operations, financial condition, and future growth prospects. For example, due to the economic environment at the Teesside Refinery, the refinery was idled during the second quarter of 2009 for economic reasons and the decision was made in the fourth quarter of 2009 to shut down the refinery operations and convert it into a marketing and storage facility.

#### **Ongoing disruptions in the financial markets may adversely affect our ability to obtain credit and financing on reasonable terms, which may have a material adverse effect on our financial condition.**

Current global credit markets have a material impact on the availability of financing, making terms for certain financing less attractive and more difficult to obtain. We have historically accessed the capital markets for financing to fund acquisitions and may seek to do so in the future. We also rely on a revolving credit facility to finance crude oil purchases and other operational expenditures. Continued uncertainty in the credit markets and capital markets may negatively impact our ability to renew this financing or to access other financing on reasonable terms or at all, which may have an adverse impact on our financial condition if our cash needs exceed our internally generated cash flow. If current financial market conditions were to continue or become worse, we may have to seek alternative sources of potentially less attractive financing, which may have a material adverse effect on our financial condition.

#### **Refining margins significantly impact our profitability and cash flow. Crude oil prices, refined petroleum product prices, refining margins and our results of operations have fluctuated significantly in the past.**

As an oil refiner, our results are primarily affected by the differential between refined petroleum product prices and the prices of crude oil used for refining. This price differential, once direct costs are subtracted, constitutes our refining margin. This means we will not generate operating profit or positive cash flow from our refining operations unless we are able to buy crude oil and sell refined petroleum products at margins sufficient to cover the fixed and variable costs of our refineries. Our refining margins have declined since the second half of 2008. Refining margins could decline further in the future due to factors beyond our control. A decrease in refining margins could have a material adverse effect on our business, results of operations and financial condition.

Historically, refining margins have fluctuated substantially. Refining margins are influenced principally by supply and demand for crude oil and refined petroleum products, which in turn determine their market prices. Other factors (although the list below is non-exhaustive), in no particular order, that may have an impact on prices and refining margins include:

- changes in global economic conditions, including exchange rate fluctuations;
- changes in global and regional demand for refined petroleum products;

- market conditions in countries in which we refine or sell our refined petroleum products and the level of operations of other refineries in Europe;
- aggregate refining capacity in the global refining industry to convert crude oil into refined petroleum products;
- changes in the cost or availability of transportation for crude oil, feedstocks and refined petroleum products;
- availability of price arbitrage for refined petroleum products between different geographical markets;
- stock levels of individual refined products and crude oils;
- political developments and instability in petroleum producing regions such as the Middle East, Russia, Africa and South America;
- the ability of the Organization of Petroleum Exporting Countries and other petroleum producing nations to set and maintain oil price and production controls;
- seasonal demand fluctuations;
- expected and actual weather conditions;
- to the extent unhedged, changes in prices from the time crude feedstocks are purchased and refined petroleum products are sold;
- the extent of government regulation, in particular as it relates to environmental policy, fuel specifications and energy taxes;
- the ability of suppliers, transporters and purchasers to perform on a timely basis, or at all, under their agreements (including risks associated with physical delivery);
- the development, price, availability and acceptance of alternative fuels;
- additional export refining capacity in developing countries, particularly India and China, which could reduce the market share of European refiners; and
- terrorism or the threat of terrorism that may affect supply, transportation or demand for crude oil and refined petroleum products.

**Disruption of our ability to obtain crude oil and other feedstocks could reduce our margins and results of operations.**

We require crude oil and other feedstocks to produce refined petroleum products. We purchase our crude oil primarily on the spot markets from, among others, oil majors, crude oil marketing companies and independent producers. Crude oil supply contracts are generally short-term contracts. Further, a significant portion of our crude oil is supplied from the North Sea, Africa, the Middle East, Russia and Kazakhstan and we are subject to the political, geographic and economic risks attendant to doing business with suppliers located in those

regions, such as labor strikes, regional hostilities and unilateral announcements by any of the countries within these regions that some or all oil exports for a specified period of time will be halted. In the event that one or more of our supply contracts are terminated, we may not be able to find alternative sources of supply. Moreover, unlike certain of our competitors that have their own oil exploration and production operations, we are dependent on third parties for continued access to crude oil and other raw materials and supplies at appropriate prices. Further, we may be subject to governmental restrictions on our purchases of certain crude oil because of economic sanctions against the government of the country that is the source of the crude oil, which may result in higher costs or the lack of availability of crude oil. If we are unable to obtain adequate crude oil volumes or are only able to obtain such volumes at unfavorable prices, our margins and our other results of operations could be materially adversely affected.

**We are dependent on certain third party suppliers for the provision of services that are necessary for our refineries' operations. If third parties are unable to perform under our contracts with them or cancel these contracts, we may be unable to operate our refineries or deliver refined products to customers.**

Each of our refineries is partially or wholly dependent on receiving a steady and adequate supply of utilities such as electricity, natural gas and water provided by local companies. Any disruptions in these utilities, such as a power grid failure, could force us to shut down the affected refinery and have a material adverse effect on our results of operations, financial condition and cash flows.

Our Coryton Refinery transports its refined products via the UKOP which is operated by BPA. In addition, the refinery currently transports jet fuel via GPSS, a government-owned pipeline system dedicated to jet fuel that is operated by the OPA. If we are unable to transport refined petroleum products from the Coryton Refinery through the UKOP or GPSS, we will have to implement transportation alternatives. The cost of these alternatives would likely be significantly higher than our current pipeline transportation costs.

Our Ingolstadt Refinery relies solely on the 465-kilometer-long portion of the TAL pipeline system for the delivery of its crude from the port city of Trieste, Italy. In connection with the acquisition, we entered into a five-year contractual arrangement with TAL for transportation via the TAL pipeline system. If we are unable to transport crude oil to the Ingolstadt Refinery

through this arrangement, we will need to utilize transportation alternatives. The cost of these alternatives would likely be significantly higher than pipeline transportation costs over the TAL pipeline system.

Our Cressier and Reichstett refineries receive their crude oil feedstock from Fos-sur-Mer through the SPSE pipeline. We have entered into long-term contracts with the SPSE pipeline company for transport, which is terminable in certain circumstances on 24-months' notice. If we are unable to transport crude oil to our Cressier and Reichstett refineries through our existing pipeline arrangements, we will have to implement transportation alternatives. The cost of these alternatives would likely be significantly higher than our current pipeline transportation costs. In August 2009, an incident at the SPSE pipeline caused the pipeline to be shut down resulting in reduced supply to our Cressier and Reichstett refineries. As a result, the refineries operated at reduced throughput levels through mid-December 2009.

Our Petit Couronne Refinery is dependent upon the Compagnie Industrielle Maritime ("CIM") terminal located in Le Havre. Upon acquisition of the refinery in 2008, we took over the position of Shell within Union Française des Industries Pétrolières ("UFIP") in relation to the agreement with CIM. The contract is renewable every three years with the current tariff agreement formally expiring in December 2009, but which has been extended until early 2010. If an agreement on crude handling and storage tariffs cannot be reached with CIM, we will be exposed to current spot public tariffs which are somewhat higher than longer-term agreed ones.

Our Petit Couronne Refinery is dependent on the use of underground storage facilities ("Caverns") located at the refinery for the storage of liquid petroleum gas ("LPG"). Prior to the sale of the refinery to the Company, Shell's concession from the French government to operate the Caverns had expired and Shell filed an application for a new concession. Pending the decision on the application, Shell is authorized to continue to operate the Caverns. Shell has also applied to transfer the concession, once granted, to the Company. The Company has a contract with Shell to operate the Caverns for Shell and has contractual rights to use the Caverns. In the beginning of September 2009, the local Authorities (DREAL) issued a report with a favorable advice for granting a new concession to Shell for a period of 25 years. The file is now being further processed at the Minister level before being transferred to the Conseil d'Etat for final decision by the end of the first quarter of 2010. If the French government does not grant a new con-

cession to Shell and the Company were not able to use the Caverns, the Company would have to find alternative storage for its LPGs. The Company has an agreement with Shell to mitigate any impact by providing alternatives for handling the liquid petroleum gas; however, there is no assurance that the mitigation will be completely effective.

If any of the above discussed service or transport arrangements are terminated, this could have a material adverse effect on our business, results of operations, financial condition, and cash flows. These examples are not all inclusive; we use multiple third party sources for means of transportation. Moreover, to the extent our customers require us to deliver our products by specified delivery dates and we fail to do so because we are not able to make alternative service arrangements, we may incur penalties. Such delays could also damage our reputation with customers.

#### **Our business is subject to significant environmental regulations and environmental risks.**

Like those of other European oil refiners, our operations are subject to numerous European Union, national, regional and local environmental laws and regulations, including legislation that implements international conventions or protocols. In particular, these laws and regulations restrict the types, quantities and concentration of various substances that can be released into the environment in connection with production activities and impose administrative sanctions and criminal and civil liabilities for pollution. These laws and regulations also restrict emissions and discharges to water resulting from the operation of refineries and other facilities that we own and operate, as well as establish standards for the composition of gasoline, diesel fuel and other petroleum products. In addition, our operations are subject to laws and regulations relating to the generation, handling, transportation, sale, storage, disposal and treatment of materials that may be considered to be contaminants when released into the environment.

Environmental laws and regulations that affect our operations, processes and margins have become and are becoming increasingly stringent. If we violate or fail to comply with these laws and regulations, we could be fined or become liable for remediation costs or subject to other sanctions. In addition, the regulatory authorities could suspend our operations or refuse to renew the permits and authorizations we require to operate. They could also mandate upgrades or changes to our processes that could have a significant impact on cost.

We need a variety of permits to conduct our operations. We must comply with our permits and renew those permits to operate our facilities. Failure to comply with our permits could subject us to civil penalties, criminal sanctions and closures of our facilities. We have successfully renegotiated our environmental permits at the Teesside Facility and Coryton Refinery. Our environmental permits at the other refineries are currently valid.

Sites at which we operate have a long history of industrial activities and may be, or may have been in the past, engaged in activities involving the use of materials and processes that could give rise to potential liabilities requiring remediation. Potential liabilities can also arise in relation to land previously owned by companies or refineries that we have acquired but where such land was sold prior to our acquisition of those companies or refineries. With respect to our acquisitions, we cannot assure that our due diligence investigations identified or accurately quantified all material environmental matters and contingencies relating to acquired facilities. In addition, environmental indemnities given to us by sellers typically contain thresholds and other limitations as to the aggregate amount of the sellers' obligations. Consequently, we may incur significant costs to remediate pre-existing environmental contamination or conditions at sites we have acquired.

We have identified soil and groundwater contamination at certain of our sites and are undertaking measures to address the identified contamination and are in consultation with regulatory authorities where necessary. We have budgeted expenditures at three of our existing refineries relating to known contamination, and we may need to make additional expenditures, which could be significant, to comply with environmental laws and regulations. For example, we will need to make expenditures, which could be significant, to address soil and groundwater contamination at the BRC Refinery, for which we recorded a provision of approximately USD 7 million as of December 31, 2009. We have provided the authorities with an initial orienting report regarding the water contamination at the BRC Refinery but have not yet received a response to the report.

The risk of significant environmental remedial liability is inherent to our business. No assurance can be given that such liability will not arise in the future as a result of the application of present or future laws and regulations to existing contamination, whether presently detected or otherwise, or misinterpretation of data regarding such contamination, or future contamination of any of our sites or otherwise arising out of our activities and operations.

We are subject to EU regulations on carbon dioxide emission. In 2009 and in prior years, we have operated within the allowable limits of carbon dioxide emissions. There is no assurance that we will not be required to purchase carbon dioxide credits in the market, be levied any fines or experience any operational disruption due to our facilities' carbon dioxide emissions.

In addition to potential liability for remediation costs and regulatory non-compliance, we may be liable under common law, e.g. negligence and/or nuisance, for the environmental impact of our operations on third parties. We could also be liable to third parties, without limitation, for crude oil or refined petroleum product spills, discharges of hazardous materials into the soil, air and water and other environmental liabilities. Compensation to third parties, as well as other liabilities mentioned, may involve significant costs. Any such costs could reduce or eliminate the funds available for financing our normal operations and planned development or result in the loss of our properties. We cannot assure you that discharges of hazardous materials will not occur in the future or that third parties will not assert claims against us for damages allegedly arising out of any past or future contamination.

Stricter environmental, health and safety laws and enforcement policies could result in substantial costs and liabilities for us, and could result in our handling, manufacture, use, reuse or disposal of substances or pollutants being subjected to more rigorous scrutiny by relevant regulatory authorities than is currently the case. Compliance with these laws could result in significant capital expenditures as well as other costs and liabilities, thereby harming our business. For example, the new system in the EU for registration, evaluation and authorization of chemicals (known as REACH) is expected to be among the most significant environmental issues affecting our operations in the future. We will be impacted by REACH, both as a high-volume manufacturer of petroleum substances and as a downstream user of other substances. Another example of the need to comply with more demanding regulation concerns the current process which is underway to reduce atmospheric emission levels at our Ingolstadt, BRC and French refineries.

In addition, we cannot assure that we will be able to meet future refined product standards that may be introduced by the EU or other relevant jurisdictions or that we will have sufficient funds to make the necessary capital expenditures to produce products that comply with future specifications and regulations.

**We may be liable for significant environmental costs relating to past and/or future acquisitions.**

In connection with acquisitions of refineries, we may become responsible for certain environmental clean-up liabilities or costs. For example, the acquisition agreements for the Ingolstadt, Coryton, Petit Couronne and Reichstett refineries provide that, subject to certain limitations, the sellers will indemnify us only against a certain percentage, on a sliding scale basis for up to eight years in the case of the Ingolstadt, Petit Couronne and Reichstett refineries and six years in the case of the Coryton refinery, for various environmental liabilities and costs to the extent such liabilities and costs are related to acts or omissions by the sellers prior to the completion of the acquisition. We have also agreed to indemnify each of the sellers against environmental liabilities and costs to the extent these liabilities and costs are not covered by the sellers' indemnities. There can be no assurances that the sellers will satisfy their obligations under their agreements or that the liabilities and costs in excess of those that the sellers have agreed to reimburse us for will not be significant or that significant liabilities will not arise with respect to the other matters we have assumed or for which we are indemnifying the sellers. Moreover, if any of the sellers were to become insolvent, such seller would be unable to reimburse us for any environmental liabilities. In addition, we may agree to be responsible for these or other types of environmental liabilities in connection with future acquisitions. There can be no assurances that these environmental liabilities and/or costs or expenditures to comply with environmental laws will not have a material adverse effect on our current or future results of operations and financial condition.

**We must comply with health and safety regulations at our facilities, failure to do so could result in significant liability and/or fines and penalties.**

Our activities are subject to a wide range of EU, national, provincial and local occupational health and safety laws and regulations in each jurisdiction in which we operate. These health and safety laws are constantly changing. Failure to comply with these health and safety laws could lead to criminal violations, civil fines and changes in the way we operate our facilities which could increase the costs of operating our business.

**A significant interruption or casualty loss at any of our refineries could reduce our production, particularly if not fully covered by our insurance.**

Our operations could be subject to significant interruption if any of our refineries were to experience a major accident, be damaged by severe weather or other natural disaster or otherwise be forced to shut down or curtail production due to unforeseen events, such as acts of nature, power outages, fires and acts of terrorism. Any such shut down would reduce the production from that refinery. An example of such a shutdown was when a fire at the BRC refinery on June 8, 2008 forced the refinery to shut down its Visbreaker and related units for approximately two months. There is also risk of mechanical failure and equipment shutdowns both in general and following unforeseen events. Further, in such situations, undamaged refinery processing units may be dependent on or interact with damaged sections of our refineries and, accordingly, are also subject to being shut down. In addition, damage to the pipelines transporting product to and from our refineries or processing facility could cause an interruption in production at those facilities. For example, in August 2009 damage to the SPSE pipeline in France resulted in downtime at our Cressier and Reichstett refineries. In the event any of our refineries are forced to shut down for a significant period of time, or if any of the above events were not fully covered by our insurance, this would have a material adverse effect on our results of operations and financial condition.

**Unscheduled or unexpectedly long scheduled repair, maintenance and turnarounds at our refineries could affect our results of operations. In addition, as refining margins are volatile, it is possible that periods of expected low refining margins during which we undertake scheduled turnarounds could turn out to be high margin periods.**

We need to carry out regular maintenance at our refineries. Our refineries are typically shut down every four to five years for major turnarounds to make necessary repairs, perform preventative maintenance, replace catalysts and implement capital improvements. These shutdowns vary in duration depending on the complexity of the refinery and the work to be performed, but typically last between four to five weeks. We also shut down each refinery two years after each major turnaround in order to perform an intermediate turnaround, which typically lasts between three and four weeks. In addition, portions of our refineries may be shut down for shorter periods to perform more limited maintenance, catalyst replacement and

capital improvements. Although we attempt to schedule shut-downs during periods of low refining margins, it is possible that our refineries may be shut down during periods of high margins as a result of, for example, the volatility and unpredictability of refining margins or scheduled shutdowns taking longer to complete than expected. For example, the Coryton Refinery was shut down for a major maintenance turnaround in the fourth quarter of 2009, which was expected to be completed in 45 days. Due to the significance of the turnaround, the maintenance was completed after 72 days.

**We may be exposed to economic disruptions in the various countries in which we operate and in which our suppliers and customers are located. These disruptions could adversely affect our operations, tax treatment under foreign laws and our financial results.**

Although we operate primarily in the United Kingdom, Germany, France, Belgium, and Switzerland, our operations extend beyond these countries. We export refined petroleum products to certain other areas, including the Netherlands and North America. Additionally, we purchase the crude oil that we refine predominantly from the North Sea, Africa, the Middle East, Russia and Kazakhstan. Accordingly, we are subject to legal, economic and market risks associated with operating internationally, purchasing crude oil and supplies from other countries and selling refined petroleum products to them. These risks include:

- interruption of crude oil supply;
- devaluations and fluctuations in currency exchange rates;
- imposition or increase of withholding and other taxes on remittances by foreign subsidiaries;
- imposition of trade restrictions or embargoes against certain states, preventing us from buying crude oil and other feedstock from, or selling products to, these states;
- imposition or increase of investment and other restrictions by foreign governments;
- failure to comply with a wide variety of foreign laws; and
- unexpected changes in regulatory environments and government policies.

Our international operations also expose us to different social, political and business risks in each jurisdiction. For example:

- compliance with union and collective bargaining agreements in a number of locations;
- implementation of local solutions to manage credit risks of local customers;
- fluctuations in currency exchange rates; and
- impacts arising from political, social and labor instability that could disrupt or increase the cost of our operations.

We cannot assure that we will develop and implement systems and policies that enable us to operate profitably, or at all, in all of the locations where we do business.

**As we operate in multiple jurisdictions, we may be subjected to changes in tax law and/or practice, which potentially represent a risk to our tax planning.**

We are subject to taxation in multiple jurisdictions and are faced with increasingly complex tax laws. The tax laws in these jurisdictions may change or be subject to differing interpretations, possibly with retroactive effect, including the imposition of substantially higher tax or interest payments, which could have a material adverse effect on our liquidity and results of operations. Any changes in laws or regulations, or a failure to comply with any such laws or regulations, may adversely affect our performance. In addition, taxing authorities could review and question our tax returns leading to additional taxes and penalties that could be material.

**We face significant competition. Increases in global refining and conversion capacity could further increase the competition we face and harm our business.**

We face domestic and international competition in the markets in which we participate. The refining and marketing industry is highly competitive with respect to both feedstock supply and refined product markets. We compete with many companies for available supplies of crude oil and other feedstocks and for outlets for our refined products.

We do not produce any of our crude oil feedstocks. Many of our competitors, including, but not limited to, BP, Exxon Mobil, Shell and Total S.A., obtain a significant portion of their feedstocks from company-owned production, and some have extensive retail outlets. Competitors that have their own production, more complex refineries or more diverse operations may be better able than us to withstand volatile industry conditions, including shortages of crude oil or refined petroleum products, volatility in prices for crude oil or refined petroleum products or intense price competition at the wholesale level. Further, with the adoption of stricter environmental standards in Europe and the US and the historically high level of refining margins, many of our competitors are expected to upgrade their refining facilities, which would increase the competition faced by us in the markets for our particular slate of refined petroleum products. In addition, oil majors have financial and other resources substantially greater than ours. Competition could cause price reductions, reduce our margins or result in

loss of market share for our products and services. This may adversely affect our results of operations.

In recent years, several companies have announced projects that would increase refining capacity. These projects are primarily located in regions that are expecting growth in population and demand for oil, especially in the Asia Pacific region. Many of these projects were announced in response to high refining margins enjoyed during 2007 and 2008. Although these projects have long lead times and some of them may be delayed or cancelled, many or all of them are likely to be completed in the future, thereby leading to an increase in global refining capacity in isolation of refinery closure. This increase in capacity could lead to a decrease in our refining margins and have a material adverse effect on our business and results from operations.

**Changes in oil prices affect our inventory and influence our commercial and operational decisions, which in turn may impact our financial and operating results.**

Over the twelve months ended December 31, 2009, on average, we held approximately 23 million barrels of crude and product inventory on hand, representing the level of inventory we hold on average in order to maintain our daily refinery operations and sales requirements. This level fluctuates on a daily basis, depending on the timing of crude purchases and product sales, our operations and optimization of crude and product pricing. We are exposed to the fluctuation in crude and product pricing on the inventory we hold. If crude prices rise or decline by USD 10 per barrel, the impact on our margin, using the 23 million barrels we hold on average, could result in a gain or loss of approximately USD 230 million. Currently, we primarily use a commodity price management program to manage a small portion of our exposure to fluctuations in commodity pricing. Under this program, we enter into commodity ICE futures contracts and counterparty swaps to lock in the price of certain commodities. Our inability to manage inventory levels or acquire inventory at attractive prices could have a material adverse effect on our business and results from operations.

Additionally, we are exposed to the refining margin crack, which is defined as the net result of the purchase of crude and the corresponding sale of the refined product. If the refining margin crack, based on fluctuations in crude and product pricing, were to rise or decline by USD 1 per barrel against actual prices in 2009 and 2008, the effect on our profit before

income taxes would have been a gain or loss of approximately USD 193 million in 2009 and approximately USD 230 million in 2008. This analysis does not take into consideration any changes in commercial or operating decisions that might be made given the change in the environment, changes in the inventory held, or other factors that might be present in a volatile crude and product pricing environment. We do not currently have any material refining margin hedging transactions in place. A decline in the refining margin crack could have a material adverse effect on our results from operations.

**A substantial portion of our workforce is unionized, and we may face labor disruptions that would interfere with our refinery operations.**

Our operations may be affected by labor disruptions involving our employees and employees of third-parties. Over half of our refinery employees are represented by trade unions under collective bargaining agreements, which are generally renegotiated every two years. While our relationships with the trade unions representing our employees in Germany, France, Belgium and the United Kingdom are cooperative, negotiations with these unions have, at times, been difficult. We may be affected by strikes, lockouts or other significant work stoppages in the future, any of which could adversely affect our business, financial condition or results of operations.

**Loss of key executives and failure to attract qualified management could limit our growth and negatively impact our operations.**

We depend highly upon our Board of Directors and Executive Management team. We will continue to require operations management personnel and other key employees with refinery industry experience. We do not know the availability of such experienced management personnel or how much it may cost to attract and retain such personnel. The loss of the services of any member of Executive Management or the inability to hire experienced management personnel or other key executives could materially adversely affect our operations and financial condition.

**Any military strikes, sustained military campaigns or terrorist activity in the areas or regions where we do business could have a material adverse effect on our business, results of operations and financial condition.**

Any military strikes or sustained military campaign in areas or regions of the world where we acquire crude oil and other raw materials or sell our refined petroleum products may affect our business in unpredictable ways, including forcing us to increase security measures and causing disruptions of supplies and distribution markets. Further, like other industrial companies, our facilities may be the target of terrorist activities. Any act of war or terrorism that resulted in damage to any of our refineries or third party facilities upon which we are dependent for our business operations could have a material adverse effect on our business, results of operations and financial condition.

**Our indebtedness could have a material adverse effect on our financial position and may limit our financial flexibility.**

Subject to certain restrictions in our bank working capital facilities and other existing and planned debt agreements, we may incur significant additional debt in the future to fund our working capital needs and for other purposes, including possible future acquisitions. We have incurred and will continue to incur substantial short-term debt to fund our working capital needs.

Our substantial debt could have important consequences for us. For example, it could:

- make it more difficult for us to satisfy our debt-service obligations;
- increase our vulnerability to adverse general economic and industry conditions;
- limit our ability to obtain additional financing to fund our capital expenditures, working capital, acquisitions and other general corporate requirements;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- limit our ability to take advantage of significant business opportunities;
- place us at a competitive disadvantage compared to our competitors that have lower leverage and/or greater access to capital resources than we have;
- negatively impact payment terms with our creditors; and
- require us to dedicate a substantial portion of our cash flow from operations to payment of our debt.

In addition, our failure to comply with the covenants and restrictions contained in the agreements governing our indebtedness could trigger defaults under those agreements.

### Critical Accounting Judgments and Estimates

For discussion on our critical accounting judgments and estimates, see Note 2 “Summary of Significant Judgments and Estimates” in the Consolidated Financial Statements in this Annual Report.



## Corporate Responsibility

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## Corporate Responsibility

### Principles

Our Company regards the effective management of Safety, Health and Environmental (“SHE”) and good corporate citizenship as core responsibilities of our industry. The main purpose of our initiatives, as outlined below, is to prevent major incidents, occupational injuries, environmental harm and to provide transparency and business integrity.

### Strategy

#### **Promoting Understanding and Effective Management of Safety Health and Environmental Risks**

Our operating approach is based on open discussion of SHE risks and the ways in which these can be mitigated to a level that is as low as reasonably practicable. We believe that it is only by maintaining a strong focus on the SHE performance of our assets that we can deliver sustainable profitability for our stakeholders.

#### **Promoting Operational Excellence in Safety and Reliability**

We devote significant time and resources to improving the safety, reliability and environmental compliance of our operations and continue to emphasize SHE in all aspects of our operations.

#### **Assets Operated by Highly Skilled Refining Professionals**

Our strategy is to employ highly skilled refining sector professionals and to create a working environment that encourages our employees to use recognized industry good practices to improve the safety and efficiency of our refineries.

### Safety and Health

Petroplus employs approximately 2,900 employees throughout Northwest Europe. We encourage a culture which fosters open discussion of SHE matters, effective reporting and thorough investigation of incidents and near-misses to prevent recurrence. We train employees in safe work practices and involve employees in establishing safety standards and operating practices.

There is a need to plan for and manage both high consequence but low likelihood events – “Process Safety” and lower consequence but higher likelihood events – “Occupational Safety”

effectively. Our key performance indicators in both of these areas are regularly reviewed and updated to ensure that they reflect recognized industry good practice and continue to help us to focus on the highest priority issues.

As an improving continuum our SHE Management system is constantly under review. As a matter of course, the Company integrates learning from our incidents as well as other incidents within the industry and ensures that its processes and procedures are reviewed and if necessary adapted. In order to assist in this, Petroplus participates in relevant industry health and safety groups.

SHE performance is reviewed on a quarterly basis and all findings are reported to Executive Management and the Board of Directors.

#### **Chemicals Regulation – REACH**

Since the introduction of a new regulatory framework for chemicals called REACH (registration, evaluation and authorization of chemicals) in 2007, all manufacturers and importers of chemicals must identify and manage risks linked to the substances they manufacture and market. For substances manufactured or imported, companies are required to submit a registration dossier to the European Chemicals Agency (ECHA, the “Agency”). The Agency then checks that the registration dossier complies with the Regulation and must evaluate testing proposals. As a manufacturer of oil products, Petroplus has pre-registered all relevant substances which are produced or imported, with the ECHA. Petroplus is currently preparing all necessary steps for the full registration in December 2010. Petroplus intends to keep the existing product portfolio and therefore all substances that are currently manufactured or are imported by Petroplus into the EU will be registered. Additionally, we have reviewed the substances that are supplied to Petroplus to ensure that they are registered by the suppliers.

Petroplus is a member of CONCAWE, the oil companies' European association for environment, health and safety in refining and distribution, which supports the registration process for its member companies. Petroplus plays an active role in CONCAWE's management groups that deal with the implementation of REACH.



### Support and Compliance of EU regulations

Petroplus is also a member of EUROPIA, the European Petroleum Industry Association that represents the oil refining and marketing industry in Europe. EUROPIA contributes in a constructive and proactive way to the development of EU policies, while promoting and enhancing the reputation of the oil industry.

Petroplus is also a member of the National Oil Industry Associations (NOIA) in member EU countries. Through these groups, Petroplus is able to assist local policy development in a productive manner.

## Environment

### Laws and Regulations

Our operations are subject to numerous EU, national, regional and local environmental laws and regulations, including legislation that implements international conventions or protocols. In particular, these laws and regulations control the types, quantities and concentration of various substances that can be released into the environment in connection with production activities and may impose administrative sanctions and criminal and civil liabilities for excess pollution. These laws and regulations establish standards for the composition of transportation fuels and other petroleum products. In addition, our operations are subject to laws and regulations relating to the generation, handling, transportation, sale, storage, disposal and treatment of materials that may be considered to be contaminants if released into the environment.

### Carbon Dioxide (CO<sub>2</sub>) and Emissions Trading Directive

To help meet the greenhouse gas emissions reduction targets identified in the Kyoto Protocol, the European Union adopted the Emissions Trading Directive which established a scheme for trading greenhouse gas emissions allowances (the “EU-

ETS”). Oil refineries are included within the mandatory scope of application of the EU-ETS which requires EU Member States to set a cap on the amount of greenhouse gas emissions from certain facilities. There are mandatory caps on carbon dioxide emissions from combustion plants and certain specific industry sectors. Based on these caps, facilities are allocated allowances in the form of credits to an account held at the central registry of each EU Member State. Each Member State is required to prepare and publish a National Allocation Plan to specify the total quantity of CO<sub>2</sub> emission allowances that Member States would grant to companies. All of our refineries hold permits as required by the EU-ETS Directive.

Petroplus operated within its allocated CO<sub>2</sub> allowances for 2009 and 2008 and expects this to be the case for 2010.

### Other Emissions Monitoring and Regulations

Our refineries monitor their emissions to ensure compliance with limits set by the relevant national environmental authorities and other local authorities. The majority of our air emissions come from our stacks and are due to the burning of fuel in the refineries’ boilers and process heaters. VOC’s (Volatile Organic Compounds) typically come from our storage tanks and process equipment.

Emissions to air such as sulfur dioxide and nitrogen oxides and emissions to the water are limited at each refinery by the local environmental authorities. Refinery emissions limits are permit-related and regularly controlled. Our refineries, whose emissions are also independently verified, report their emissions directly to local and environmental authorities.

Our refineries also support local initiatives dedicated to the environment. For example the Petit Couronne Refinery is a member of the Board of Air Normand, a regional association which undertakes independent monitoring of local air pollution. The Reichstett Refinery is one of the founding members of “l’Association pour la Surveillance et l’étude de la Pollution Atmosphérique en Alsace” (“ASPA”) which is the local air pollution monitoring organization for the Strasbourg area. Since 2004, the Cressier Refinery has been a member of the Eco-parc Association whose purpose is to improve synergies between the industries and their environment.

### Low-sulfur/Biofuels

More than 50% of our final products are transportation fuels. In 2009, we took further steps to reduce the sulfur content of our products thereby having a direct benefit on the environment. The Company is in compliance with local standards for cleaner transportation fuels in all countries. Additionally, we continue various biofuel initiatives such as:

- Production and blending of Ethanol and FAME (Fatty Acid Methyl Esters) to produce bio-blended fuels across all refineries.
- Implementation of plans to comply with the Renewable Energy Directive “REN” and the Fuels Quality Directive “FQD” was introduced in 2008 for compliance by 2010. The purpose of these directives introduced by the European Union is to reduce greenhouse gases through the increased use of biofuels. The Company is committed to meeting the requirements of both directives.



### Energy Consumption

We set aggressive targets to drive improvements in energy efficiency. Each refinery has an appointed energy manager to evaluate new opportunities to improve energy consumption. In many locations, both heat and electrical power are generated internally as part of the refining processes. For example, the BRC Refinery is currently building a generator plant which will be able to produce steam and electricity. The Ingolstadt Refinery signed an agreement in 2009 with the Ingolstadt city hall to supply the city with energy from what would otherwise be waste heat.

### Environmental and Quality Management

Environmental and quality management are keys to delivering sustainable and reliable performance. We have set up environmental management and auditing systems aimed at monitoring and improving the environmental performance of our operations. During 2009, the Coryton, Petit Couronne, Ingolstadt, Reichstett and Cressier refineries were successfully

accredited with both ISO 14001 and ISO 9001 certifications for their environmental and quality management systems.

### Shipping

Petroplus is active in the shipping market on a global basis, both in terms of chartering vessels for the supply of feedstocks for each of our refinery locations as well as for the transportation of petroleum products we produce from each refinery location.

Petroplus strictly adheres to a Marine Vetting Acceptance Criteria, the purpose of which is to provide a managed risk assessment service ensuring the safe sea transportation element, and safe turn-around in port, of our marine activity. We maintain strict criteria in order to assess the suitability of a vessel prior to being considered for our business. This process applies to all seagoing vessels proposed for use by Petroplus or attending Petroplus-operated facilities.

We are a member of the Oil Companies International Marine Forum, (OCIMF). The primary objectives of OCIMF are the promotion of safety and prevention of pollution from tankers and oil terminals.

### Oil Spills

We are a member of Oil Spill Response Ltd. (OSRL) whose mission is to provide resources and expertise to respond to oil spills efficiently and effectively on a global basis.

### Social Performance, Community and Public Affairs

Petroplus aims to be a good neighbor in our communities. This is more than operating safely and cleanly; it also includes the integration of goals for the safety of our people and the environment. We understand the need to actively communicate with the community and all stakeholders so that concerns are addressed.

Our refineries and operating sites are key members of our local communities. As a result, we aim to support and strengthen our ties with these communities. We support local projects, initiatives and funding of charitable organizations through donations. Petroplus supports charitable programs and activities that promote the well-being and quality of life of our employees and their families, and invest in the communities where our employees live and work.

Each of our local management teams has the flexibility, to develop public affairs and community support programs that are tailored to each community.

Activities at our refineries currently include:

- support of local fire brigades and safety organizations
- support of local air quality initiatives
- support of local bio diversity
- support of local communities initiatives for well-being
- close cooperation programs with local authorities
- proactive communications programs with local communities, authorities and organizations.

Petroplus is dedicated to promote the career development of its employees and prepare them to fill their future responsibilities. Petroplus also strives to offer its employees an interesting, flexible, and challenging work environment, with the opportunity to learn and develop. There is a strong emphasis on competent leadership and on high quality education and training both on the job by mentoring and coaching and by specific training courses.



## Business Integrity and Transparency

Petroplus is concerned with providing transparent and honest corporate management. Other than those disclosed in the Corporate Governance section, none of the members of Executive Management are members of governing and supervisory bodies of Swiss or foreign organizations outside of the Petroplus group. None of the members have official functions or hold political posts.

- Our *Code of Business Conduct* policy provides guidelines on law and ethical conduct, conflicts of interest and protection and use of Company assets. The policy is distributed throughout the Company. Additionally, the Company has

strict delegation of authority guidelines which govern the approval process of all business transactions.

- Our *Corporate Risk Management Framework* establishes corporate risk management policies pertaining to financial liquidity, SHE, counterparty credit, foreign exchange derivatives, commodity derivatives, physical inventory and entity management. The objective of these policies is to ensure that key Company risks and their impacts are identified and evaluated timely and that strategies and policies are defined to mitigate such risks. Each of these policies is reviewed and approved annually by Executive Management and the Board of Directors.
- Our *Investor Relations policy* provides guidelines and commitments to our shareholders and investors with regards to communications: Petroplus is committed providing timely, consistent and credible dissemination of information, consistent with legal and regulatory requirements, to enable orderly behavior in the market and maintain realistic investor expectations. The ultimate goal of communication with the financial community is to ensure that Petroplus shareholders and the market are receiving accurate and timely information and that the same information is being provided to all stakeholders.
- Our *Corporate Procurement Guiding Principles & Practices* provides guidelines that are designed to ensure that each Petroplus business unit secures maximum benefits from our expenditures for the procurement of goods and services and minimizes the risks from any of our relationships with material suppliers and service providers.
- Our *Insider Trading guideline* is designed to prevent and detect insider trading in order to sustain the Company's reputation for integrity and ethical conduct.

As part of our compliance with the Swiss Code of Obligations, we implemented an extensive controls review process in all areas of our business, including entity level controls and process level controls. As part of this process, the Company identified potential risks and implemented processes and controls designed to prevent and detect any errors that may arise. The Company also has extensive procedures in place to ensure the integrity and transparency of financial statement disclosures, including reviews at all levels of management and the Board of Directors. The Company is compliant with the financial control requirements of the Swiss Code of Obligations.



A background image of an industrial facility, likely a refinery or chemical plant, featuring a complex network of pipes, metal walkways, and structural supports. The lighting is somewhat dim, with highlights on the metallic surfaces.

## Corporate Governance

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# Corporate Governance

## Introduction and Principles

Petroplus is fully committed to meeting high standards of corporate governance. We comply with the standards and reporting structure established in the “Swiss Code of Best Practice for Corporate Governance”, effective July 1, 2002, and the SIX Swiss Exchange “Directive on Information Relating to Corporate Governance” (“DCG”), amended on October 29, 2008 and effective July 1, 2009.

## 1 Group Structure and Shareholders

### 1.1 Group Structure

Petroplus Holdings AG (“Petroplus”, “Group”, “us”, “our”, “we” or the “Company”) is a holding company organized under Swiss Law with its legal domicile at Industriestrasse 24 in 6300 Zug, Switzerland. The Company concentrates its business activities solely on refining crude oil and the wholesale marketing of those refined products. See Note 4 “Segment Information” of the Consolidated Financial Statements for detailed segment information.

All major group companies are set out in the list of subsidiaries in Note 31 “Subsidiaries” of the Consolidated Financial Statements. None of the subsidiaries of Petroplus Holdings AG have their shares listed on the SIX Swiss Exchange or any other stock exchange worldwide.

However, Petroplus Finance Ltd., Bermuda, a subsidiary of Petroplus, has issued USD 600 million 6.75 % Senior Notes due 2014 (ISIN: USG7053RAA26), USD 600 million 7 % Senior Notes due 2017 (ISIN: USG7053RAB09) and USD 400 million 9.375 % Senior Notes due 2019 (ISIN: USG7053TAA81). These debt securities are listed on the Irish Stock Exchange in the Debt Securities Segment. The same subsidiary has issued USD 150 million guaranteed, convertible bonds due in 2015. These bonds are listed on the SIX Swiss Exchange (ISIN: CH0105325853) in the Debt Securities Segment (International Bonds).

Petroplus registered shares (Symbol: PPHN) are traded in the main market (clearing via SWX Europe) of the SIX Swiss Exchange (ISIN: CH0027752242). The market capitalization at year-end was approximately CHF 1.6 billion (USD 1.6 billion).

Neither Petroplus Holdings AG nor any of its subsidiaries held treasury shares at December 31, 2009.

### 1.2 Significant Shareholders

Based on the notifications that we have received, our significant shareholders as of December 31, 2009 include:

Shareholder	2009		2008	
	Ownership in % of registered shares (Voting rights)	Ownership in % of potential shares <sup>1)</sup>	Total Ownership	Total Ownership
FMR Corp., USA <sup>2)</sup>	4.92 %	-	4.92 %	9.84 %
Thomas D. O'Malley, USA <sup>3)</sup>	2.70 %	2.01 %	4.71 %	5.70 %
JGD Management Corporation, USA <sup>4)</sup>	3.82 %	-	3.82 %	3.82 %
Capital Group Companies, Inc., USA <sup>5)</sup>	-	-	< 3 %	5.22 %
UBS AG, Switzerland <sup>6)</sup>	-	-	< 3 %	3.15 %

<sup>1)</sup> Represents the potential ownership, held through financial instruments other than registered shares of Petroplus Holdings AG and calculated based on the requirements set out in Article 15 of the Ordinance of the Financial Market Supervisory Authority on Stock Exchanges and Securities Trading.

<sup>2)</sup> FMR Corp., located at 82 Devonshire Street, Boston, MA 02109, USA, is the parent company of Fidelity Management & Research Company, an investment manager for US mutual funds, and Fidelity Management Trust Company, a US state chartered bank which acts as a trustee or investment manager for various pension and trust accounts. FMR Corp. has reported on October 29, 2009 their ownership of 4.92 % (after a reported ownership of 5.07 % on September 28, 2009 and 4.53 % on September 17, 2009).

<sup>3)</sup> Mr. Thomas D. O'Malley is our Chairman and lives in Greenwich, Connecticut, USA. The ownership of 4.71 % represents the status as of December 31, 2009 (includes ownership by Horse Island Partners and The T.D. & M.A. O'Malley Foundation, a charitable organization) after a reported ownership of 4.56 % on September 21, 2009 with SIX.

<sup>4)</sup> JGD Management Corp, located at 767 Fifth Avenue, New York, NY 10153, USA, has reported on October 2, 2008, through their funds and managed accounts, their ownership of 3.82 % (after a reported ownership of 5.14 % on January 8, 2008). JGD Management Corp is an international investment group and institutional investment manager. During 2009, no changes in ownership were reported.

<sup>5)</sup> Capital Group Companies, Inc., a registered company in Los Angeles, California, USA, is a holding company of several subsidiary companies engaged in investment management business. The decrease of shareholdings below 3 % was reported to the Company on April 7, 2009 (after a total reported ownership of 4.82 % consisting of 4.75 % of registered shares and 0.07 % of potential shares on March 24, 2009).

<sup>6)</sup> UBS AG, located at Bahnhofstrasse 45, P.O. Box 8090, Zurich, Switzerland, is an international investment bank and provider of financial services. The decrease of shareholdings below 3 % was reported to the Company on November 14, 2009 (after a reported ownership of 3.15 % on November 14, 2008).

Credit Suisse Asset Management Funds AG, located in Zurich, Switzerland has reported on December 16, 2009 their ownership below 3% after a reported ownership of 3.05% on July 6, 2009 and Invesco Limited, located in Atlanta, Georgia has reported on September 24, 2009 their ownership below 3% after a reported ownership of 3.47% on September 21, 2009.

For specific information on the notifications that we received, we refer to the SIX Swiss Exchange website: [www.six-exchange-regulation.com](http://www.six-exchange-regulation.com), under the section "Obligations – Disclosure of Shareholdings – Significant Shareholders".

To the best of our knowledge, no other shareholder holds 3% or more of Petroplus Holdings AG voting and potential voting rights as at December 31, 2009. Additionally, we are not aware of any shareholder agreements.

Subsequent to December 31, 2009 and prior to the authorization of the Annual Report 2009 on March 3, 2010, FMR Corp. has reported an increase in their ownership from 4.92% to 6.53% on February 3, 2010.

### 1.3 Cross-Shareholdings

There are no cross-shareholdings of Petroplus with another company or group of companies outside of the Petroplus group.

## 2 Capital Structure

### 2.1 Capital

The Company's share capital at December 31, 2009 was CHF 654,345,691 and is divided into 86,325,289 registered shares with a par value of CHF 7.58 each. The share capital is fully paid.

### 2.2 Authorized and Conditional Share Capital

#### *Authorized Share Capital*

As of December 31, 2009, the Board of Directors ("BoD") is authorized, according to article 5a of the Articles of Association, to increase the share capital, at any time until May 5, 2011, by a maximum amount of CHF 130,869,132 by issuing a maximum of 17,265,057 fully paid-up registered shares with a nominal value of CHF 7.58 each. The BoD is entitled to issue these shares by means of a firm underwriting or in partial amounts.

The BoD is authorized to determine the issue date, the issue price, the manner in which the new shares have to be paid-up, the date from which they carry the right to dividends and the allocation of unexercised preemptive rights. Shares that are subject to pre-emptive rights are to be sold at market conditions to the extent rights are not exercised.

The BoD is authorized to exclude or to restrict the pre-emptive rights of the shareholders provided that the new shares are to be used for the takeover of enterprises by way of exchange of shares or for the financing of the takeover of enterprises, of parts of enterprises or of participations or the financing of new investment projects of the Company, or in the case of a national or international private or public placement of shares in order to finance such transactions, or for granting an over-allotment option (greenshoe) of up to 20% of the new shares to the joint lead managers in connection with a placement of shares at market price.

#### *Conditional Share Capital*

As of December 31, 2009, Petroplus Holdings AG's conditional share capital amounted to CHF 108,785,651, divided into 14,351,669 fully paid registered shares with a nominal value of CHF 7.58 each. A maximum of 4,483,369 of these registered shares are available for issuance to directors, employees and consultants of Petroplus Holdings AG and its subsidiaries exercising option rights granted to them or investors in connection with the purchase of shares (see article 6 of the Articles of Association and section "Convertible bonds, warrants and options" below). The right of the shareholders to exercise their statutory pre-emptive rights is excluded. Up to 9,868,300 registered shares are available for issuance through the exercise of warrants and/or notes granted in connection with bonds or similar debt instruments or options granted by Petroplus Holdings AG (see article 6a of the Articles of the Association).

In connection with the issuance of convertible or warrant-bearing bonds or any similar debt instruments, the BoD is authorized to restrict or exclude the rights of advanced subscription of existing shareholders and allocate such rights to third parties to finance or refinance the acquisitions of enterprises or divisions thereof, or of participations, or of new investment plans of Petroplus Holdings AG, or to issue warrants or convertible bonds on national or international capital markets.

## 2.3 Changes of Share Capital

The changes to Petroplus Holdings AG's share capital over the last three years are described as follows:

### *Year Ended December 31, 2007*

On April 25, 2007, Petroplus completed a rights offering whereby it issued 7,600,000 new registered shares with a nominal value of CHF 9.18 each out of its authorized capital according to article 5 of the Articles of Association. The shares were offered by way of a rights offering to existing shareholders and by way of an international offering to new investors. The offer price was CHF 100.00. This additional offering increased the share capital from CHF 560,315,988 divided into 61,036,600 shares to CHF 630,083,988 or 68,636,600 shares.

During the fourth quarter 2007, employees exercised 4,999 options granted under the Equity Participation Plan. Accordingly 4,999 new shares with a nominal amount of CHF 9.18 each were issued out of the conditional capital according to article 6 of the Articles of Association. The share capital was increased accordingly by CHF 45,891 and amounted to CHF 630,129,879 divided into 68,641,599 shares with a nominal value of CHF 9.18 each as of December 31, 2007.

### *Year Ended December 31, 2008*

At the ordinary shareholders' meeting held on May 7, 2008, the shareholders resolved to reduce the share capital by CHF 68,641,599 to CHF 561,488,280 or CHF 1.00 per share. The entry of the share capital reduction in the commercial register took place on July 22, 2008 and the repayment of CHF 1.00 per registered share was paid to the shareholders on July 29, 2008.

During 2008, employees, members of Executive Management and Board of Directors exercised 418,632 options granted under the Equity Participation Plan and the Equity Incentive Plan. Accordingly 418,632 new shares with a nominal amount of CHF 8.18 each were issued out of the conditional capital according to article 6 of the Articles of Association. The share capital was increased accordingly by CHF 3,424,410 and amounted to CHF 564,912,690 divided into 69,060,231 shares with a nominal value of CHF 8.18 each as of December 31, 2008.

### *Year Ended December 31, 2009*

At the ordinary shareholders' meeting held on May 6, 2009, the shareholders resolved to reduce the share capital by CHF 41,436,138 to CHF 523,476,550 or CHF 0.60 per share. The entry of the share capital reduction in the commercial register took

place on July 21, 2009 and the repayment of CHF 0.60 per registered share was paid to the shareholders on July 28, 2009.

During September 2009, the Company completed a rights issue and international offering whereby the Company issued 17,265,058 new registered shares from existing authorized share capital. Existing shareholders were entitled to subscribe for one new share at a subscription price of CHF 16.90 per share for every four existing shares held. The new shares began trading on September 22, 2009. Accordingly, the share capital amounts to CHF 654,345,690 and is divided into 86,325,289 registered shares with a par value of CHF 7.58 each as of December 31, 2009.

## 2.4 Shares, Participation and Profit Sharing Certificates

### *Registered Shares*

As of December 31, 2009, Petroplus Holdings AG has 86,325,289 fully paid registered shares in issue, each with a nominal amount of CHF 7.58. Each registered share is entitled to one vote at the annual general meeting of shareholders. Voting rights may only be exercised after the shareholder has been registered in the share register. All shares participate equally in and are entitled to full dividends declared by the Company.

According to the Articles of Association, shareholders are not entitled to request the printing and delivery of certificates for registered shares. However, the shareholder may at any time request a confirmation of the number of his or her registered shares, which is to be issued by Petroplus Holdings AG.

### *Participation and Profit Sharing Certificates*

Petroplus Holdings AG did not have any participation certificates or profit sharing certificates outstanding at December 31, 2009 or at any time within the periods presented in this annual report.

## 2.5 Limitations on Transferability and Nominee Registrations

There are no restrictions for Swiss or foreign investors with regard to registration in the share register, insofar as they declare to have acquired shares for their own account. See also articles 7 and 8 of the Articles of Association.

Persons not expressly declaring themselves to be holding shares for their own account in their application for entry in the register of shares (a “Nominee”) will be entered for a maximum of 5 % of the outstanding share capital. Above this limit, registered shares held by Nominees will be entered in the share register with voting rights only if the Nominee in question makes known the names, addresses and shareholdings of the persons for whose account such Nominee is holding 0.5 % or more of the outstanding share capital according to the commercial register. The BoD has the right to conclude agreements with such Nominees regulating the representation of shareholders and of the voting rights.

Legal entities and associations that are linked through capital ownership or voting rights, through common management or in like manner, as well as individuals, legal entities or partnerships that act in concert with the intent to evade the entry restriction, are considered as one shareholder or Nominee.

## 2.6 Convertible Bonds, Warrants and Options

### *Convertible Bonds*

On October 16, 2009, Petroplus Finance Ltd., a subsidiary of the Company, issued USD 150 million in guaranteed senior secured convertible bonds due 2015. Additional information on the convertible bonds can be found in Note 16 “Interest-Bearing Loans and Borrowings” to the Consolidated Financial Statements of Petroplus Holdings AG.

### *Warrants and Options*

At December 31, 2009, Petroplus has 3,151,805 options outstanding (adjusted by the September 2009 rights issue) that were granted through two option plans.

Equity Incentive Plan – Under the Equity Incentive Plan, options were granted to investors (some of which are Directors or Executive Management) in connection with purchases of its shares and are not dependent upon employment or service. At December 31, 2009 a total of 2,155,360 options are outstanding under this plan.

Equity Participation Plan – Under the Equity Participation Plan, the BoD granted options between November 30, 2006 and December 31, 2009. All options currently granted under the Equity Participation Plan are held by employees, Executive Management and Non-executive Members of the BoD. At December 31, 2009, a total of 996,445 options are outstanding under this plan.

### *Restricted Stock Units (RSUs)*

In 2009, pursuant to the Equity Participation Plan, the BoD granted a total of 143,837 RSUs to members of the Executive Management. At December 31, 2009, a total of 143,837 RSUs are outstanding.

See Note 21 “Shareholders’ Equity” and Note 23 “Share-based Payments” in the Consolidated Financial Statements and Note 6 “Compensation, Shareholdings and Loans” of the Statutory Financial Statements of Petroplus Holdings AG for further information regarding these plans.

## 3 Board of Directors

### 3.1 Members of the Board of Directors

Petroplus Holdings AG's Articles of Association stipulate that the BoD consists of a minimum of three members. At December 31, 2009, the BoD has ten members and is composed as follows:

Name	Nationality	Position	Date of first appointment	Term expires
Thomas D. O'Malley	American	Chairman, non-executive member	February 2006 <sup>2)</sup>	2012 <sup>1)</sup>
Patrick Monteiro de Barros <sup>3)</sup>	Portuguese	Vice Chairman, Committee Chairperson, non-executive member	November 2006	2012 <sup>1)</sup>
Markus Dennler	Swiss	Committee Chairperson, non-executive member	November 2006	2012 <sup>1)</sup>
Walter Gruebler	Swiss	Non-executive member	November 2006	2011
Robert J. Lavinia <sup>4)</sup>	American	Non-executive member	May 2007	2010
Maria Livanos Cattau	Swiss	Non-executive member	November 2006	2011
Eija Malmivirta	Finnish	Committee Chairperson, non-executive member	November 2006	2012 <sup>1)</sup>
Werner G. Müller	Swiss	Non-executive member	May 2007	2010
Patrick Power	Irish	Non-executive member	November 2006	2011
Ernst Weil	Swiss	Non-executive member	May 2007	2010

<sup>1)</sup> Thomas D. O'Malley, Patrick Monteiro de Barros, Markus Dennler and Eija Malmivirta were re-elected at the third Annual General Meeting of Petroplus Holdings AG on May 6, 2009 as members of the Board of Directors for a tenure of three years.

<sup>2)</sup> Includes Thomas D. O'Malley's term as chairman of Argus.

<sup>3)</sup> Patrick Monteiro de Barros was a founder of and a member of the BoD of Argus from February 2006 to August 2006.

<sup>4)</sup> Mr. Lavinia resigned as CEO effective September 1, 2009. Mr. Lavinia continued to serve as an employee in a transition position until December 31, 2009. He will remain as a non-executive member of the Board of Directors.



**Thomas D. O'Malley**  
Chairman and non-executive member

### 3.2 Education, Professional Background, Other Activities and Functions

With the exception of Mr. O'Malley, our Chairman, who served as our CEO from May 2006 to March 2008 and Mr. Lavinia, who served as our CEO from March 2008 until August 2009, none of the other members of the Board of Directors has or had any management responsibility within Petroplus. With the exception of their ownership interest, none of the other members of the BoD has or have had any significant business connection with Petroplus or its affiliated companies other than those disclosed below. None of the members of the BoD have official functions or hold political posts.

**Thomas D. O'Malley** (Chairman, non-executive member)

*Education* – Bachelor of Science in Economics from Manhattan College, USA.

*Professional background* – Thomas D. O'Malley has served as Chairman of the BoD since May 2006. Mr. O'Malley was CEO of Petroplus from May 2006 to March 2008. Mr. O'Malley also serves as Chairman and CEO of PBF Investments LLC, the managing entity of a US partnership of which Petroplus is an approximate one-third owner. This partnership serves as Petroplus' US refining investment vehicle.

Prior to his involvement with Petroplus, Mr. O'Malley was Chairman of the Board of Directors of Premcor Inc., a US domestic oil refiner and Fortune 250 company listed on the New York Stock

Exchange until its sale to Valero in August 2005. Before joining Premcor, Mr. O'Malley was Chairman and CEO of Tosco Corporation. This Fortune 100 Company was the largest independent oil refiner and marketer of oil products in the United States. Prior to his involvement with Premcor and Tosco, Mr. O'Malley was Vice Chairman of Salomon Brothers Inc.

Mr. O'Malley is Chairman of the Board of Trustees of Manhattan College.

*Activities in governing and supervisory bodies* – None.

*Permanent management and consultancy functions for Swiss and foreign interest groups* – None.

**Patrick Monteiro de Barros** (Vice Chairman and Chairperson of the Compensation Committee, non-executive member)

*Education* – BA from the University of Paris and Ecole Supérieure de Commerce de Paris, France.

*Professional background* – Patrick Monteiro de Barros has served as Chairman and Chief Executive Officer of Argus Resources Ltd. (U.K.) since 1988. He was president and Chief Executive Officer of Sigmoid Resources from 1987 to 1988 and Senior Vice President of Philipp Brothers from 1975 to 1987.

*Activities in governing and supervisory bodies* – Mr. de Barros serves as a Chairman of the Monteiro de Barros Foundation, Lisbon, Portugal, Chairman of Protea Holdings, NY, USA and



**Patrick Monteiro de Barros**  
Vice Chairman and Chairperson of the Compensation Committee and non-executive member



**Markus Dennler, Dr.**  
Chairperson of the Audit Committee and non-executive member



**Walter Gruebler, Dr.**  
Non-executive member



**Robert J. Lavinia**  
Non-executive member

is a non-executive Member of the Board of the Espirito Santo Financial Group.

*Permanent management and consultancy functions for Swiss and foreign interest groups* – None.

**Markus Dennler, Dr.** (Chairperson of the Audit Committee, non-executive member)

*Education* – Juris Doctor University of Zurich and admitted to the Bar. Further he attended the International Bankers School in New York and the Harvard Business School (AMP), USA.

*Professional background* – Markus Dennler served in a series of positions within the Credit Suisse Group, ultimately as a Member of the Executive Board of Credit Suisse Financial Services and as Chief Executive Officer responsible for the global operational life and pensions business. Prior to that, he was a Member of the Corporate Executive Board of Winterthur Insurance, at that time a subsidiary of Credit Suisse Group.

*Activities in governing and supervisory bodies* – Dr. Dennler currently serves as Vice Chairman of Implenia and Allianz Suisse and as a member of the Board of Swissquote.

*Permanent management and consultancy functions for Swiss and foreign interest groups* – Council member of the British Swiss Chamber of Commerce.

**Walter Gruebler, Dr.** (Non-executive member)

*Education* – Dr. oec. HSG and Master of Business Administration (lic. oec. HSG) from the University of St. Gallen, Switzerland.

*Professional background* – Walter Gruebler served as Chief Executive Officer of Sika AG from 2000 to 2004. From 1990 to 1999, Mr. Gruebler was a Member of Group Management of Alusuisse AG and from 1974 to 1990 as Chief Executive Officer and Vice Chairman of the Board of Directors of Airex AG.

*Activities in governing and supervisory bodies* – Dr. Gruebler serves as Chairman of the Board of Directors of Sika AG, Chairman of Adval Tech AG and National Versicherungen as well as Quadrant AG. Dr. Gruebler is a Board Member of ETH foundation, Zürich, Switzerland.

*Permanent management and consultancy functions for Swiss and foreign interest groups* – None.

**Robert J. Lavinia** (Non-executive member)

*Education* – Graduated from the US Merchant Marine Academy and the Harvard University Business School Advanced Management Program, USA.

*Professional background* – Robert J. Lavinia has served on the BoD since May 2007. He was President of Petroplus from July 5, 2007 until March 1, 2008, and CEO of Petroplus from March 1, 2008 until August 31, 2009 and continued as an employee in a transition position until the end of 2009. Prior to joining Petroplus, he worked for a number of large energy companies including Gulf Oil Corporation (1970–1980), Phibro Energy Corporation (1980–1991) and Tosco Corporation (1992–2001). Mr. Lavinia served on the Board of Directors of Transcor SA, a Belgium based trading company from 2002 to 2006 and as Chairman of the Board of the Pasadena Refining Company from 2005 to 2006.

*Activities in governing and supervisory bodies* – None.

*Permanent management and consultancy functions for Swiss and foreign interest groups* – None.



**Maria Livanos Cattau**  
Non-executive member

**Maria Livanos Cattai** (Non-executive member)

*Education* – BA with Honors from Harvard University, USA and a honorary Doctor of Laws degree from York University, Canada.

*Professional background* – Maria Livanos Cattai was Secretary-General of the International Chamber of Commerce from 1996 through June 2005. Prior to this position, Mrs. Cattai was with the World Economic Forum in Geneva for nearly two decades, rising to become Managing Director, responsible for the forum's annual meeting in Davos.

*Activities in governing and supervisory bodies* – Mrs. Cattai serves on various non-profit boards around the world: Chairman of the Balkan Children and Youth Foundation (Skopje), member of the Executive Committee of the International Crisis Group (Brussels), member of the board and advisory board of ICT for Peace Foundation (Geneva), East-West Institute (New York), the World Life Sciences (Geneva), the Institute of International Education (New York), the National Bureau of Asian Research (NBR), the International Youth Foundation (Baltimore), the Schulich School of Business (York University, Toronto) and the Elliott School of International Affairs (George Washington University, Washington D.C.).

*Permanent management and consultancy functions for Swiss and foreign interest groups* – None.

**Eija Malmivirta** (Chairperson of the Nominating and Corporate Governance Committee, non-executive member)

*Education* – Master of Sciences from Helsinki University of Technology in Finland.

*Professional background* – Eija Malmivirta served as Chairman and principal owner of Merei Oy Ltd. from 1996 to 2002. From 1969 to 1996, she served in various positions with Neste Oyj, most recently as Executive Vice President, Head of Neste Oil Trading and Supply.

*Activities in governing and supervisory bodies* – Ms. Malmivirta serves as a member of the Board of Directors of Kotimaa Yhtiöt Oy, Helsinki, and Miinan Hoitolat Oy, Helsinki.

*Permanent management and consultancy functions for Swiss and foreign interest groups* – None.

**Werner G. Müller, Dr.** (Non-executive member)

*Education* – PhD in geology from the University of Basel, Switzerland.

*Professional background* – Werner G. Müller has more than 40 years of professional experience in technical and economic aspects of the mining, metallurgical and oil and gas busi-



**Eija Malmivirta**  
Chairperson of the Nominating and Corporate Governance Committee and non-executive member



**Werner G. Müller, Dr.**  
Non-executive member



**Patrick Power**  
Non-executive member



**Ernst Weil**  
Non-executive member

nesses. Dr. Müller has worked for the world's leading commodity trading firms, including Philipp Brothers (1971–1985), Glencore and its predecessor Marc Rich (1989–2000). Since 2000, Dr. Müller has been an independent minerals industry consultant. He is also a Senior Associate of Behre Dolbear, a US-based consulting group specialized in evaluating minerals industry assets and providing mining financial services.

*Activities in governing and supervisory bodies* – None.

*Permanent management and consultancy functions for Swiss and foreign interest groups* – None.

**Patrick Power** (Non-executive member)

*Education* – Bachelor of Sciences in Experimental Physics from University College Dublin, Ireland; Master of Sciences in Geophysics from Imperial College London, UK; MBA from the University College Cork, Ireland. Patrick Power is also a chartered engineer and a fellow of the Institution of Engineers of Ireland.

*Professional background* – Patrick Power has served as founder and Managing Director of Shannon LNG Limited since 2003. Prior to that, he served as director and Chief Executive Officer of the Irish National Petroleum Corporation from 1998 to 2001 and the Irish Petroleum Company from 2001 to 2002. From 1973 to 1993, Mr. Power held various positions with Marathon Oil Company, including President of Marathon International Petroleum – Worldwide Business Development.

*Activities in governing and supervisory bodies* – Mr. Power serves as a Managing Director and Member of the Board of Directors of Shannon LNG Ltd., Ireland and Member of the Board of the Multiple Sclerosis Society of Ireland.

*Permanent management and consultancy functions for Swiss and foreign interest groups* – None.

**Ernst Weil** (Non-executive member)

*Education* – Graduated in Economics from the University of Zurich, Switzerland and from Harvard University Business School Advanced Management Program, USA.

*Professional background* – Ernst Weil has over 40 years experience in the financial and energy businesses. He has worked in various companies including Phibro Energy Corporation from 1975 to 1986 in a variety of positions, including as Chief Executive Officer, and with Solomon Brothers from 1986 to

1993 as Executive Vice President. From 1994 to 1999, he served as a member of the Board of Directors of Rothschild Bank, Switzerland.

*Activities in governing and supervisory bodies* – Member of the Board and Co-Chairman of the United Jewish Appeal, Switzerland.

*Permanent management and consultancy functions for Swiss and foreign interest groups* – None.

### 3.3 Elections and Terms of Office

The members of the BoD are generally elected for terms with a maximum of three years at the annual general shareholders' meeting. A year is defined as the period between two ordinary shareholders' meetings. The individual terms of office of the members are coordinated in such a way that every year approximately one-third of the members are subject to re-election or election. Each year, the members were elected individually. The expiry dates of the elected terms of all Members of the BoD are disclosed in the table on page 70.

The BoD appoints its own Chairman and Vice Chairman.

### 3.4 Internal Organizational Structure

The BoD is the supreme management body of Petroplus and consists of the Chairman, the Vice Chairman and the other members. In accordance with the Organizational Regulations of Petroplus Holdings AG ("ROO"), our BoD has established three committees: the Audit Committee, the Nominating and Corporate Governance Committee and the Compensation Committee. Each committee advises the BoD on the matters specified below, often with the assistance of Executive Management and others involved in the management of Petroplus Holdings AG. The chairperson of each of the committees informs the BoD of all significant issues discussed at the committee meetings and provides recommendations for decisions required to be made by the BoD. Members of the committees are non-executive members of the BoD and independent of Petroplus. For purposes of committee membership, independent means a non-executive member of the BoD who was not a member of Executive Management during the past three years and who has had no or comparatively minor business relations with Petroplus Holdings AG. No member of any committee may have any relationship that, in the opinion of the

BoD, would interfere with the exercise of his or her independent judgment as a member of the relevant committee.

There have been six BoD meetings held during the year, lasting approximately five to eight hours each, or the time necessary to fulfill their purpose.

The BoD and the committees have invited members of Executive Management and external consultants to deal with specific issues as necessary.

### **Audit Committee**

Members: Markus Dennler (Chairperson), Walter Gruebler and Ernst Weil.

The Audit Committee supports the BoD as a consulting, controlling and initiating body in the areas of communicating with internal and external auditors, supervising the independence and objectivity of the internal audit function, reviewing and assessing the independence of external auditors, reviewing and assessing financial reporting as well as assessing the adequacy of internal control systems. The Audit Committee encourages continuous improvement of, and adherence to Petroplus Holdings AG's policies, procedures and practices at all levels.

The Audit Committee is composed of at least two members of the BoD as determined by the BoD. Each member of the Audit Committee must be a non-executive and independent director. The committee normally meets at least four times a year for the time necessary to fulfill its purpose, which is estimated to be no less than one hour, or more frequently as circumstances dictate. In 2009, the committee held four meetings, lasting approximately two to three hours each.

### **Nominating and Corporate Governance Committee**

Members: Eija Malmivirta (Chairperson), Maria Livanos Cattau and Werner G. Müller.

The Nominating and Corporate Governance Committee establishes principles for the selection of nominees for election or re-election to the BoD, suggests nominees for election to the BoD and makes recommendations to the BoD concerning corporate governance matters and practices.

The Nominating and Corporate Governance Committee is composed of at least two members of the BoD as determined by the BoD. The majority of the members of the Nominating and Corporate Governance Committee must be non-executive and independent directors. The committee normally meets

approximately two to four times a year for the time necessary to fulfill its purpose, which is estimated to be no less than one hour, or more frequently as circumstances dictate. In 2009, the committee held three meetings, lasting approximately one to three hours each.

### **Compensation Committee**

Members: Patrick Monteiro de Barros (Chairperson), Eija Malmivirta and Patrick Power.

The Compensation Committee supports the BoD to assure that the executive officers and the members of the BoD are compensated in a manner consistent with our stated compensation strategy, internal equity considerations, competitive practice, regulatory requirements and our shareholders' interests.

The Compensation Committee is composed of at least two members of the BoD as determined by the BoD. The majority of them must be non-executive and independent directors. The committee normally meets approximately two to four times a year for the time necessary to fulfill its purpose, which is estimated to be no less than one hour, or more frequently as circumstances dictate. In 2009, the committee held four meetings, lasting approximately one to three hours each.

## **3.5 Definition of Areas of Responsibility**

While the Board of Directors has delegated the executive management of Petroplus to the CEO and Executive Management, the following responsibilities remain with the Board:

- election of the Chairman, Vice Chairman, Chairperson and members of the Audit Committee, Nominating and Corporate Governance Committee and the Compensation Committee;
- definition of the ultimate direction of the Company and the handing out of necessary instructions;
- definition and modification of the strategy of the Company as well as the passing of resolutions about taking up or suspension of business activities;
- establishment of the organization;
- appointment and dismissal of members of Executive Management and of other signatories of the Company;
- approval of the annual budget and deviations from it;
- approval of the financial planning and establishment of principles of accounting and financial control;
- determination of the fiscal year of the Company;
- supervision and control of the members of Executive Management, especially with respect to compliance with laws, the Ar-

- articles of Association, internal directives and instructions;
- preparation of the annual report and general meetings, as well as the execution of its decisions;
- notification of the judge in case of over-indebtedness or bankruptcy based on Article 725 of the Swiss Code of Obligation (“CO”);
- decisions about contributions on shares not fully paid and in connection with the increase of share capital out of the authorized capital, including decisions to delete outdated provisions;
- approval of mass redundancies as set out in Article 335d of the CO or similar foreign regulations; and
- purchases and sales of real estate, subsidiaries or businesses if the consideration exceeds CHF 80 million, borrowings that exceed CHF 500 million, petroleum contracts that exceed 600,000 barrels per month and extend more than one year and other contracts that exceed CHF 200 million per year and all transactions between the Company and the CEO or the other members of management or persons closely related to them.

veloped using an appropriate risk-based methodology that covers all operations of the Company. This audit plan is approved by the BoD after review by the Audit Committee. The results of internal audits are communicated directly to Executive Management, the Audit Committee, the Chairman of the Board and the External Auditors through formal Internal Audit reports. Regular follow-up is performed to ensure that risk mitigation and control improvement measures are implemented on a timely basis.

The Director of Internal Audit reports directly to the Audit Committee to ensure independence from management.

The Internal Audit function is committed to abiding by the Standards for Professional Practice of Internal Auditing set out by the Institute of Internal Auditors.

### 3.6 Information and Control Instruments vis-à-vis Executive Management

Petroplus’ reporting system uses professional reporting and consolidation software. Comprehensive Income and Financial Position Statements are reported and consolidated on a monthly basis, including other information pertinent to an up-to-date controlling system, such as sales and operating profit details. On a monthly basis, each refinery, marketing and other business controller reports a detailed analysis on the changes in financial information. This analysis incorporates changes in the market, operations, and other relevant areas. Additionally, this analysis is compared to the budget that was approved by the BoD in the fourth quarter of the previous year. The CFO provides the BoD a summary analysis on the financial and operational results on a monthly basis.

The members of Executive Management are regularly involved in the meetings of the BoD and the Audit Committee. The CFO presents the financial information of the Company to the Audit Committee and the BoD on a quarterly and annual basis.

The Internal Audit function assists the BoD in the discharge of its oversight responsibilities by providing independent and objective assessments of the effectiveness of the Company’s risk management, internal control and governance processes. Internal Audit activities are based on an annual audit plan de-

## 4 Executive Management

### 4.1 Members of Executive Management

The four members of executive management ("Executive Management") are as follows:

Name	Nationality	Position
Jean-Paul Vettier <sup>1)</sup>	French	Chief Executive Officer
Chester J. Kuchta <sup>2)</sup>	American	Executive Vice President and Chief Operating Officer
Karyn F. Ovelmen	American	Executive Vice President and Chief Financial Officer
W. Thomas Skok <sup>3)</sup>	American	General Counsel and Corporate Secretary

<sup>1)</sup> Effective September 1, 2009, Jean-Paul Vettier was appointed CEO, replacing Robert J. Lavinia. Mr. Lavinia continued to serve as an employee in a transition position until the end of 2009 and remains as a non-executive member of the Board of Directors.

<sup>2)</sup> Effective November 23, 2009, the Company's commercial and refinery operations have been combined. Chester J. Kuchta, the Company's former Chief Commercial Officer, leads the new operating unit as the Chief Operating Officer. Bruce A. Jones, the Company's former Chief Operating Officer will continue in a transition position through February 2010.

<sup>3)</sup> Effective December 15, 2009, W. Thomas Skok replaced Michael D. Gayda as General Counsel. Mr. Gayda continues to serve as an employee in a transition position until his retirement on January 31, 2010.



**Jean-Paul Vettier**  
Chief Executive Officer



**Chester J. Kuchta**  
Executive Vice President and  
Chief Operating Officer



**Karyn F. Ovelmen**  
Executive Vice President and  
Chief Financial Officer



**W. Thomas Skok**  
General Counsel and  
Corporate Secretary

## 4.2 Education, Professional Background, Other Activities and Functions

None of the members of Executive Management are members of governing or supervisory bodies of Swiss or foreign organizations outside of the Petroplus group. None of the members hold permanent management or consultancy functions for Swiss or foreign interest groups, and none of the members have official functions or hold political posts.

### **Jean-Paul Vettier** (Chief Executive Officer)

*Education* – Undergraduate degree in Economic Sciences and Law from the University of Paris, France.

*Professional background* – Jean-Paul Vettier was appointed CEO in September 2009. Prior to joining Petroplus, he was active in advising investment and management firms on energy matters and he has also served as a Board Member for companies based in the US, Europe and Canada. From 1993 to March 2006, he was Chairman and Chief Executive Officer of Total Refining & Marketing, a multinational energy company. Between 1992 and 1996, he was non-executive Chairman of Total Petroleum North America. Prior to joining Total in 1990 as Executive Vice President of Refining and Marketing, Mr. Vettier was employed by Rhone-Poulec for 16 years where he held operational responsibilities in the legal and strategic planning functions. From 1987 to 1989 he served as the General Manager of the Petrochemical Division and as a member of the Executive Committee at Orkem.

Effective September 1, 2009, Mr. Vettier succeeded Mr. Robert J. Lavinia as the CEO of the Company.

*Tasks previously carried out for Petroplus* – None.

### **Chester J. Kuchta** (Executive Vice President and Chief Operating Officer)

*Education* – Bachelor of Sciences in Chemical Engineering from Brown University, USA.

*Professional background* – Chester J. Kuchta has served as our Chief Operating Officer since November 2009. He joined Petroplus in June 2006 as Chief Commercial Officer. Prior to this position, he served as Vice President of Crude Oil Supply and Trading at the Premcor Refining Group Inc. from April 2002 until September 2005, when Premcor was acquired by Valero Energy. Prior to joining Premcor, Mr. Kuchta served as the Crude Oil Supply Manager for Phillips 66 Company's East Coast and Gulf Coast Systems, following Phillips' acquisition of Tosco Corporation in 2001. Prior to joining Phillips, Mr. Kuchta served in various commercial and refining positions at Tosco from 1996 to 2001. Prior to joining Tosco, Mr. Kuchta spent six years at the Exxon Corporation in various refining, economic and environmental engineering positions.

Effective November 23, 2009, Mr. Kuchta succeeded Mr. Bruce A. Jones as Chief Operating Officer of the Company, in connection with the combination of its commercial and refining operation.

*Tasks previously carried out for Petroplus* – None.

### **Karyn F. Ovelmen** (Executive Vice President and Chief Financial Officer)

*Education* – Bachelor of Arts from the University of Connecticut, USA and Certified Public Accountant ("CPA") in the US.

*Professional background* – Karyn F. Ovelmen has served as Executive Vice President and Chief Financial Officer since the incorporation of Argus in February 2006. She served as Executive Vice President and Chief Financial Officer of Argus Resources Inc. in 2006. Prior to joining Argus, Ms. Ovelmen served as Vice President of Finance, External Reporting and Investor Relations for The Premcor Refining Group Inc. from November 2003 to September 2005, when Premcor was acquired by Valero Energy. Prior to joining Premcor, Ms. Ovelmen spent twelve years with PricewaterhouseCoopers, primarily in the energy industry, including a lead role on PricewaterhouseCoopers' engagement for Tosco Corporation.

*Tasks previously carried out for Petroplus* – None.

**W. Thomas Skok** (General Counsel and Corporate Secretary)

*Education* – Bachelor of Arts Degree from Lycoming College, Pennsylvania, USA and Juris Doctor from Western State University, College of Law, USA.

*Professional background* – W. Thomas Skok has served as our General Counsel and Corporate Secretary since December 2009. He previously served as Associate General Counsel of Petroplus from 2007 to 2009. Prior to joining Petroplus, Mr. Skok served as Senior Counsel supporting ConocoPhillips' downstream businesses from 2001 until February 2007. From 1997 to 2001, he was Associate General Counsel at Tosco Corporation. Prior to joining Tosco, Mr. Skok served as Deputy General Counsel at Unocal Corporation from 1984 to 1997. Prior to earning his license to practice law, he served in various financial management positions for Unocal's Industrial Chemicals businesses.

Effective December 15, 2009, Mr. Skok succeeded Mr. Michael D. Gayda as General Counsel and Corporate Secretary of the Company.

*Tasks previously carried out for Petroplus* – Served as Associate General Counsel of Petroplus Marketing AG from February 1, 2007 to December 15, 2009.

### 4.3 Management contracts

Petroplus does not have management contracts with third parties.

## 5 Compensation, Shareholdings and Loans

### 5.1 Content and Method of Determining the Compensation and the Share-Ownership Programs

Compensation for the BoD and for Executive Management is determined by the Compensation Committee and is approved by the Board of Directors.

#### Non-Executive Members of the Board

For the Board of Directors, the following forms of compensation apply:

- Board of Directors fees – With the exception of our Chairman, Thomas D. O'Malley, each non-executive member of the BoD will be paid an annual compensation of CHF 225,000 for services provided. In addition, the chairperson of the Audit Committee will receive additional annual compensation of CHF 100,000, and the committee chairpersons of the Compensation Committee and the Nominating and Corporate Governance Committee will each receive additional annual compensation of CHF 20,000. The BoD determines the compensation to non-executive members of the BoD.
- Other cash compensation – Each non-executive member of the BoD will receive compensation of CHF 5,500 for each board or committee meeting attended.
- Equity Participation Plan – The non-executive members of the BoD are eligible to participate in our Equity Participation Plan. The equity compensation granted is approved by the BoD.
- The agreement for Thomas D. O'Malley provides for an annual base salary in the amount of CHF 600,000 as of December 31, 2009. For 2009 only, there is a minimum bonus payment of CHF 400,000.

#### Executive Management

The Company has entered into employment agreements with our Executive Management. The agreements, as amended, effective September 1, 2009, have an indefinite term and may be terminated by either the Company or the relevant Executive Manager with at least three months' notice period, except that Mr. Vettier's agreement has a two-year term with an evergreening provision that extends the agreement for one year at the end of each year. The agreements provide for annual base salaries (with increases, if any, to be determined by our BoD) in the following amounts as of December 31, 2009: CHF 1,200,000 for Jean-Paul Vettier, CHF 1,000,000 each for Chester J. Kuchta, Karyn F. Ovelmen and CHF 675,000 for W. Thomas Skok. The employment agreements provide that

the members of Executive Management are eligible to earn an annual bonus dependent on certain predetermined earnings-per-share levels being met. If these levels are exceeded, additional bonus opportunities can be realized. For 2009 only, there is a minimum bonus payment of CHF 700,000 for Robert J. Lavinia. Jean-Paul Vettier's agreement provides for an annual minimum bonus of CHF 1,200,000. In 2009, Chester J. Kuchta, Karyn F. Ovelmen and the former members of Executive Management, Michael D. Gayda and Bruce A. Jones, each received a retention payment of CHF 550,000. In addition, the members of Executive Management are eligible to participate in our Equity Participation Plan.

The Compensation Committee of the Board of Directors has established a policy for the Company that compensation should ensure that management and employees are rewarded appropriately for their contributions to the Group's growth and profitability, that the executive compensation strategy supports organizational objectives and shareholder interests and that the compensation is demonstrably contingent upon sustainable Company success and the individual contribution by the person. In determining the Executive Management compensation, including base salary, short-term and long-term incentive components the BoD considers, among other factors, the Company's performance and relative shareholder return, the value of similar incentive awards for executive officers at comparable companies in the same industry and the awards given to the respective persons in past years.

Each of the Executive Management employment agreements, which include their incentive compensation and their eligibility for long-term equity compensation, has been approved by the BoD. The BoD has approved the Equity Participation Plan, which establishes a plan for the BoD to grant equity awards. The BoD approves the funding pool and the individual awards to Directors and Executive Management.

Petroplus uses different sources of information in order to obtain insight of market practices. Several external advisors, including leading compensation consulting groups are regularly consulted.

### 5.2 Compensation and Shareholdings

For the disclosure of the compensation of the BoD and Executive Management and details of shareholdings refer to Note 6 "Compensation, Shareholdings and Loans" of the Statutory Financial Statements of Petroplus Holdings AG at December 31, 2009.

## 6 Shareholders' Participation

### 6.1 Voting Rights and Representation Restrictions

Each share carries one vote. All shares have equal rights. Voting rights and certain other non-economic rights attached to the shares, including the right, subject to certain conditions, to call and to attend shareholders' meetings, may be exercised only after a shareholder has been registered in the share register of Petroplus Holdings AG as a shareholder or beneficiary with voting rights.

Persons who have acquired registered shares will, upon application, be entered into the share register as shareholders with voting power, provided they expressly declare themselves to have acquired the shares concerned in their own name and for their own account. For further information see section "Limitations on Transferability and Nominee Registrations".

The transfer of uncertificated shares is completed upon the assignment in writing by the shareholder selling the shares and notification to Petroplus Holdings AG. Shares held in a custody or portfolio account with a bank may be transferred only with the cooperation of that bank. Uncertificated shares may be pledged only by a written pledge agreement in favor of the bank in whose accounts the shareholder keeps the relevant shares.

If the registration of shareholdings with voting rights was effected based on false information, the BoD may cancel such registration with retroactive effect.

### 6.2 Statutory Quorums

There is no provision in our articles of association requiring a quorum to be present for our shareholders' meetings. Except as otherwise stipulated by law, the shareholders' meeting passes resolutions and carries out elections by the majority of the votes represented at a meeting. A resolution passed at the shareholders' meeting with a qualified majority of at least two-thirds of the shares and the absolute majority of the nominal capital represented at such meeting is required by law for:

- changes in the Company's purpose;
- the creation of shares with privileged voting rights;
- restrictions on the transferability of registered shares;
- an authorized or conditional increase in the Company's share capital;

- an increase in the Company's share capital by way of capitalization of reserves, against contributions in kind, for the acquisition of assets or involving the grant of special benefits;
- the restriction or elimination of pre-emptive rights of shareholders;
- a relocation of domicile; or
- dissolution of the Company.

The Chairman of the shareholders' meeting decides on the voting procedure at each meeting.

### 6.3 Convocation of the Annual General Meeting of Shareholders

The rules regarding the convocation of the Annual General Meeting of the Shareholders do not deviate from the Swiss Company Law.

### 6.4 Agenda

The agenda of the Annual General Shareholders' Meeting is set by the BoD and mentions the business to be discussed as well as motions of the BoD or of shareholders who have asked for an item to be placed on the agenda. One or more shareholders representing shares with a par value of CHF 1,000,000 may request that an item be included in the agenda of the shareholders' meeting. Any request to include an item must be submitted in writing at least 45 days prior to the shareholders' meeting, stating the item to be included and the motions.

### 6.5 Registrations in the Share Register

The Company maintains a share register in which the details of the owners and beneficiaries of the registered shares are recorded. Nominees will be registered up to 5%. For further information see section "Limitations on Transferability and Nominee Registrations" above.

## 7 Changes of Control and Defense Measures

### 7.1 Duty to Make an Offer

A person who acquires equity securities of Petroplus, whether directly, indirectly or acting in concert with third parties, which exceed the threshold of 33 $\frac{1}{3}$ % of the Company's voting rights (whether exercisable or not), must make an offer to acquire all shares. A waiver of the mandatory rules may be granted by the Swiss Takeover Board or the Swiss Federal Banking Commission under certain circumstances.

Swiss law provides for the possibility to have the articles of association contain a provision which would eliminate the obligation of an acquirer of shares exceeding the threshold of 33 $\frac{1}{3}$ % of the voting rights to proceed with a public purchase offer (opting-out) or which would increase such threshold to 49% of the voting rights (opting-up). The articles of association of Petroplus do not contain such opting-out or opting-up provisions.

### 7.2 Clauses on Changes of Control

All outstanding options, including those granted to the members of the BoD and to Executive Management, become fully vested and the non-compete clause in the employment agreements with Executive Management become null and void upon a change of control of Petroplus Holdings AG. The agreements of Messrs. O'Malley, Lavinia, Gayda, Jones, Kuchta and Ms. Ovelmen include a provision for a payment equal to 2.99 times annual base salary upon a change of control.

## 8 Auditors

### 8.1 Duration of the Mandate and Term of Office of the Lead Auditor

In 2006, Ernst & Young Ltd., Zurich were appointed as Statutory Auditors of Petroplus for the first time. They were re-elected for a term of one year at the Third Annual General Shareholders' meeting held on May 6, 2009. Mr. Reto Hofer, Partner, is acting as the Auditor-In-Charge since 2009 (succeeding Eric Ohlund, Partner).

### 8.2 Auditing and Additional Fees

The following fees were charged for professional services rendered to the Company by Ernst & Young in 2009 and 2008:

(in millions of USD)	2009	2008
Audit Fees <sup>1)</sup>	2.4	2.5
Tax compliance	0.2	0.4
Transaction services <sup>2)</sup>	0.4	0.1
<b>Total</b>	<b>3.0</b>	<b>3.0</b>

<sup>1)</sup> This amount includes the fees for the individual audits of Petroplus companies carried out by Ernst & Young as well as their fees for auditing the Consolidated Financial Statements of the Company.

<sup>2)</sup> Transaction related services comprise, among other things, fees for acquisitions, capital market transactions and related comfort letters.

### 8.3 Supervisory and Control Instruments

The supervision and assessment of the external auditor's services has been delegated by the Board of Directors to the Audit Committee. The Audit Committee meets with the external auditors at least four times per year to discuss the quarterly review or audit procedures performed, significant accounting transactions, progression of fees, any non-audit procedures performed and independence. Additionally, once per year, the external auditors present the detailed audit plan to the Audit Committee. The plan includes the timing, scope and fees for the audit services which will be performed for the upcoming year. The Audit Committee provides summarized information to the Board of Directors and based on the information provided and the recommendation of the Audit Committee, the Board approves the audit plan and associated fees. In 2009, the Audit Committee met four times with the External Auditors.

## 9 Information Policy

In addition to the annual report, Petroplus publishes condensed interim financial information quarterly.

Petroplus provides stock-price-sensitive information in accordance with the ad hoc publicity requirements of the Listing Rules of the Swiss Exchange. All information is distributed through third-party electronic and print media resources. Additionally, all interested parties have the possibility to directly receive from Petroplus, via an e-mail distribution list, free and timely notification of publicly released information. All of this information, as well as the registration form for the e-mail distribution service, general corporate information, corporate calendar and Company publications can be found in the Investors section of the Company website located at [www.petroplusholdings.com](http://www.petroplusholdings.com).

### **Contact information**

Petroplus Holdings AG

Investor Relations

Industriestrasse 24

6300 Zug, Switzerland

Phone: +41 58 580 11 66

Fax: +41 58 580 13 87

E-Mail: [ir@petroplus.biz](mailto:ir@petroplus.biz)

Internet: [www.petroplusholdings.com](http://www.petroplusholdings.com)



## Financial Reporting

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# Consolidated Statement of Comprehensive Income for the year ended December 31, 2009

(in millions of USD)	Notes	2009	2008 <sup>1) 2) 3)</sup>
<b>Continuing operations</b>			
Revenue	3, 4	14,797.8	24,302.0
Materials cost	3	(13,592.4)	(23,353.4)
<b>Gross margin</b>		<b>1,205.4</b>	<b>948.6</b>
Personnel expenses <sup>3)</sup>	5	(351.1)	(398.0)
Operating expenses	5	(451.2)	(490.5)
Depreciation and amortization	12, 13	(282.1)	(230.3)
Other administrative expenses	5	(55.7)	(72.4)
<b>Operating profit/(loss)</b>		<b>65.3</b>	<b>(242.6)</b>
Financial income	5	2.6	8.7
Financial expenses	5	(167.2)	(149.0)
Foreign currency exchange gains		2.5	12.4
Share of loss from associates	14	(1.6)	(2.0)
<b>Loss before income taxes</b>		<b>(98.4)</b>	<b>(372.5)</b>
Income tax (expense)/benefit	6	(10.4)	39.5
<b>Net loss from continuing operations</b>		<b>(108.8)</b>	<b>(333.0)</b>
<b>Discontinued operations</b>			
Loss from discontinued operations, net of tax	7	(141.1)	(183.6)
<b>Net loss</b>		<b>(249.9)</b>	<b>(516.6)</b>
<b>Other comprehensive income/(loss)</b>			
Income tax <sup>4)</sup>	6	12.0	(9.2)
<b>Other comprehensive income/(loss)</b>		<b>12.0</b>	<b>(9.2)</b>
<b>Total comprehensive loss</b>		<b>(237.9)</b>	<b>(525.8)</b>
<b>Net loss attributable to shareholders of the parent for</b>			
continuing operations		(108.8)	(333.0)
discontinued operations		(141.1)	(183.6)
<b>Net loss</b>		<b>(249.9)</b>	<b>(516.6)</b>
<b>Total comprehensive loss attributable to shareholders of the parent for</b>			
continuing operations		(96.8)	(342.2)
discontinued operations		(141.1)	(183.6)
<b>Total comprehensive loss</b>		<b>(237.9)</b>	<b>(525.8)</b>
<b>Earnings per share (in USD) <sup>5)</sup></b>			
Earnings per share – basic	22	(3.20)	(6.94)
Earnings per share – diluted	22	(3.20)	(6.94)
<i>calculated on continuing operations</i>			
Earnings per share – basic	22	(1.39)	(4.47)
Earnings per share – diluted	22	(1.39)	(4.47)

<sup>1)</sup> The 2008 financials have been re-presented to reflect the impact of discontinued operations related to the Teesside Facility and the Antwerp Processing Facility.

<sup>2)</sup> Petroplus acquired the Petit Couronne and Reichstett refineries on March 31, 2008. Therefore, the operating results for 2008 include only nine months of operations for the Petit Couronne and Reichstett refineries.

<sup>3)</sup> The 2008 personnel expenses have been adjusted by USD 21.5 million in accordance with IFRS 2 (revised) *Share-based Payment – Vesting Conditions and Cancellations*. Further details are disclosed in Note 2 "Accounting Policies".

<sup>4)</sup> Relates mainly to fluctuations in foreign exchange gains and related taxes regarding loans classified as net investments.

<sup>5)</sup> In relation to the rights offering, the comparative earnings per share amounts for 2008 have been restated to retroactively reflect the discount provided to shareholders in the September 2009 rights issue. As the rights issue was offered at a discount (CHF 16.90) to market value (CHF 27.50) the weighted average number of shares outstanding for 2009 and 2008 were adjusted in accordance with IAS 33 *Earnings per Share*. The adjustment resulted in an increase in the weighted average shares outstanding, both basic and diluted, in 2009 and 2008 of approximately 8%.

# Consolidated Statement of Financial Position at December 31, 2009

(in millions of USD)	Notes	2009	2008
<b>Current assets</b>			
Cash and short-term deposits	9	11.2	209.8
Trade receivables, net	11	1,051.4	1,221.3
Other receivables and prepayments	11	99.8	186.4
Derivative financial instruments	27	7.7	24.0
Inventories	10	1,684.5	1,340.3
Other financial assets	27	2.4	–
Current tax assets		8.4	0.9
Assets classified as held for sale	8	88.2	–
<b>Total current assets</b>		<b>2,953.6</b>	<b>2,982.7</b>
<b>Non-current assets</b>			
Intangible assets	12	99.3	113.4
Property, plant and equipment	13	3,523.1	3,660.8
Investments in associates	14	21.2	22.8
Financial assets available for sale	15	28.6	30.5
Retirement benefit asset	18	9.3	5.7
Other financial assets	27	3.2	3.0
Deferred tax assets	6	40.0	96.0
<b>Total non-current assets</b>		<b>3,724.7</b>	<b>3,932.2</b>
<b>Total assets</b>		<b>6,678.3</b>	<b>6,914.9</b>
<b>Current liabilities</b>			
Interest-bearing loans and borrowings	16	149.6	249.1
Finance lease commitments	24	2.9	2.7
Trade payables	17	1,463.4	1,166.3
Other payables and accrued expenses	17	822.7	1,152.5
Derivative financial instruments	27	4.0	49.5
Provisions	19	13.9	2.4
Current tax liabilities		11.1	19.1
Liabilities classified as held for sale	8	30.6	–
<b>Total current liabilities</b>		<b>2,498.2</b>	<b>2,641.6</b>
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	16	1,683.8	1,632.8
Finance lease commitments	24	25.6	27.6
Provisions	19	12.5	16.7
Retirement benefit obligation	18	123.0	150.1
Other financial liabilities		4.6	5.5
Deferred tax liabilities	6	342.6	453.0
<b>Total non-current liabilities</b>		<b>2,192.1</b>	<b>2,285.7</b>
<b>Total liabilities</b>		<b>4,690.3</b>	<b>4,927.3</b>
<b>Shareholders' equity</b>			
Share capital	21	555.2	464.0
Share premium	21	1,463.4	1,306.3
Translation reserve		22.1	12.9
Retained earnings		(53.0)	204.1
<b>Equity attributable to shareholders of the parent</b>		<b>1,987.7</b>	<b>1,987.3</b>
Minority interest	20	0.3	0.3
<b>Total shareholders' equity</b>		<b>1,988.0</b>	<b>1,987.6</b>
<b>Total liabilities and shareholders' equity</b>		<b>6,678.3</b>	<b>6,914.9</b>

# Consolidated Cash Flow Statement for the year ended December 31, 2009

(in millions of USD)

	Notes	2009	2008 <sup>2) 3)</sup>
<b>Cash flows from operating activities<sup>1)</sup></b>			
Net loss		(249.9)	(516.6)
Adjustment for:			
Depreciation, amortization and impairment	7, 12, 13	426.6	347.5
Amortization of capitalized financing costs/accretion expenses	5	25.4	14.6
Income tax benefit		(13.9)	(37.4)
Interest expense, net of interest income		115.7	104.4
Share-based payments <sup>3)</sup>	5, 23	6.1	25.3
Share of loss from associates	14	1.6	2.0
Impairment of financial assets available for sale and related loans		2.3	–
Foreign exchange and other items		(17.5)	4.6
Net loss on disposal of other assets		1.1	0.9
Change in provisions		(9.6)	47.1
<b>Changes in working capital</b>			
Change in trade and other receivables		255.3	327.1
Change in inventories		(378.3)	1,422.0
Change in derivative financial instruments		(29.2)	21.7
Change in trade payables, other payables and accrued expenses		(96.2)	(871.8)
<b>Cash generated from operations</b>		<b>39.5</b>	<b>891.4</b>
Interest paid		(108.8)	(108.5)
Interest received		0.6	6.5
Income tax paid, net of tax received		(28.4)	(42.2)
<b>Cash flows from operating activities</b>		<b>(97.1)</b>	<b>747.2</b>
<b>Cash flows from investing activities<sup>1)</sup></b>			
Investment in property, plant and equipment/intangible assets <sup>4)</sup>	12, 13	(295.0)	(283.3)
Investment in associates/financial assets available for sale	14, 15	–	(31.5)
Acquisition of businesses, net of cash acquired	30	9.0	(810.9)
Cash flows from prior years disposals	7	11.7	–
Disposals of assets, net of cash sold		1.7	6.4
<b>Cash flows from investing activities</b>		<b>(272.6)</b>	<b>(1,119.3)</b>
<b>Cash flows from financing activities<sup>1)</sup></b>			
Proceeds from issue of share capital	21	284.2	6.4
Proceeds from issuance of convertible bond/senior notes	16	543.7	500.0
Repayment of convertible bond	16	(500.0)	–
Repayment of nominal share capital	21	(38.2)	(67.4)
(Decrease)/Increase on working capital facilities	16	(90.3)	94.7
Financing costs	16, 21	(40.1)	(8.4)
<b>Cash flows from financing activities</b>		<b>159.3</b>	<b>525.3</b>
<b>Net cash flow</b>		<b>(210.4)</b>	<b>153.2</b>
Net foreign exchange differences		11.8	(5.9)
<b>Movement in cash and short-term deposits</b>		<b>(198.6)</b>	<b>147.3</b>
<b>Cash and short-term deposits as per January 1,</b>		<b>209.8</b>	<b>62.5</b>
<b>Cash and short-term deposits as per December 31,</b>		<b>11.2</b>	<b>209.8</b>

<sup>1)</sup> The Consolidated Cash Flow Statement includes cash flows from discontinued operations. Cash flow information related to discontinued operations is disclosed in Note 7 "Discontinued Operations".

<sup>2)</sup> Certain prior period amounts have been reclassified to conform to current period presentation.

<sup>3)</sup> The 2008 financials have been adjusted by USD 21.5 million in accordance with IFRS 2 (revised) *Share-based Payment – Vesting Conditions and Cancellations*. Further details are disclosed in Note 2 "Accounting Policies".

<sup>4)</sup> Net of non-cash accruals.

## Consolidated Statement of Changes in Equity for the year ended December 31, 2009

(in millions of USD)	Notes	Attributable to equity holders of the parent				Total	Minority Interest	Total Equity
		Share capital	Share premium	Translation reserve	Retained earnings			
<b>Balance as at January 1, 2008</b>		<b>517.4</b>	<b>1,255.3</b>	<b>33.1</b>	<b>695.4</b>	<b>2,501.2</b>	<b>0.3</b>	<b>2,501.5</b>
Net loss for the period <sup>1)</sup>		-	-	-	(516.6)	<b>(516.6)</b>	-	<b>(516.6)</b>
Other comprehensive loss	6	-	-	(9.2)	-	<b>(9.2)</b>	-	<b>(9.2)</b>
<b>Total comprehensive loss</b>		<b>-</b>	<b>-</b>	<b>(9.2)</b>	<b>(516.6)</b>	<b>(525.8)</b>	<b>-</b>	<b>(525.8)</b>
Repayment of nominal share capital	21	(56.4)	-	(11.0)	-	<b>(67.4)</b>	-	<b>(67.4)</b>
Issuance of shares under share option plan	21	3.0	3.4	-	-	<b>6.4</b>	-	<b>6.4</b>
Equity component convertible bond "2013 CB"	16	-	51.6	-	-	<b>51.6</b>	-	<b>51.6</b>
Related income tax	6	-	(4.0)	-	-	<b>(4.0)</b>	-	<b>(4.0)</b>
Share-based payments <sup>1)</sup>	23	-	-	-	25.3	<b>25.3</b>	-	<b>25.3</b>
<b>Balance as at December 31, 2008</b>		<b>464.0</b>	<b>1,306.3</b>	<b>12.9</b>	<b>204.1</b>	<b>1,987.3</b>	<b>0.3</b>	<b>1,987.6</b>
Net loss for the period		-	-	-	(249.9)	<b>(249.9)</b>	-	<b>(249.9)</b>
Other comprehensive income	6	-	-	12.0	-	<b>12.0</b>	-	<b>12.0</b>
<b>Total comprehensive loss</b>		<b>-</b>	<b>-</b>	<b>12.0</b>	<b>(249.9)</b>	<b>(237.9)</b>	<b>-</b>	<b>(237.9)</b>
Repayment of nominal share capital	21	(34.0)	-	(2.8)	-	<b>(36.8)</b>	-	<b>(36.8)</b>
Issuance of shares in offering	21	125.2	154.6	-	-	<b>279.8</b>	-	<b>279.8</b>
Share issue costs	21	-	-	-	(12.2)	<b>(12.2)</b>	-	<b>(12.2)</b>
Equity component convertible bond "2013 CB" (reversal)	16, 21	-	(35.0)	-	-	<b>(35.0)</b>	-	<b>(35.0)</b>
Equity component convertible bond "2015 CB"	16, 21	-	36.4	-	-	<b>36.4</b>	-	<b>36.4</b>
Related income tax	6	-	1.1	-	(1.1)	-	-	-
Share-based payments	23	-	-	-	6.1	<b>6.1</b>	-	<b>6.1</b>
<b>Balance as at December 31, 2009</b>		<b>555.2</b>	<b>1,463.4</b>	<b>22.1</b>	<b>(53.0)</b>	<b>1,987.7</b>	<b>0.3</b>	<b>1,988.0</b>

<sup>1)</sup> The 2008 financials have been adjusted by USD 21.5 million in accordance with IFRS 2 (revised) *Share-based Payment – Vesting Conditions and Cancellations*. Further details are disclosed in Note 2 "Accounting Policies".

# Notes to the Consolidated Financial Statements for the year 2009

## 1 General Information

### General

Petroplus Holdings AG and its subsidiaries (the “Company”, “Group”, “we”, “us” or “Petroplus”) is a publicly traded company listed in the main segment of the Swiss Exchange Ltd. (“SIX”). The initial listing of the Company took place on November 30, 2006. Petroplus Holdings AG was incorporated on February 20, 2006 under the name of Argus Atlantic Energy Limited (“Argus”) in Bermuda. On August 22, 2006, the shareholders of Argus Atlantic Energy Limited resolved to transfer its registered office to Zug, Switzerland and to change its name to Petroplus Holdings AG. The address of its registered office and domicile is Petroplus Holdings AG, Industriestrasse 24, 6300 Zug, Switzerland.

Petroplus is the largest independent refiner and wholesaler of petroleum products in Europe. The Company is focused on refining and currently owns and operates six refineries across Europe: The Coryton Refinery on the Thames Estuary in the United Kingdom, the Belgium Refining Corporation Refinery in Antwerp, Belgium, the Petit Couronne Refinery in Petit Couronne, France, the Ingolstadt Refinery in Ingolstadt, Germany, the Reichstett Refinery near Strasbourg, France, and the Cressier Refinery in the canton of Neuchâtel, Switzerland. The six refineries have a combined throughput capacity of approximately 752,000 barrels per day (“bpd”). The Company also owns the Teesside Facility in Teesside, United Kingdom. The Company sells refined petroleum products on an unbranded basis to distributors and end customers, primarily in the United Kingdom, Germany, France, Switzerland, and the Benelux Countries, as well as on the global spot market.

### Development of the Company

#### 2008

On March 1, 2008, the Company entered into a partnership (“PBF”) with Blackstone Group and First Reserve, to evaluate potential acquisitions of crude oil refineries in the US, its possessions and Eastern Canada. For further details see Note 14 “Investments in Associates”.

On March 26, 2008, the Company issued USD 500.0 million in guaranteed convertible bonds due in 2013. For further details see Note 16 “Interest-Bearing Loans and Borrowings”.

On March 31, 2008, the Company completed the purchase of the Petit Couronne and Reichstett refineries located in France.

For further details see Note 30 “Acquisitions”.

As a result of these developments, the Consolidated Financial Information for 2008 includes operations of the Petit Couronne and Reichstett refineries for only nine months.

#### 2009

During September 2009, the Company completed a rights issue and international offering whereby the Company issued 17,265,058 new registered shares from existing authorized share capital. Existing shareholders were entitled to subscribe for one new share at a subscription price of CHF 16.90 per share for every four existing shares held. For further details see Note 21 “Shareholders’ Equity”.

On September 17, 2009, the Company issued USD 400.0 million in senior notes due in 2019. For further details see Note 16 “Interest-Bearing Loans and Borrowings”.

On October 12, 2009, the Company announced the successful result of the tender offer to repurchase the 2013 CB of USD 500 million 3.375 % due in 2013 (“2013 CB”). The last day the 2013 CB was traded on the SIX Swiss Exchange was on October 13, 2009. For further details see Note 16 “Interest-Bearing Loans and Borrowings”.

On October 16, 2009, the Company issued USD 150 million in guaranteed senior secured convertible bonds due 2015 (“2015 CB”). For further details see Note 16 “Interest-Bearing Loans and Borrowings”.

On October 16, 2009 the Company successfully completed a new three-year committed Revolving Credit Facility (“New RCF”) of USD 1.05 billion. The New RCF includes an option to increase the committed facility amount up to USD 2.0 billion on a preapproved but not precommitted basis in the event of increased working capital needs or future acquisitions. The New RCF terminates October 16, 2012. For further details see Note 16 “Interest-Bearing Loans and Borrowings”.

During October 2009, the Company entered into a definitive agreement to sell the Petroplus Refining Antwerp N.V. and Petroplus Refining Antwerp Bitumen N.V. facilities (the “Antwerp Processing Facility”) to Eurotank Belgium B.V., a wholly-owned subsidiary of Vitol Tank Terminals International B.V., part of the Vitol Group of companies. The sale was completed in January 2010. For further details see Note 7 “Discontinued Operations”, Note 8 “Net Assets Held for Sale” and Note 32 “Subsequent Events”.

During November 2009, we suspended the Teesside Facility's refining operations and began the process to convert the site into a marketing and storage facility. For further details see Note 7 "Discontinued Operations".

## 2 Accounting Policies

### Basis of Preparation

#### Statement of Compliance

The Consolidated Financial Statements of Petroplus have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and comply with Swiss Law.

All amounts included in the Consolidated Financial Statements and notes are presented in USD and rounded to the nearest USD in hundreds of thousands except where otherwise indicated.

#### Basis of Measurement

The Consolidated Financial Statements have been prepared on the historical cost basis except for the following Statement of Financial Position items that are measured at fair value:

- Financial assets available for sale;
- Derivative financial instruments; and
- Assets/liabilities held for sale.

The methods used to measure fair values are further discussed below.

### Summary of Significant Accounting Policies

#### Scope of Consolidation

These Financial Statements are the Consolidated Financial Statements of Petroplus Holdings AG and its subsidiaries. Subsidiaries are those companies directly or indirectly controlled by Petroplus Holdings AG (generally over 50% of voting interest, or potential voting rights, of the relevant company's share capital). Control is defined as the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. Special purpose entities, irrespective of their legal structure, are consolidated in instances where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Investments in associated companies (where Petroplus generally holds between 20% and 50% of a company's voting shares, or over which it otherwise has significant influence) and joint ventures are accounted for using the equity method as described in the paragraph "Investments in associates".

Other investments, where the Company holds less than 20% and does not have significant influence, are valued at fair value and classified as financial assets available for sale.

Companies acquired or disposed of during the year are included in the Consolidated Financial Statements from the date of acquisition or up to the date of disposal. Intercompany transactions, balances and unrealized gains are eliminated in full.

For all subsidiaries, the annual closing date of their individual financial statements is December 31.

#### Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 *Business Combinations* are recognized at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, which are recognized and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If, after reassessment, the Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in the Consolidated Statement of Comprehensive Income.

The interest of minority shareholders in the acquiree is initially measured at the minority shareholders' proportion of the net fair value of the assets and liabilities recognized.

#### Functional Currency

Petroplus Holdings AG and its subsidiaries have determined that their functional currency is the USD as the majority of the Company's revenues are related to the sale of refined products for which the sales prices are primarily influenced by the USD. In addition, the Company's costs are primarily associated with the purchase of crude oil, which, on a worldwide basis, is priced in USD.

Transactions in foreign currencies are initially recorded at their respective currency rates prevailing at the date of the transaction. All foreign exchange results related to our daily refining and marketing activities and the associated hedging activities are classified in "Materials cost"; all results related to exposure from operating, personnel and other administrative costs, which are incurred in local currencies, are classified in the associated line item in the Consolidated Statement of Comprehensive Income.

Monetary assets and liabilities denominated in a currency that differs from the functional currency of the Company are translated into the functional currency at year-end exchange rates. All differences are taken to the Consolidated Statement of Comprehensive Income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The Company has outstanding intercompany loans in USD that are classified as net investments. Until December 31, 2007, before the Company changed its functional currency from various local currencies into the USD, certain subsidiaries with functional currencies other than USD have directly recognized the gain or loss arising from the revaluation of these loans in other comprehensive income. Exchange differences arising from the translation of these net investments previously classified in other comprehensive income are not recognized in profit or loss until repayment of these loans.

The following exchange rates were used for translation of foreign currencies into USD:

	2009	2008
<i>Average rates applied for the Consolidated Statement of Comprehensive Income</i>		
1 EUR	1.40	1.47
1 CHF	0.92	0.92
1 GBP	1.56	1.85
1 CZK	0.05	0.06
<i>Period-end rates applied for the Consolidated Statement of Financial Position</i>		
1 EUR	1.44	1.39
1 CHF	0.97	0.94
1 GBP	1.62	1.46
1 CZK	0.05	0.05

### Cash and Short-Term Deposits

Cash and cash equivalents comprise cash on hand, current balances with banks and similar institutions, and short-term, low risk, highly liquid investments that are readily convertible to known amounts of cash and have a maturity of up to three months.

For the purpose of the Consolidated Cash Flow Statement, cash and short-term cash equivalents consist of cash and short-term deposits as defined above.

### Trade Receivables, Net

The reported values represent the invoiced amounts, less adjustments for doubtful receivables. Doubtful receivable provisions are established based upon the difference between the receivable value and the estimated net collectible amount. The amount of the respective estimated loss is recognized in the Consolidated Statement of Comprehensive Income within gross margin.

### Derivative Financial Instruments

The Company uses derivative financial instruments, such as commodity derivatives and forward currency contracts, to manage a portion of its risk associated with commodity price and foreign currency fluctuation. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The fair value of the derivative financial instruments is either derived from market quotes or is based on recent arm's length transactions.

#### *Commodity Instruments*

Commodity instruments are used by the Company to manage commodity price fluctuation for a portion of our inventory and certain sales contracts. The Company primarily uses forward purchase and sales commitments, futures contracts and swaps when managing the commodity price fluctuation. The commodity instruments are valued either based on their market value or based on independent broker quotations. Gains and losses on commodity instruments are recorded in the line item "Materials cost" in the Consolidated Statement of Comprehensive Income.

#### *Hedge Accounting*

The Company applies hedge accounting, in accordance with IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures*, to certain transactions. The Company applies hedge accounting for a certain portion of transactions under a German governmental stockpiling requirement and fixed price contracts to sell bitumen in the UK. On the date a derivative contract is entered into, the Company designates certain derivatives as a hedge of a particular risk associated with a recognized asset or liability (fair value hedge). In accordance with IAS 39, changes in the fair value of derivatives that are designated and qualify as fair value hedges and that are highly effective are recorded in the Statement of Comprehensive Income in the line item "Materials cost", along with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

At the inception of the transaction, the Company documents the relationship between the hedging instruments and the hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives designated as hedges to specific assets and liabilities. The Company also documents its assessment, both at hedge inception and on an ongoing basis at each month end, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values of hedged items.

#### *Currency Contracts*

The Company uses spot and forward exchange contracts to manage the foreign currency risk associated with non USD sales, assets and liabilities.

The fair value of forward foreign currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

Other than those disclosed above, the Company has currently not designated any of its derivative financial instruments as effective hedges in line with IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures*. All derivatives entered into by the Company are classified as held for trading derivatives. As such, gains and losses from all derivative financial instruments are taken directly to profit or loss for the year.

#### **Inventories**

Inventories are valued at the lower of cost or net realizable value. Cost is determined using the first-in first-out ("FIFO") method and is accounted for as follows:

Raw materials (crude oil, feedstock)

– purchase cost on a FIFO basis including freight

Finished goods and intermediates

– cost of direct materials and labor and a proportion of manufacturing overhead based on normal operating capacity but excluding borrowing costs.

For determination of the cost of raw materials, the relevant purchase contract and the attributable freight costs are included. The costs of the refined products are built up by identifying the appropriate crude oil and feedstock cost based on the crude oil and feedstock processed in the refinery for the last month of the reporting period. Additional factors considered include the charge and yield of the refinery, average product prices to guide allocation of raw material cost and the relevant variable and fixed overhead for the stated month of production. Whenever the net realizable value ("NRV") of inventory is lower than its cost value, the stock is remeasured at its NRV. The NRV is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

#### **Assets and Liabilities Classified as Held for Sale**

Disposal groups comprised of assets and liabilities (or non-current assets) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the components of the disposal group (or non-current assets) are remeasured in accordance with the Company's accounting policies. Thereafter, the assets or the disposal group are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis. No loss is allocated to inventory, financial assets or deferred tax assets, which continue to

be measured in accordance with the Company's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

### Intangible Assets

Intangible assets, including software, that are acquired by the Company are stated at cost less accumulated amortization and impairment losses. Where acquired in a business combination, the fair value is allocated in accordance with acquisition accounting.

Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are expensed as incurred.

Amortization is charged to the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of intangible assets, at the time the assets are available for use. The estimated useful lives are as follows:

#### Amortization periods

Software	3–5 years
Leasehold	41 years
Other intangible assets	5–20 years
Intangible assets under construction	Not depreciated

### Property, Plant and Equipment

Property, plant and equipment ("PP&E") is stated at cost, less accumulated depreciation and impairment losses. Cost includes the cost of restoring part of the relevant plant and equipment when the recognition criteria are met. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets. The useful lives are estimated as follows:

#### Depreciation periods

Land	Not depreciated
Buildings	30–40 years
Machinery and equipment	2–40 years
Other assets	3–25 years
Assets under construction	Not depreciated

The carrying value of PP&E is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Where parts of an item of PP&E have different useful lives, they are accounted for as separate items. Routine maintenance costs are expensed as incurred.

PP&E is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising upon derecognition of the assets (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the line item "Other income" in the Consolidated Statement of Comprehensive Income in the year the asset is derecognized. Asset residual values and useful lives are reviewed and adjusted if appropriate at each financial year end.

### Capitalized Turnaround Costs

A turnaround is a required standard procedure for maintenance of a refinery that involves the shutdown and inspection of major processing units, which occurs approximately every two to five years. Turnaround costs include actual direct and contract labor, material costs incurred for the overhaul, inspection and the replacement of major components of processing and support units performed during turnaround. Turnaround costs, which are included in the Company's Statement of Financial Position in PP&E, are depreciated on a straight-line basis over the period until the next scheduled turnaround, beginning the month following completion. The depreciation of the turnaround costs is presented in the line item "Depreciation and amortization" in the Consolidated Statement of Comprehensive Income.

### Investments in Associates

The Company's investments in associates are accounted for using the equity method. An associate is an entity in which the Company has determined it has significant influence but is not considered a subsidiary.

Under the equity method, an investment in an associate is carried in the Statement of Financial Position at cost plus post-acquisition changes in the Company's share of net assets of the associate. After application of the equity method, the Company determines whether it is necessary to recognize any impairment loss with respect to the net investment in the associate. The Consolidated Statement of Comprehensive Income reflects the share of the results of operations of the associate. Where there has been a change recognized directly in the equity of the associate, the Company recognizes its share of any changes and reflects this, or major transactions, when applicable, in the Consolidated Statement of Changes in Equity.

The reporting dates of the associates are within three months of the reporting period of the Company.

## Financial Assets

Financial assets within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available for sale financial assets, as appropriate. When financial assets are initially recognized, they are measured at fair value, plus, in the case of financial assets not measured at fair value through profit or loss, directly attributable transactions costs. The Company determines the classification of the financial assets at initial recognition and, where appropriate, evaluates this designation at each financial year end.

All regular purchases and sales of financial assets are recognized on the transaction date, the date the Company commits to purchase the asset. Regular purchases and sales are purchases or sales of financial assets that require delivery of those assets within the period generally established by regulation or marketplace convention.

### *Financial Assets at Fair Value through Profit or Loss*

Financial assets classified as held for trading are included in the category financial assets at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of being sold in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains and losses on investments held for trading are recognized in the Statement of Comprehensive Income.

### *Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method. Gains and losses are recognized in income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

### *Available for sale Financial Assets*

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale financial assets or are not classified in any of the preceding two categories. After initial recognition, available for sale financial assets are measured at fair value with gains or losses being recognized in other comprehensive income until the investment is derecognized or the investment is determined as being impaired, at which time the cumulative gain or loss previously recorded in other comprehensive income is reclassified from equity to profit and loss.

The fair value of the investments that are actively traded in organized financial markets is determined by reference to quoted

market bid prices at the close of business on the Statement of Financial Position date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length transactions, reference to the current market value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

Other available for sale financial assets, such as investments over which the Company has no significant influence, and whose fair value cannot be reliably measured are stated at cost, less a provision for any prolonged diminution in value. Dividends are recorded when declared.

### *Impairment of Financial Assets*

A financial asset is considered to be impaired if objective evidence indicates that events have had a negative effect on the estimated future cash flows of that asset. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss on an available for sale financial asset is calculated by reference to its current fair value. Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed in groups that share similar risk characteristics.

In relation to trade receivables, a provision for impairment is recorded when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through a provision for doubtful accounts. Impaired receivables are derecognized when they are assessed as uncollectible.

All impairment losses are recognized in profit and loss. Any cumulative loss in respect of an available for sale financial asset recognized previously in other comprehensive income is transferred to profit and loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit and loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been, had the impairment not been recognized. For available for sale financial assets that are equity instruments, the reversal is recognized directly in other comprehensive income.

## Discontinued Operations

A discontinued operation is a component of the Company's business that represents a separate major line of business or geographical area of operations that has been disposed of, is held for sale, or is a subsidiary acquired exclusively with the intent to sell. Classification as a discontinued operation occurs when the operation meets the criteria to be classified as held for sale or upon disposal. When an operation is classified as a discontinued operation, the comparative Statement of Comprehensive Income is re-presented as if the operation had been discontinued from the start of the comparative period.

## Impairment of Non-Financial Assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any such indication exists, or, when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's, or cash-generating unit's, fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses from continuing operations are recognized in the Statement of Comprehensive Income in the line item "Depreciation and amortization".

## Financial Liabilities

### *Interest-Bearing Loans and Borrowings*

All loans and borrowings are initially recognized at fair value less directly attributable transaction costs.

The Company capitalizes transaction costs which are netted against proceeds received. If new debt securities and credit facilities are issued but not drawn, the capitalized transaction costs are presented within "Other financial assets". The Company amortizes these costs over the maturity period of the debt or over the life of the credit facility. The amortization of these costs is included in "Financial expenses" in the Statement of Comprehensive Income.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method.

Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process.

### *Financial liabilities at fair value through profit and loss*

Financial liabilities at fair value through profit and loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit and loss.

Derivatives are classified as held for trading. Gains and losses on liabilities held for trading are recognized in profit and loss.

## Borrowing Costs

Borrowing costs are recognized as expense in the period in which they are incurred, except if they are directly attributable to the construction of an asset that meets specific criteria, in which case they are capitalized as part of the cost of that asset. These criteria are as follows: the borrowing costs incurred for the construction can be reliably measured, the asset will take more than six months to become operational and it is an investment. The capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended use are completed.

## Income Taxes

### *Current Taxes*

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted as at the Statement of Financial Position date.

### *Deferred Taxes*

Deferred income tax is provided using the liability method on temporary differences, at the Statement of Financial Position date, between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill;
- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, branches, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences and carry-forwards of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized, except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, branches, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each Statement of Financial Position date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted, or substantively enacted, at the Statement of Financial Position date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right to offset exists and the deferred taxes relate to the same taxable entity and same taxation authority.

#### *Current and deferred taxes for the period*

Current and deferred taxes are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside of profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognized outside profit or loss.

#### **Provisions for Liabilities and Charges**

Provisions are recognized only when the Company has a present obligation (legal or constructive) as a result of a past event whereby it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a

reliable estimate can be made as to the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset on condition that the reimbursement is virtually certain. The expense relating to any provision is presented in the Consolidated Statement of Comprehensive Income net of any reimbursement. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate which reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a financial expense.

Provisions and liabilities for environmental remediation, resulting from past operations or events, are accounted for in the period in which a legal or constructive obligation arises and the amount can be estimated reasonably. Obligations and liabilities are measured on the basis of current legal requirements and existing technology. Environmental expenditures relating to current operations are expensed, or capitalized where such expenditures provide future economic benefits. Obligations and expected insurance pay-outs are accounted for separately.

#### **Debt Instruments**

Debt instruments are initially recognized at fair value, which is the proceeds received, less attributable transaction costs. Subsequent to initial recognition, debt instruments are stated at amortized cost with any difference between cost and redemption value being recognized in the Consolidated Statement of Comprehensive Income over the period of the debt instrument using the effective interest method. Any discount between the net proceeds received and the principal value due on redemption is amortized over the duration of the debt instrument and is recognized as part of financing costs using the effective interest method.

Compound financial instruments issued by the Company comprise convertible bonds that can be converted into share capital. The liability component of a compound financial instrument is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

### Retirement Benefit Obligation

The Company operates several different defined benefit plans in the United Kingdom, Switzerland, Germany, France and Belgium. The cost of providing benefits under the defined benefit plans is determined separately for each plan using an actuarial valuation.

The liability recognized in the Statement of Financial Position is the present value of the defined benefit obligation at the Statement of Financial Position date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and unrecognized past service costs. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using a discount rate that is similar to the interest rate on high quality corporate bonds where the currency and terms of the corporate bonds are consistent with the currency and estimated terms of the defined benefit obligation.

Actuarial gains or losses are amortized over the expected average remaining working lives of the participating employees, but only to the extent that the net cumulative unrecognized amount at the start of the year exceeds 10% of the greater of the present value of the defined benefit obligation and the fair value of plan assets at the same date.

Past service costs are recognized on a straight-line basis over the average period until the benefits become vested. If the benefits vest immediately following the introduction of, or changes to, a pension plan, past service cost is recognized immediately. Gains or losses on the curtailment or settlement of pension benefits are recognized when the curtailment or settlement occurs.

A net pension asset is recorded only to the extent that it does not exceed the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan and any unrecognized net actuarial losses and past service costs.

### Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset, or assets, and the arrangement conveys a right to use the asset.

#### *Company as a Lessee*

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum

lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are expensed.

Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

Leases which do not meet the requirements of a finance lease are classified as operating leases. Operating lease payments are recognized as an expense in the Consolidated Statement of Comprehensive Income on a straight-line basis over the lease term.

#### *Company as a Lessor*

Leases where the Company does not transfer substantially all the risks and benefits of ownership of the asset to the lessee are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

### Related Party Transactions

Transactions between the Company and related parties are disclosed in Note 28 "Related Parties", specifying the nature, types and details of the transactions and the relationships.

### Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

#### *Sale of Goods*

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Amounts collected on behalf of third parties such as mineral oil taxes, sales taxes and value added taxes are not included in revenue.

#### *Sale of Crude*

In certain circumstances the Company enters into transactions for the sale of surplus crude oil that cannot be utilized due to operational circumstances or unplanned refinery shutdowns. As these transactions are incidental to the Company's main revenue generating activities, the results of such transactions are presented by netting any income with related expenses arising on the same transaction. The net amount realized is included in "Materials cost" in the Consolidated Statement of Comprehensive Income.

#### *Cross Sales and Purchases*

A cross sale is a sale to an entity outside of the Company under a cross sale/purchase agreement, where a sale of petroleum products is made on the understanding that a specified quantity of products, including that of a different grade, is bought back. The purpose of such arrangements is to allow the parties to achieve savings in their distribution costs in the selling of petroleum products. Cross sale and purchase transactions are presented net in "Materials cost" in the Consolidated Statement of Comprehensive Income.

#### *Interest Income*

Interest income is recognized using the effective interest method which exactly discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

#### **Segment Reporting**

The Company elected to early adopt IFRS 8 *Operating Segments* as of January 1, 2007 and had determined that we operate as one segment "Refining".

#### **Share-Based Payment Transactions**

Employees of the Company, including Executive Management, and members of the Board of Directors receive compensation in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions"). Equity-settled transactions are share options which can only be settled through the issuance of shares or other equity instruments. Share options which can only be settled in cash are cash-settled transactions. The Company only has equity-settled transactions.

The cost of equity-settled transactions is measured by reference to the fair value at the date on which they are granted. The fair value of share options is determined using the Black-Scholes model, further details of which are provided in Note 23 "Share-based Payments". In determining the fair value of the share options, the service condition is not taken into account.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, on a straight-line basis over the period in which service conditions are fulfilled. At each reporting date, based on the Company's best estimate, the expense recognized is adjusted to reflect the actual number of share options that vest.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet

recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the new awards are treated as if they were a modification of the original award. All cancellations of equity-settled transaction awards are treated equally.

If an equity-settled award is repurchased during the vesting period for fully vested equity instruments, the payment is treated as a deduction from equity, except to the extent that the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Such excess is recognized as an expense in the Consolidated Statement of Comprehensive Income in the line item "Personnel expenses".

#### **Emission Rights**

Emission rights that are granted to the Company at no cost are not recorded in the Consolidated Statement of Financial Position and a provision is only recorded when the total of actual emissions at the Statement of Financial Position date exceeds the number of granted emission rights held. The provision for such a shortfall is based on the fair value of emission rights at the Statement of Financial Position date.

#### **Earnings per Share**

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all potential dilutive ordinary shares, which comprise share options granted to employees and the dilutive effect of the convertible bond.

#### **Cash Flow Presentation**

The Consolidated Statement of Cash Flow is presented using the indirect method. The activity presented in the Consolidated Statement of Cash Flow is divided between operating, investing and financing activities and includes cash flows from discontinued operations.

Receipts relating to interest, dividends received and income taxes and expenditures relating to interest expense are included within net cash flows from operating activities.

Net cash flows from acquisitions of subsidiaries and equity participations are included within cash flows from investing activities.

Dividend distributions are included within net cash flows from financing activities.

## Summary of Significant Judgments and Estimates

### Use of Estimates

The preparation of Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The Company makes estimates and assumptions concerning the future. The resulting accounting will not necessarily equal the actual results. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements are discussed below.

### Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimates, which have the most significant impact on the amounts recognized in the consolidated financial information:

*Finance Lease Commitments* – The Company has a contract with a third party to provide hydrogen to its Cressier Refinery; in the course of evaluating that contract under IFRIC 4 (International Financial Reporting Interpretations Committee) *Determining whether an arrangement contains a lease*, the Company has determined the contract to be a finance lease.

*Forward Purchase and Sale Commitments* – The Company enters into physical forward sales and purchase contracts for crude oil procurement to deliver refined product to distributors and end customers. The Company has determined that these contracts do not meet the criteria of a derivative financial instrument according to IAS 39 *Financial Instruments: Recognition and Measurement*. This is due to management's determination that the function of the activities is to supply crude oil to the refineries and to deliver refined products to distributors and end customers.

*Impairment of Assets* – In accordance with IAS 36 *Impairment of Assets*, at each Statement of Financial Position date, the Company performs an assessment to determine whether there are any indications of impairment. If indications of impairment exist, an impairment test is performed to assess the recoverable amount of the assets.

*Deferred Tax Assets* – Deferred tax assets are recognized to the extent that it is probable that there will be future taxable income against which the temporary differences can be utilized. The valuation of future taxable income depends on assumptions that can change through time, with the possibility of significant differences in management's final valuation of deferred income tax. Judgment is required when determining the key assumptions used in the assessment and changes to the assumptions can significantly affect the outcome of the assessment.

### Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the Statement of Financial Position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below:

*Useful Lives of Property, Plant and Equipment* – PP&E is depreciated on a straight-line basis over the estimated useful lives of the assets. The useful lives are estimated by management at the time the assets are acquired and reassessed annually, with the estimated useful lives being based on historical experience with similar assets, market conditions and future anticipated events. The actual useful life might be different from the estimated useful life.

*Valuation of Costs in Determining FIFO Inventory* – In determining the costs of our crude oil and refined petroleum products in inventory, management must make certain assumptions and estimates in order to develop the production cost of our refined petroleum products. While crude and feedstock oil valuation is directly attributed to relevant purchase contracts and freight costs, the value of the refined products cost is built up by identifying the appropriate crude and feedstock cost. Additional factors considered include charge and yield of the refinery, average product prices to guide allocation of cost of crude and feedstock processed and the relevant operating and fixed overheads for the stated month of production. Whenever net realizable value is lower than FIFO cost, the net realizable value is considered for valuation purposes. Management periodically reassesses its assumptions and estimates, and judgment is required when determining the assumptions. Changes to these assumptions and estimates can significantly affect the outcome of the value of the oil products.

*Environmental Costs* – We provide for costs associated with environmental remediation obligations when the Company has a present obligation and the provision can be reasonably estimated. Such provisions are adjusted as further information develops or circumstances change.

## New and Amended Standards Adopted by the Company

The Company has adopted the following relevant new and amended IFRSs as of January 1, 2009:

IFRS 2 (as revised in 2008) *Share-based Payment – Vesting Conditions and Cancellations* – effective January 1, 2009. The IASB issued an amendment to IFRS 2 that clarifies the definition of vesting conditions that are only service conditions and performance conditions and prescribes the treatment for an award that is effectively cancelled. Under the revised standard, the Company has to account for the forfeited options as an acceleration of vesting, and has therefore to recognize immediately the amount that otherwise would have been recognized for services received over the remainder of the vesting period. This change in accounting policy has been applied retrospectively, in accordance with the transitional provisions of IFRS 2. The impact of this change in the first quarter 2008 resulted in increased “Personnel expenses” by USD 21.5 million. The change had no impact on income tax expense. Net loss for 2008 has been increased to USD 516.6 million from USD 495.1 million. The effect on earnings per share related to the restatement results in an increase in loss per share of USD 0.29 for basic and diluted earnings after applying a rights issue discount factor (further details are described in Note 23 “Share-based Payments”).

IFRS 7 *Financial Instruments—Disclosures (Amended)* – effective January 1, 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosures of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosure, there is no financial impact on the Consolidated Financial Statements of the Company.

IAS 1 (as revised in 2007) *Presentation of Financial Statements* – effective January 1, 2009. The revised standard requires ‘non-owner changes in equity’ to be presented separately from owner changes in equity in a Statement of Comprehensive Income. As a result, the Company presents in the Consolidated Statement of Changes in Equity all owner changes in equity, whereas all non-owner changes in equity are presented in the Consolidated Statement of Comprehensive Income. Prior period information has been re-presented for comparability. Adoption of this standard only impacts the presentation of the Consolidated Financial Statements; there is no impact on the financial position of the Company.

IAS 23 (as revised in 2007) *Borrowing Costs* – The amendments to IAS 23 eliminate the option available under the previous version of the standard to recognize all borrowing costs immediately as an expense. To the extent that borrowing costs relate to the acquisition, construction or production of a qualifying asset, the revised standard requires that they shall be capitalized as part of the cost of that asset. All other borrowing costs should be expensed as incurred. IAS 23 (Revised) is applied for the Company’s 2009 Consolidated Financial Statements. The amendments in the standard do not change the Company’s accounting policy and therefore have no impact on the Consolidated Financial Statements of the Company.

IAS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (Amendment)* – The amendments to IAS 27 eliminate the distinction between pre- and post-acquisition profits. All dividends will be recognized in profit or loss. However, the payment of such dividends requires the entity to consider whether there is an indicator of impairment. In cases of reorganizations where a new parent is inserted above an existing parent of the group, the cost of the subsidiary is the previous carrying amount of its share of equity items in the subsidiary rather than its fair value. The amendments in the standard do not change the Company’s accounting policy and therefore have no impact on the Consolidated Financial Statements of the Company.

IAS 32 *Financial Instruments: Presentation* and IAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation (Amendments)* – The amendments to IAS 32 requires certain puttable financial instruments and obligations arising on liquidation to be classified as equity if certain criteria are met. The amendment to IAS 1 requires disclosure of certain information relating to puttable instruments classified as equity. The amendments have no impact on the Consolidated Financial Statements of the Company.

Amendments resulting from annual improvements to IFRS are not expected to have a material impact on the Company’s Consolidated Financial Statements.

## Early Adoption of Standards and Interpretations

The Company has early adopted the following Standards:

Amendment to IAS 32 – Classification of Rights Issues – During 2009, the International Accounting Standards Board (IASB) issued an amendment to IAS 32 – *Financial Instruments: Presentation*, becoming effective for annual periods beginning on

or after February 1, 2010, with early application permitted. The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Previously, such rights issues were accounted for as a derivative transaction. The amendment requires that, provided certain conditions are met, such rights issues are classified as equity regardless of the currency in which the exercise price is denominated. We have early adopted the amendment and have appropriately classified the September 2009 rights issue as an equity transaction.

### Standards, Amendments and Interpretations to Existing Standards that are not yet effective and have not been early adopted by the Company

At the date of authorization of these financial statements, other than the Standards and Interpretations adopted by the Company, the following amended Standards and new Interpretations which could have an impact on the Company were issued but are not yet effective:

*IFRS 2 Group cash-settled and share-based payment transactions (Amended)* – The amendment is effective for annual periods beginning on or after January 1, 2010. The amendment requires an entity receiving goods or services (receiving entity) in either an equity-settled or a cash-settled share-based payment transaction to account for the transaction in its separate or individual financial statements. This principle even applies if another group entity or shareholder settles the transaction (settling entity) and the receiving entity has no obligation to settle the payment. The Company will adopt IFRS 2 (amended) at January 1, 2010. This amended standard is not expected to have a significant impact on the Company's Consolidated Financial Statements.

*IFRS 3 (Revised) Business Combinations* – The revised standard is effective for annual periods beginning on or after July 1, 2009. The revised standard introduces several changes such as the choice to measure the non-controlling interest in the acquiree either at fair value or at its proportionate interest in the acquiree's net assets, the accounting for additional acquisitions of non-controlling interests as well as the treatment of transaction costs. The changes from IFRS 3 (revised) will affect future acquisitions. The Company will apply IFRS 3 (revised) prospectively to all business combinations from January 1, 2010. This revised standard is not expected to have a significant financial impact on the Consolidated Financial Statements of the Company.

*IFRS 9 Financial Instruments* – The new standard is effective for annual periods beginning on or after January 1, 2013. IFRS 9 is the wider project to replace IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The Company intends to apply IFRS 9 at January 1, 2013. This revised Standard is not expected to have a significant impact on the Company's Consolidated Financial Statements.

*IAS 24 Related Party Disclosures (Revised)* – The revised standard is effective for annual periods beginning on or after January 1, 2011. The revised standard amends the definition of a related party and modifies certain related party disclosure requirements of government-related entities. The Company intends to adopt IAS 24 (revised) at January 1, 2011. This revised standard is not expected to have an impact on the Company's Consolidated Financial Statements.

*IAS 27 (Revised) Consolidated and Separate Financial Statements* – According to the revised standard, effective July 1, 2009, changes in the ownership of a non-controlling interest that do not result in a loss of control shall be accounted for as an equity transaction. The standard also specifies the accounting treatment when control is lost. Any remaining interest in the entity is remeasured to fair value and a gain or loss is recognized in profit or loss. The Company will apply IAS 27 (revised) prospectively to transactions with non-controlling interests from January 1, 2010. The revised standard will not have a material impact on the Consolidated Financial Statements of the Company.

*IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items* – The new standard is effective for annual periods beginning on or after July 1, 2009. The amended standard addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. It clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. The Company will adopt the amended standard at January 1, 2010. The Company has concluded that the amendment will have no impact on the financial position or performance of the Company, as the Company currently does not enter into such hedges.

IFRIC 14 IAS 19 – *The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (Amended)* –

The amendment is effective for annual periods beginning on or after January 1, 2011. This amendment removes unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. The amendment results in prepayments of contributions in certain circumstances being recognized as an asset rather than an expense. The Company intends to adopt IFRIC 14 (amended) at January 1, 2011. This amended standard is not expected to have a material impact on the Company's Consolidated Financial Statements.

IFRIC 17 *Distributions of non-cash assets to owners* – The revised standard is effective for annual periods beginning on or after July 1, 2009. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. The Company will apply IFRIC 17 at January 1, 2010. This interpretation is not expected to have an impact on the Company's Consolidated Financial Statements.

IFRIC 18 *Transfers of Assets from Customers* – This IFRIC is effective for annual periods beginning on or after July 1, 2009. This interpretation provides guidance on how to account for items of property, plant and equipment received from customers, or cash that is received and used to acquire or construct specific assets. The interpretation requires an entity to initially determine whether the transferred item meets the definition of an asset as set out in the Framework. A key element in the definition is whether the entity has control of the item. The Company will apply IFRIC 18 at January 1, 2010. This interpretation is not expected to have a material impact on the Company's Consolidated Financial Statements.

Amendments resulting from annual improvements to IFRS are not expected to have a material impact on the Company's Consolidated Financial Statements.

In the Company's view, other amendments to the accounting standards and interpretations that are not yet applicable do not have any material impact on the accounting policies, financial position or performance of the Group.

### 3 Revenue and Materials Cost

#### Revenue

(in millions of USD)	2009	2008
Sale of products	14,714.8	24,190.8
Sale of biofuel certificates	51.3	38.9
Compulsory stock storage	3.6	34.0
Tank rental	17.0	17.3
Handling fee	1.3	13.6
Other	9.8	7.4
<b>Total revenue</b>	<b>14,797.8</b>	<b>24,302.0</b>

Revenue represents the revenues earned from the sale of refined products and other revenues from sale of biofuel certificates at the French refineries, compulsory stock storage, tank rental and handling fees. The decrease in revenue is mainly attributable to the decreased refined petroleum product prices and lower volumes sold during 2009 compared to the same period in 2008.

Excise duties are not included in revenues but they are levied on part of the revenues. The excise duties invoiced during the year 2009 amounted to USD 4.3 billion (2008: USD 4.4 billion).

#### Materials Cost

Materials cost represents the cost to purchase crude oil and gains and losses on commodity instruments. Materials cost included a loss of USD 5.7 million for the year ended December 31, 2009 (2008: loss of USD 91.0 million) related to our commodity price management program.

Included in Materials cost are sales of crude oil. These sales are executed to avoid failures of timely deliveries, delivery shortages of crude oil, and, at times, are a result of operational optimization decisions. These sales occur mainly with refineries that are dependent on crude oil supply by vessels. The related primary crude oil purchase is sold at the current market price. The crude oil sales revenue offset against materials cost in 2009 is USD 109.5 million (2008: USD 716.8 million).

## 4 Segment Information

Segment information is presented with respect to the Company's operating segment together with selected geographical and other information.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

We have one reportable operating segment, refining. Our refining segment includes refining and wholesale marketing operations. Petroplus is an independent refining company with no other operating activities. As such we manage operations on a consolidated basis. Additionally, the Company does not generate financial information down to the net income level for its refineries.

### Operating Segment

(in millions of USD)	Refining		Total Continuing Operations		Discontinued Operations		Total Company	
	2009	2008	2009	2008	2009	2008	2009	2008
Total external revenue	14,797.8	24,302.0	14,797.8	24,302.0	1,413.1	3,745.6	16,210.9	28,047.6
<b>Total revenue</b>	<b>14,797.8</b>	<b>24,302.0</b>	<b>14,797.8</b>	<b>24,302.0</b>	<b>1,413.1</b>	<b>3,745.6</b>	<b>16,210.9</b>	<b>28,047.6</b>
Operating profit/(loss)	65.3	(242.6)	65.3	(242.6)	(165.3)	(167.3)	(100.0)	(409.9)
Financial income			2.6	8.7	0.2	–	2.8	8.7
Financial expenses			(167.2)	(149.0)	(0.3)	(1.0)	(167.5)	(150.0)
Foreign currency exchange gains			2.5	12.4	–	–	2.5	12.4
Share of loss from associates			(1.6)	(2.0)	–	–	(1.6)	(2.0)
Income tax (expense)/benefit			(10.4)	39.5	24.3	(2.1)	13.9	37.4
Loss on sale of discontinued operations, net of income tax			–	–	–	(13.2)	–	(13.2)
<b>Net loss</b>			<b>(108.8)</b>	<b>(333.0)</b>	<b>(141.1)</b>	<b>(183.6)</b>	<b>(249.9)</b>	<b>(516.6)</b>
Segment assets	6,568.9	6,892.1	6,568.9	6,892.1	88.2	–	6,657.1	6,892.1
Investments in associates	21.2	22.8	21.2	22.8	–	–	21.2	22.8
<b>Total assets</b>	<b>6,590.1</b>	<b>6,914.9</b>	<b>6,590.1</b>	<b>6,914.9</b>	<b>88.2</b>	<b>–</b>	<b>6,678.3</b>	<b>6,914.9</b>
Segment liabilities	4,659.7	4,927.3	4,659.7	4,927.3	30.6	–	4,690.3	4,927.3
<b>Total liabilities</b>	<b>4,659.7</b>	<b>4,927.3</b>	<b>4,659.7</b>	<b>4,927.3</b>	<b>30.6</b>	<b>–</b>	<b>4,690.3</b>	<b>4,927.3</b>

### Other information

Capital expenditures	342.3	281.8	342.3	281.8	5.4	39.7	347.7	321.5
Depreciation	(252.5)	(209.1)	(252.5)	(209.1)	(18.6)	(23.1)	(271.1)	(232.2)
Amortization	(23.0)	(19.2)	(23.0)	(19.2)	(0.6)	(0.6)	(23.6)	(19.8)
Impairment	(6.6)	(2.0)	(6.6)	(2.0)	(125.3)	(93.5)	(131.9)	(95.5)

## Geographical Information

The following table provides details of total external revenues by geographic market area for the years ended December 31, 2009 and 2008 and the non-current assets by location as of December 31, 2009 and 2008.

The revenue information is based on the location of the customer. Non-current assets for this purpose consist of property, plant and equipment and intangible assets:

(in millions of USD)	External revenue <sup>1)</sup>		Non-current assets <sup>1)</sup>	
	2009	2008 <sup>2)</sup>	2009	2008
United Kingdom	4,342.0	7,939.6	1,506.4	1,580.5
France	3,492.4	4,420.2	445.7	406.8
Germany	2,656.6	5,149.0	695.2	700.1
Switzerland	2,502.1	4,169.2	335.4	364.8
Belgium	585.3	1,224.6	639.7	721.2
The Netherlands	302.0	708.5	–	0.8
Rest of the world	917.4	690.9	–	–
<b>Total</b>	<b>14,797.8</b>	<b>24,302.0</b>	<b>3,622.4</b>	<b>3,774.2</b>

<sup>1)</sup> Excludes external revenue relating to the Antwerp Processing Facility and the Teesside Facility for 2009 and 2008 and non-current assets relating to the Antwerp Processing Facility for 2009.

<sup>2)</sup> Petroplus acquired the Petit Couronne and Reichstett refineries on March 31, 2008. Therefore, external revenue for 2008 includes nine months of operations for the Petit Couronne and Reichstett refineries.

## Major Customers

The following table provides information about major customers. The total sales to each customer are compared with total sales from continuing operations of USD 14,797.8 million

(2008: USD 24,302.0 million). If the Company sells products to different customers that form a group of companies, these sales are shown as sales to one customer.

(in millions of USD)	2009		2008	
	Sales	in % of total sales	Sales	in % of total sales
Customer 1	4,213.3	28.5 %	6,976.3	28.7 %
Customer 2	1,216.3	8.2 %	1,891.3	7.8 %
<b>Total</b>	<b>5,429.6</b>	<b>36.7 %</b>	<b>8,867.6</b>	<b>36.5 %</b>

## 5 Additional Statement of Comprehensive Income Disclosures

### Personnel expenses

(in millions of USD)	2009	2008
Wages, salaries and bonuses	(228.9)	(267.3)
Social security and pension expenses	(80.9)	(71.7)
Contract labor	(12.4)	(12.8)
Expense of share-based payments <sup>1)</sup>	(6.1)	(25.3)
Other personnel expenses <sup>2)</sup>	(22.8)	(20.9)
<b>Total personnel expenses</b>	<b>(351.1)</b>	<b>(398.0)</b>

<sup>1)</sup> The 2008 financials as previously reported have been adjusted by USD 21.5 million in accordance with IFRS 2 (revised) *Share-based Payment – Vesting Conditions and Cancellations*. Further details are disclosed in Note 2 “Accounting Policies”.

<sup>2)</sup> Other personnel expenses include mainly recruitment, education and insurance expenses.

**Operating expenses**

(in millions of USD)	2009	2008
Maintenance	(162.6)	(220.4)
Energy expenses	(104.0)	(134.7)
Chemical expenses	(57.4)	(66.7)
Other selling, general and administrative expenses	(102.3)	(65.1)
Utilities	(0.4)	(7.9)
Safety, health and environmental costs <sup>1)</sup>	(24.5)	4.3
<b>Total refinery operating expenses</b>	<b>(451.2)</b>	<b>(490.5)</b>

<sup>1)</sup> Income in 2008 relates to provision releases in the amount of USD 18.8 million.

**Other administrative expenses**

(in millions of USD)	2009	2008
Consultancy fees	(17.0)	(20.6)
Information technology	(16.3)	(17.0)
Insurance	(10.8)	(11.6)
Travel and accomodation	(4.2)	(6.3)
Other <sup>1)</sup>	(7.4)	(16.9)
<b>Total other administrative expenses</b>	<b>(55.7)</b>	<b>(72.4)</b>

<sup>1)</sup> Other includes leasing, postage and telecom, printing and office supplies, canteen, public relations, property and other indirect taxes and other miscellaneous administrative expenses.

**Financial income**

(in millions of USD)	2009	2008
Interest income	0.4	7.7
Other financial income	2.2	1.0
<b>Total financial income</b>	<b>2.6</b>	<b>8.7</b>

**Financial expenses**

(in millions of USD)	2009	2008
Interest expense	(116.0)	(112.9)
Refinancing costs and bond accretion	(25.4)	(14.6)
Letter of credit expense	(14.1)	(13.5)
Bank and commission fees	(9.3)	(6.2)
Other financial expenses	(2.4)	(1.8)
<b>Total financial expenses</b>	<b>(167.2)</b>	<b>(149.0)</b>

## 6 Taxes

### Current Tax

The major components of income tax expense for the years ended December 31, 2009 and 2008 are as follows:

(in millions of USD)	2009	2008
<b>Consolidated Statement of Comprehensive Income</b>		
<i>Current income tax</i>		
Current income tax charge	(10.7)	(15.1)
Charges in respect to current tax of previous years	(5.7)	(1.3)
<i>Deferred income tax</i>		
Related to origin and reversal of temporary differences	5.3	48.0
Related to changes in tax rates	0.7	7.9
<b>Total income tax (expense)/benefit from continuing operations</b>	<b>(10.4)</b>	<b>39.5</b>
<b>Aggregate current and deferred tax relating to items charged or credited to equity</b>		
<b>Total income tax recognized in other comprehensive income</b>	<b>12.0</b>	<b>(9.2)</b>
<b>Total income tax recognized in equity</b>	<b>–</b>	<b>(4.0)</b>

The reconciliation between the actual tax charge and the expected tax charge for the years ended December 31, 2009 and 2008 are as follows:

(in millions of USD)	2009	2008
<b>Total loss from continuing operations before income taxes</b>	<b>(98.4)</b>	<b>(372.5)</b>
Expected tax benefit at head office rate (2009: 10%; 2008: 10%)	9.8	37.2
Income taxed at different rates	41.8	30.3
Foreign currency impact	(27.5)	–
Tax effect of expenses not deductible in determining taxable profit	(20.4)	(22.9)
Tax effect of non-taxable income	17.3	6.6
Change in tax rate	0.7	7.9
Adjustment in respect of prior periods	(1.5)	(0.1)
Utilization of tax losses not previously recognized	2.4	5.1
Deferred tax asset not recognized for tax losses incurred	(32.5)	(25.8)
Other	(0.5)	1.2
<b>Income tax (expense)/benefit from continuing operations</b>	<b>(10.4)</b>	<b>39.5</b>

**Deferred Income Tax**

Deferred tax at December 31, 2009 and 2008 relates to the following:

(in millions of USD)	2009	2008
<b>Deferred tax assets</b>		
Timing differences:		
Intangible assets	4.5	1.8
Trade and other receivables	6.6	0.1
Retirement benefit obligation	39.7	40.6
Other assets	12.0	0.9
Tax losses and tax credits available for offset against future taxable income	78.9	93.8
<b>Total deferred tax assets</b>	<b>141.7</b>	<b>137.2</b>
<b>Deferred tax liabilities</b>		
Timing differences:		
Property, plant and equipment	351.3	396.4
Intangible assets	20.7	11.8
Derivative financial instruments	12.2	5.7
Inventories	4.4	20.5
Trade and other payables	4.4	9.1
Provisions and other liabilities	51.3	50.7
<b>Total deferred tax liabilities</b>	<b>444.3</b>	<b>494.2</b>
<b>Deferred tax liabilities, net</b>	<b>(302.6)</b>	<b>(357.0)</b>
<b>Presented in the Consolidated Statement of Financial Position as:</b>		
Deferred tax assets	40.0	96.0
Deferred tax liabilities	(342.6)	(453.0)
<b>Deferred tax liabilities, net</b>	<b>(302.6)</b>	<b>(357.0)</b>

**Tax Losses Carried Forward**

The deferred tax assets on the loss carry forwards which have been recognized as of December 31, 2009 relate to Switzerland, Germany and Belgium. The realization of tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible or in which tax losses can be utilized.

Tax losses on which no deferred tax assets were recognized as their utilization is not probable, are described in the table to the right.

**Dividend Distributions**

Any intragroup dividend distributions would have no or limited tax consequences to the Company due to the expected application of relevant European Union Directives, Double Tax Treaties and participation exemption rules.

(in millions of USD)	2009	2008
Unrecognized tax losses expiry		
Switzerland		
From 4 to 7 years	309.5	203.7
Belgium		
Never expire	78.2	36.6
The Netherlands		
From 7 to 9 years	75.9	28.1
Others		
From 3 to 6 years	3.3	2.6
Never expire	0.8	12.6
<b>Total unrecognized tax losses</b>	<b>467.7</b>	<b>283.6</b>

## 7 Discontinued Operations

### Discontinued Operations during 2009

#### *Disposal of the Antwerp Processing Facility*

On October 23, 2009, the Company, through certain of its subsidiaries, entered into a definitive agreement with Eurotank Belgium B.V., a wholly-owned subsidiary of Vitol Tank Terminals International B.V., part of the Vitol Group of companies, for the sale of its Antwerp Processing Facility. The disposal of the Antwerp Processing Facility is consistent with the Company's long-term policy to focus on its core refining business. The gross sales price, excluding hydrocarbon inventory was USD 25.0 million in cash. The Company recorded an impairment loss of USD 15.0 million to reflect the fair value of the facility which is included within discontinued operations in the line item "Depreciation, amortization and impairment" for the year ended December 31, 2009. The related income tax impact was a USD 2.0 million tax benefit. As at December 31, 2009, the Antwerp Processing Facility was classified as a disposal group held for sale. The major classes of assets and liabilities classified as held for sale are disclosed in Note 8 "Net Assets Held for Sale". The sale was completed on January 12, 2010. The results of the Antwerp Processing Facility have been included in discontinued operations in our Consolidated Statement of Comprehensive Income for the years ended December 31, 2009 and 2008. Additionally, discontinued operations includes estimated selling costs of USD 4.5 million.

#### *Suspension of the Teesside Refinery Operations*

On November 5, 2009, the Company announced its intention to suspend the Teesside refining operations due to the current unfavorable market environment and capital expenditures required to maintain refinery operations. The site is now in transition into a marketing and storage facility. As a result of the new circumstances, an impairment test was performed based on value in use using a discount factor of 8%. As the estimated recoverable amount determined under value in use was less than the net book value, an impairment charge of USD 110.0 million was recorded during the year ended December 31, 2009. The results of the Teesside refining and marketing operations have been reclassified to discontinued operations for the twelve month period 2009 and 2008. Related to the transition, the Company recognized a provision of USD 19.0 million for expected restructuring costs, including contract termination costs, consulting fees, employee termination benefits and related incremental costs. Further details are disclosed in Note 19 "Provisions".

### Discontinued Operations during 2008

#### *Re-presentation of impairment loss from the Antwerp Processing Facility*

In 2008, as a result of a decline in the commodity and economic environment, the Antwerp Processing Facility's recoverable amount, based on the Company's annual impairment assessment, was estimated to be less than its carrying value, resulting in a USD 87.5 million non-cash impairment charge. Additionally, the Antwerp Processing Facility incurred USD 6.0 million of impairment charges related to assets taken out of service. These impairments have been re-presented within discontinued operations in the line item "Depreciation, amortization and impairment".

#### *Other*

During 2008, the Company paid approximately USD 0.9 million and also collected USD 0.9 million of receivables associated with the sale of non-core assets in 2006. Additionally, at December 31, 2008, the Company reviewed the remaining non-core receivables and in accordance with IFRS, the Company reserved USD 12.3 million against these receivables due to uncertainty around the intent and ability of the counterparty to make the required payments. Legally, these receivables will still be pursued. At December 31, 2008 there was approximately USD 12.0 million in other receivables remaining associated with the 2006 sale of the non-core entities whereof an amount of USD 11.7 million was collected during 2009.

#### *Analysis of profit or loss for the year from discontinued operations*

The combined results of the discontinued operations (i.e. Antwerp Processing Facility, Teesside refining operations and the remaining non-core receivables from 2008) are set forth on the following table. The comparative loss and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current period.

The loss for the year from discontinued operations is analyzed as follows:

(in millions of USD)	2009	2008
<b>Results of discontinued operations</b>		
Revenue	1,413.1	3,745.6
Materials cost	(1,311.7)	(3,662.8)
<b>Gross margin</b>	<b>101.4</b>	<b>82.8</b>
Personnel expenses	(35.5)	(43.0)
Operating expenses	(61.1)	(86.9)
Depreciation, amortization and impairment	(144.5)	(117.2)
Restructuring expenses	(19.0)	–
Other administrative expenses	(6.6)	(3.0)
<b>Operating loss</b>	<b>(165.3)</b>	<b>(167.3)</b>
Financial income	0.2	–
Financial expenses	(0.3)	(1.0)
<b>Loss before income taxes</b>	<b>(165.4)</b>	<b>(168.3)</b>
Income tax benefit/(expense)	24.3	(2.1)
<b>Results from discontinued operations</b>	<b>(141.1)</b>	<b>(170.4)</b>
<b>Loss on sale of discontinued operations</b>	<b>–</b>	<b>(13.2)</b>
<b>Total loss from discontinued operations</b>	<b>(141.1)</b>	<b>(183.6)</b>

<b>Earnings per share from discontinued operations (in USD) <sup>1)</sup></b>	2009	2008
Basic	(1.81)	(2.47)
Diluted	(1.81)	(2.47)

<sup>1)</sup> In relation to the rights offering, the comparative earnings per share for 2008 have been restated to retroactively reflect the discount provided to shareholders in the September 2009 rights issue. As the rights issue was offered at a discount (CHF 16.90) to market value (CHF 27.50) the weighted average number of shares outstanding for 2009 and 2008 were adjusted in accordance with IAS 33 *Earnings per Share*. The adjustment resulted in an increase in the weighted average shares outstanding, both basic and diluted, in 2009 and 2008 of approximately 8%.

The net cash flows from discontinued operations are as follows:

(in millions of USD)	2009	2008
Operating	19.5	38.4
Investing	(10.5)	(35.9)
Financing	–	–
<b>Net cash inflows</b>	<b>9.0</b>	<b>2.5</b>

## 8 Net Assets Held for Sale

The major classes of assets and liabilities of the Antwerp Processing Facility classified as held for sale as of December 31, 2009 are as follows:

(in millions of USD)	2009
Cash	0.1
Other receivables and prepayments	2.6
Inventories	34.0
Property, plant and equipment	41.6
Other financial assets	9.9
<b>Total assets classified as held for sale</b>	<b>88.2</b>
Other payables and accrued expenses	16.0
Current tax liabilities	0.2
Retirement benefit obligation	8.3
Provisions	5.5
Other financial liabilities	0.6
<b>Total liabilities classified as held for sale</b>	<b>30.6</b>
<b>Net assets held for sale</b>	<b>57.6</b>

## 9 Cash and Short-Term Deposits

Cash and short-term deposits for the years ended December 31, 2009 and 2008 are as follows:

(in millions of USD)	2009	2008
Cash	10.5	200.1
Short-term deposits	0.7	9.7
<b>Total cash and short-term deposits</b>	<b>11.2</b>	<b>209.8</b>

Cash at banks earns interest at floating rates based on bank deposit rates. Short-term deposits are made for varying periods between one day and three months depending on the immediate cash requirements of the Company. Interest is earned at the respective short-term deposit rates. See Note 27 "Financial Instruments" for the fair value of cash and short-term deposits.

Of the total amount included in cash and short-term deposits at December 31, 2009, no amounts were pledged under the borrowing agreements (2008: USD 175.2 million).

Cash and short-term deposits are composed of the following currencies:

(in millions of USD)	2009	2008
USD	4.5	72.0
EUR	4.8	25.5
CHF	0.4	8.4
GBP	0.1	103.6
CZK	1.4	0.3
<b>Total cash and short-term deposits</b>	<b>11.2</b>	<b>209.8</b>

## 10 Inventories

There were no write-downs for obsolete or slow-moving items related to raw materials and finished goods in 2009 (2008: USD 4.2 million). Of the total amount included in inventories at December 31, 2009, USD 1,213.1 million (2008: USD 1,063.7 million) was pledged as security for the Company's credit facilities.

(in millions of USD)	2009	2008
Raw materials	825.5	604.0
Finished goods	808.1	682.2
Other materials	50.9	54.1
<b>Total inventories</b>	<b>1,684.5</b>	<b>1,340.3</b>

## 11 Trade and Other Receivables

### Trade receivables

(in millions of USD)	2009	2008
Trade receivables	1,052.2	1,222.5
Provision for doubtful debt	(0.8)	(1.2)
<b>Total trade receivables, net</b>	<b>1,051.4</b>	<b>1,221.3</b>

Trade receivables are non-interest-bearing and are generally on 5 to 35 day terms.

At December 31, the aging analysis of trade receivables is as follows:

(in millions of USD)	2009	2008
Neither past due nor impaired	1,025.4	1,139.8
Past due		
less than 30 days	23.0	62.5
between 31 and 60 days	0.1	6.5
between 61 and 90 days	1.1	3.5
between 91 and 180 days	1.0	3.8
between 181 and 360 days	0.8	4.5
more than 360 days	–	0.7
<b>Total trade receivables, net</b>	<b>1,051.4</b>	<b>1,221.3</b>

At December 31, trade receivables are composed of the following currencies:

(in millions of USD)	2009	2008
USD	103.6	407.0
EUR	632.8	503.7
CHF	73.2	52.4
GBP	198.0	244.8
CZK	43.8	13.4
<b>Total trade receivables, net</b>	<b>1,051.4</b>	<b>1,221.3</b>

As at December 31, 2009, trade receivables at a nominal value of USD 0.8 million (2008: USD 1.2 million) were impaired and fully provided for. The movements in the provision for impairment of receivables were as follows:

(in millions of USD)	Total	Individually impaired	Collectively impaired
Balance at January 1, 2008	2.2	1.7	0.5
Charge for the year	0.8	0.8	–
Utilized	(1.5)	(1.4)	(0.1)
Unused amount reversed	(0.3)	(0.3)	–
<b>Balance at December 31, 2008</b>	<b>1.2</b>	<b>0.8</b>	<b>0.4</b>
Charge for the year	0.4	0.4	–
Utilized	(0.1)	(0.1)	–
Unused amount reversed	(0.7)	(0.3)	(0.4)
<b>Balance at December 31, 2009</b>	<b>0.8</b>	<b>0.8</b>	<b>–</b>

Of the total amount included in trade receivables at December 31, 2009, USD 962.6 million (2008: USD 1,167.1 million) was pledged as security for the Company's credit facilities.

#### *Factoring Agreement*

On June 8, 2009, one of the Company's subsidiaries concluded an uncommitted factoring agreement of up to approximately USD 250 million resulting in the sale of some of the Company's oil major receivables (the "Factoring Agreement"). The Factoring Agreement is available, subject to certain oil major receivables being eligible for sale. The eligible receivables are sold at their nominal value less the bank's funding rate plus a margin below that of the Revolving Credit Facility. As of December 31, 2009, the Company utilized USD 159.3 million against this facility.

On February 5, 2008, certain of the Company's subsidiaries concluded a committed, non-recourse factoring agreement resulting in the sale of some of the Company's oil major receivables (the "OLMR"). The OLMR was available, subject to certain oil major receivables being eligible for sale. The eligible receivables were sold at a discount to their nominal value, with the discount rate being the aggregate of a margin of less than the margin of the RCF and LIBOR (or, in relation to EURO-denominated receivables, EONIA). The factoring agreement was terminated through mutual agreement as of October 15, 2008.

### **Other Receivables and Prepayments**

(in millions of USD)	2009	2008
Receivables from associates	1.2	1.5
Taxes other than company income taxes	31.6	115.3
Other receivables and prepayments	67.0	69.6
<b>Total other receivables and prepayments</b>	<b>99.8</b>	<b>186.4</b>

Other receivables and prepayments consist mainly of receivables in connection with compulsory stock obligations in the amount of USD 26.5 million (2008: USD 18.4 million), USD 9.2 million relates to a deposit for excise duties and USD 4.4 million relates to prepaid insurance.

## 12 Intangible Assets

Changes in intangible assets for the years ended December 31, 2009 and 2008 were as follows:

(in millions of USD)	Notes	Software	Leasehold	Other intangible assets	Intangible assets under construction	Total
<b>Cost</b>						
Balance at January 1, 2008		19.3	26.8	8.7	6.2	61.0
Additions through acquisition		1.9	–	–	–	1.9
Final purchase price allocation and reclassification adjustment		2.5	–	47.0	–	49.5
Additions		15.6	–	–	4.8	20.4
Disposals		–	–	(1.6)	–	(1.6)
Reclassification		12.7	–	–	(5.2)	7.5
<b>Balance at December 31, 2008</b>		<b>52.0</b>	<b>26.8</b>	<b>54.1</b>	<b>5.8</b>	<b>138.7</b>
Additions		–	–	–	1.9	1.9
Disposals		–	–	(0.8)	–	(0.8)
Reclassification		8.4	–	7.7	(6.6)	9.5
<b>Balance at December 31, 2009</b>		<b>60.4</b>	<b>26.8</b>	<b>61.0</b>	<b>1.1</b>	<b>149.3</b>
<b>Accumulated amortization</b>						
Balance at January 1, 2008		2.0	0.6	2.1	–	4.7
Final purchase price allocation and reclassification adjustment		–	–	2.4	–	2.4
Amortization – continued		8.2	0.7	10.3	–	19.2
Amortization – discontinued <sup>1)</sup>	7	0.6	–	–	–	0.6
Disposals		–	–	(1.6)	–	(1.6)
<b>Balance at December 31, 2008</b>		<b>10.8</b>	<b>1.3</b>	<b>13.2</b>	<b>–</b>	<b>25.3</b>
Amortization – continued		15.1	0.7	7.2	–	23.0
Amortization – discontinued <sup>1)</sup>	7	0.6	–	–	–	0.6
Disposals		–	–	(0.2)	–	(0.2)
Reclassification		(1.8)	–	3.1	–	1.3
<b>Balance at December 31, 2009</b>		<b>24.7</b>	<b>2.0</b>	<b>23.3</b>	<b>–</b>	<b>50.0</b>
<b>Net carrying amount at</b>						
January 1, 2008		17.3	26.2	6.6	6.2	56.3
December 31, 2008		41.2	25.5	40.9	5.8	113.4
<b>December 31, 2009</b>		<b>35.7</b>	<b>24.8</b>	<b>37.7</b>	<b>1.1</b>	<b>99.3</b>

<sup>1)</sup> Re-presented to reflect the impact of discontinued operations related to the Teesside Facility.

## 13 Property, Plant and Equipment

Changes in property, plant and equipment for the years ended December 31, 2009 and 2008 were as follows:

(in millions of USD)	Notes	Land & Buildings	Machinery & Equipment	Other assets	Assets under construction	Total
<b>Cost</b>						
Balance at January 1, 2008		159.4	3,364.7	33.4	77.1	3,634.6
Additions through acquisition		66.5	294.4	–	12.9	373.8
Final purchase price allocation and reclassification adjustment		228.3	(238.7)	–	–	(10.4)
Additions		5.1	100.1	1.0	194.9	301.1
Disposals		(5.8)	(33.6)	–	–	(39.4)
Reclassification		(0.2)	54.3	(7.5)	(59.1)	(12.5)
<b>Balance at December 31, 2008</b>		<b>453.3</b>	<b>3,541.2</b>	<b>26.9</b>	<b>225.8</b>	<b>4,247.2</b>
Final purchase price allocation and reclassification adjustment	30	(16.5)	(12.8)	–	–	(29.3)
Additions		–	–	2.0	343.8	345.8
Disposals		–	(19.4)	(1.9)	–	(21.3)
Reclassification		21.5	268.0	15.8	(343.9)	(38.6)
Classified as held for sale <sup>1)</sup>	8	(4.1)	(151.4)	(1.3)	(5.2)	(162.0)
<b>Balance at December 31, 2009</b>		<b>454.2</b>	<b>3,625.6</b>	<b>41.5</b>	<b>220.5</b>	<b>4,341.8</b>
<b>Accumulated depreciation</b>						
Balance at January 1, 2008		8.4	269.4	15.6	–	293.4
Final purchase price allocation and reclassification adjustment		–	(2.4)	–	–	(2.4)
Depreciation – continued		6.3	200.4	2.4	–	209.1
Depreciation – discontinued <sup>2)</sup>	7	0.3	22.8	–	–	23.1
Impairment – continued		–	2.0	–	–	2.0
Impairment – discontinued <sup>2)</sup>	7	–	93.5	–	–	93.5
Disposals		(2.4)	(29.7)	–	–	(32.1)
Reclassification		–	3.0	(3.2)	–	(0.2)
<b>Balance at December 31, 2008</b>		<b>12.6</b>	<b>559.0</b>	<b>14.8</b>	<b>–</b>	<b>586.4</b>
Depreciation – continued		4.2	243.9	4.4	–	252.5
Depreciation – discontinued <sup>3)</sup>	7	0.3	18.1	0.2	–	18.6
Impairment – continued		4.1	2.5	–	–	6.6
Impairment – discontinued <sup>3)</sup>	7	–	125.3	–	–	125.3
Disposals		–	(18.0)	(1.1)	–	(19.1)
Reclassification		2.2	(33.1)	(0.3)	–	(31.2)
Classified as held for sale <sup>1)</sup>	8	(0.8)	(118.6)	(1.0)	–	(120.4)
<b>Balance at December 31, 2009</b>		<b>22.6</b>	<b>779.1</b>	<b>17.0</b>	<b>–</b>	<b>818.7</b>
<b>Net carrying amount at</b>						
January 1, 2008		151.0	3,095.3	17.8	77.1	3,341.2
December 31, 2008		440.7	2,982.2	12.1	225.8	3,660.8
<b>December 31, 2009</b>		<b>431.6</b>	<b>2,846.5</b>	<b>24.5</b>	<b>220.5</b>	<b>3,523.1</b>

<sup>1)</sup> Attributable to the Antwerp Processing Facility.

<sup>2)</sup> Re-presented to reflect the impact of discontinued operations related to the Antwerp Processing Facility and the Teesside Facility.

<sup>3)</sup> Attributable to the Antwerp Processing Facility and the Teesside Facility.

The carrying amount of finance leases included in equipment as of December 31, 2009 is USD 29.8 million (2008: USD 31.5 million). Of the total amount included in Property, Plant and Equipment at December 31, 2009 USD 11.4 million (2008: USD nil) was pledged as security for the Company's credit facilities.

The Company has purchase commitments at December 31, 2009 of USD 19.7 million (2008: USD 32.2 million) for property, plant and equipment.

## 14 Investments in Associates

The following table illustrates the summarized financial information of the Company's investments in associates for December 31, 2009 and 2008.

(in millions of USD)	December 31,	
	2009	2008
Current assets	78.9	83.9
Non-current assets	80.1	81.2
<b>Total assets</b>	<b>159.0</b>	<b>165.1</b>
Current liabilities	(66.4)	(64.3)
Non-current liabilities	(25.0)	(27.7)
<b>Total liabilities</b>	<b>(91.4)</b>	<b>(92.0)</b>
<b>Net assets</b>	<b>67.6</b>	<b>73.1</b>
<b>Company's share of associates' net assets</b>	<b>21.2</b>	<b>22.8</b>

(in millions of USD)	For the year ended December 31,	
	2009	2008
Revenue	40.0	31.2
Loss	(2.4)	(4.5)
<b>Company's share of associates' revenue</b>	<b>12.3</b>	<b>9.8</b>
<b>Company's share of associates' loss</b>	<b>(1.6)</b>	<b>(2.0)</b>

A complete list of the Company's associated entities, countries of incorporation, and interest held is disclosed in Note 31 "Subsidiaries". The financial reporting date of Sempachtank AG has been changed in 2009 from September 30 to December 31.

### Acquisitions

During 2009, there were no acquisitions of investments in associates. During 2008, the following acquisitions of investments in associates have been completed:

*PBF Investments LLC and Affiliates, USA*, a partnership and a related Limited Liability Company ("LLC") was entered into with The Blackstone Group and First Reserve Corporation on March 1, 2008 to pursue acquisitions of crude oil refineries in the United States of America, its possessions and Eastern Canada. The Company holds approximately 35% of the partnership and LLC. As of December 31, 2009, the Company has contributed USD 10.9 million to the partnership and LLC. During 2009, a loss was reported in the amount of USD 2.1 million (2008: loss of USD 2.5 million).

*Raffinerie du Midi, France*, is an entity operating storage facilities. The investment was part of the acquisition of the French refineries, which was completed on March 31, 2008. The significant shareholders are Total, Exxon and the Company (33.3% shareholding).

*Groupement Pétrolier de Saint Pierre des Corps, France*, is an entity operating a storage facility in Tours. The investment was part of the French refineries acquisition, which was completed on March 31, 2008. The significant shareholders are Total, Exxon, BP and the Company (20% shareholding).

## 15 Financial Assets Available for Sale

Entity		2009	2008
Entrepôt Pétrolier de Valenciennes, Haulchin, France	Ownership	16.0 %	16.0 %
	Fair value (in million USD)	1.6	1.6
RBE – Rheinische Bio Ester GmbH & Co. KG, Neuss, Germany	Ownership	15.0 %	15.0 %
	Carrying value (in million USD)	–	1.7
Entrepôt Pétrolier de Mulhouse, Illzach, France	Ownership	14.3 %	14.3 %
	Fair value (in million USD)	5.5	5.5
SAPPRO SA (Société du Pipeline à Produits Pétroliers sur Territoire Genevois), Vernier, Switzerland	Ownership	12.3 %	12.3 %
	Carrying value (in million USD)	0.5	0.5
Société des Transports Pétroliers par Pipeline (Trapil), Paris, France	Ownership	5.5 %	5.5 %
	Fair value (in million USD)	20.6	20.6
Other	Carrying value (in million USD)	0.4	0.6
<b>Total financial assets available for sale</b>		<b>28.6</b>	<b>30.5</b>

With the acquisition of the French refineries in March 2008, the Company acquired a 16.0 % ownership of Entrepôt Pétrolier de Valenciennes, Haulchin and a 14.3 % ownership of Entrepôt Pétrolier de Mulhouse, Illzach. During the third quarter 2008, the Company acquired a 5.5 % ownership of Société des Transports Pétroliers par Pipeline (“Trapil”), Paris, all located in France, for USD 20.6 million, which was part of the original acquisition agreement of the French refineries. The fair value of these financial assets available for sale as of December 31, 2009 and 2008 was equal to the acquisition price.

The fair value for SAPPRO SA (Société du Pipeline à Produits Pétroliers sur Territoire Genevois) could not be determined reliably and is therefore valued at cost. During 2009, the Company’s investment in RBE – Rheinische Bio Ester GmbH & Co. KG was fully impaired by USD 1.7 million due to the continued expected decline in the biodiesel business. In accordance with IFRS, the impairment has been recognized in the Consolidated Statement of Comprehensive Income in the line item “Financial expenses”.

The Company recognizes dividend income from investments when declared.

The shares of the above entities are unquoted.

## 16 Interest-Bearing Loans and Borrowings

(in millions of USD)	2009	2008	Interest rate	Maturity	Currency
<b>Current</b>					
New Revolving Credit Facility	138.8	–	LIBOR + (range of 2.75 % – 4 %)	On demand	USD
Old Revolving Credit Facility	–	230.0	Cost of funds + 1.0 %	On demand	USD
Credit facilities <sup>1)</sup>	24.3	23.4	LIBOR	On demand	CHF
<b>Total current (at nominal value)</b>	<b>163.1</b>	<b>253.4</b>			
Current loans and borrowings (at amortized cost)	149.6	249.1			
<b>Total current</b>	<b>149.6</b>	<b>249.1</b>			
<b>Non-current</b>					
Convertible Bond 2015	150.0	–	4.000 %	Oct. 2015	USD
Convertible Bond 2013	–	500.0	3.375 %	March 2013	USD
Senior Note 2019	400.0	–	9.375 %	Sept. 2019	USD
Senior Note 2017	600.0	600.0	7.000 %	May 2017	USD
Senior Note 2014	600.0	600.0	6.750 %	May 2014	USD
<b>Convertible Bond/Senior Notes (at nominal value)</b>	<b>1,750.0</b>	<b>1,700.0</b>			
Convertible Bond (liability component at amortized cost)	111.9	448.1			
Senior Notes (at amortized cost)	1,571.9	1,184.7			
<b>Total non-current</b>	<b>1,683.8</b>	<b>1,632.8</b>			

<sup>1)</sup> Credit facility for Swiss compulsory stocks.

### Current

#### Working Capital Facilities

##### *New Revolving Credit Facility ("New RCF")*

Certain of our subsidiaries are party to a USD 1.05 billion committed multicurrency secured revolving credit facility agreement dated October 16, 2009, which replaced our former revolving credit facility. The New RCF includes an option to increase the committed facility amount up to USD 2.0 billion on a pre-approved but not pre-committed basis in the event of increased working capital needs or future acquisitions. The Company also has access to significant uncommitted lines from committed banks, providing increased liquidity on an as needed basis. As of December 31, 2009, the Company had additional uncommitted lines under the New RCF of USD 1.06 billion, bringing the total size of the New RCF to USD 2.11 billion.

The New RCF is available, subject to a current asset borrowing base, primarily in the form of letters of credit, short-term loan

advances, and bank overdrafts. Cash borrowings and revolving loans together may not exceed 60 % of the committed facility, and bank overdrafts are limited to USD 100 million. The rate of interest on cash borrowings is the aggregate of LIBOR plus a margin plus mandatory costs, if any. The margin is subject to a pricing grid determined by reference to the Company's ratio of Net Debt to Net Capitalization and ranges from 2.75 % to 4.00 % for a ratio below 25 % or above 60 %, respectively. Commissions on payment instruments are also subject to a pricing grid determined by reference to the Company's ratio of Net Debt to Net Capitalization.

Borrowings under the New RCF are jointly and severally guaranteed by certain of our subsidiaries and such borrowings are secured by certain assets of the borrowers and of the guarantors, the form of such security includes certain pledges of bank accounts held at participating banks, oil inventory, trade receivables and other assets. In certain conditions related to an event of default as defined in the New RCF, the RCF Se-

curity Agent can enforce the pledge over the pledged assets. The amounts pledged are indicated in Note 10 "Inventories" and Note 11 "Trade and Other Receivables". These pledges will expire together with the New RCF on October 16, 2012.

The balance of bank loans and overdrafts under the New RCF is USD 138.8 million. The related financing costs of USD 14.5 million are capitalized and amortized over the three-year term of the New RCF. The carrying amount of these costs under the New RCF amounts to USD 13.5 million as of December 31, 2009.

On October 16, 2009, the New RCF replaced the Old Revolving Credit Facility.

#### *Old Revolving Credit Facility ("Old RCF")*

Certain of our subsidiaries were party to a USD 1.2 billion committed multicurrency, secured, revolving credit facility which was terminated and replaced by the New RCF on October 16, 2009. Moreover, the Company was able to obtain additional availability on an uncommitted basis under the same facility.

The Old RCF was available, subject to a current asset borrowing base, primarily in the form of letters of credit, short-term loan advances, and bank overdrafts. For the committed part, cash borrowings and revolving loans together could not exceed more than 60% of the committed amount of the Old RCF. Bank overdrafts were limited to USD 100 million. Revolving loans and bank overdrafts under the Old RCF incurred interest at a rate that was the aggregate of a margin of cost of funds plus 1.0% in 2008 and up to February 3, 2009, and cost of funds plus 1.75% from February 3, 2009 until its termination in October 2009. Commissions on payment instruments varied depending upon the instrument type.

The balance of bank loans and overdrafts under the Old RCF was USD 230.0 million and the carrying amount of the capitalized financing costs under the Old RCF amounted to USD 4.3 million as of December 31, 2008.

#### *Other Working Capital Facilities*

One of our subsidiaries has a smaller working capital facility available in relation to Swiss compulsory stocks and of which USD 24.3 million (2008: USD 23.4 million) was drawn upon as of December 31, 2009.

### **Covenants**

The New RCF contains covenants that could restrict certain of our activities, including restrictions on creating or permit-

ting to subsist certain securities, engaging in certain mergers or consolidations, sales or other disposals of certain assets, giving certain guarantees, making certain loans, making certain investments, incurring certain additional indebtedness, engaging in different businesses, making certain debt or other restricted payments, and amending or waiving certain material agreements.

The New RCF also includes three financial covenants calculated on a quarterly basis, requiring us to maintain:

- a minimum Consolidated Tangible Net Worth of USD 1.5 billion;
- a minimum ratio of Clean EBITDA (as defined in the RCF documentation) to Net Interest Expense of 2.5 to 1.0 for the four prior rolling consecutive quarters; and
- a minimum ratio of Current Assets to Current Liabilities of 1.05:1.

Compliance with these covenants is determined in the manner specified in the documentation governing the New RCF.

At December 31, 2009, the Clean EBITDA to Net Interest Expense ratio was below 2.5 to 1.0. On January 27, 2010, the Company received a waiver for the fourth quarter 2009 through the third quarter 2010. During the waiver period and as long as the ratio of the Clean EBITDA to Net Interest Expense ratio covenant is below 2.5 to 1, the interest rate margin on cash borrowings will be increased by 0.25% and the Company is required to meet an additional covenant whereby the Company's Free Cash Flow before working capital changes as defined in the waiver documentation cannot be more negative than minus USD 250 million for the period starting from January 1, 2010 to each quarter end during the waiver period.

#### *Old Revolving Credit Facility*

The Old RCF Agreement also contained certain financial covenants, including covenants which required us to maintain:

- a minimum consolidated tangible net worth of USD 1.0 billion; and
- a minimum ratio of EBITDA to Net Interest Expense of 2.5 to 1.0.

On February 3, 2009, the Company received a waiver for the fourth quarter 2008 EBITDA to net interest expense ratio covenant and also amended the covenant definition to an adjusted EBITDA which reduced the impacts from oil pricing volatility. The new definition was valid until October 16, 2009.

## Non-Current

### Convertible Bonds

*Convertible Bond USD 150 million, 4.0% due 2015 (the "2015 CB")*

On October 16, 2009, Petroplus Finance Ltd., a subsidiary of the Company, issued USD 150.0 million in guaranteed senior secured convertible bonds due 2015. The debt is guaranteed by the Company as well as by certain of its subsidiaries. Each bond in the principal amount of USD 100,000 is convertible into common shares of the Company at an initial conversion price of CHF 30.61 per share with a fixed exchange rate on conversion of USD/CHF 1.0469 at the option of the bondholder at any time on or after November 26, 2009 until October 9, 2015.

The bond is a "hybrid instrument" which requires that an "equity portion" and the financing costs related thereto must be accounted for in the equity section of the Statement of Financial Position. The equity portion, net of allocated financing costs, amounts to USD 36.4 million. The 2015 CB bears interest at the rate of 4.0% per annum, with the interest payable semi-annually in arrears on October 16 and April 16 of each year the debt is outstanding, commencing on April 16, 2010. The financing costs related to the issuance of the 2015 CB have been capitalized in the aggregate amount of USD 2.6 million and are being amortized over six years.

*Convertible Bond USD 500 million, 3.375% due 2013 (the "2013 CB") redeemed on October 16, 2009*

On March 26, 2008, Petroplus Finance Ltd., a subsidiary of the Company, issued USD 500.0 million in guaranteed convertible bonds due in 2013. The debt was guaranteed by the Company as well as by certain of its subsidiaries. Each bond in the principal amount of USD 100,000 was convertible into common shares of the Company at an initial conversion price of CHF 85.18 per share with a fixed exchange rate on conversion of USD/CHF 1.0203 at the option of the bondholder at any time on or after May 6, 2008 until March 19, 2013.

The bonds were "hybrid instruments", which required that an "equity portion", and the financing costs related thereto, must be accounted for in the equity section of the Statement of Financial Position. The equity portion, net of allocated financing costs, amounted to USD 51.6 million. The bonds were interest-bearing at the rate of 3.375%, with the interest payable semi-annually in arrears on March 26 and September 26 of each year the debt is outstanding, and commenced on September 26, 2008. The financing costs related to the issuance of the

convertible bond were capitalized in the aggregate amount of USD 8.4 million and amortized over the expected life of the bond. In 2009 and 2008, no bonds were converted. The terms and conditions included an investor put option on March 28, 2011 for principal plus accrued interest.

On October 12, 2009, Petroplus announced the successful result of the tender offer to repurchase all of its outstanding USD 500.0 million in guaranteed, convertible bonds due in 2013. The last day the 2013 CB was traded on the SIX Swiss Exchange was October 13, 2009. The 2013 CB was redeemed on October 16, 2009 at the principal amount of USD 500.0 million, plus aggregate accrued interest calculated from September 26, 2009 until October 16, 2009 (20 days). The related remaining capitalized financing costs of USD 6.0 million and the difference between the carrying amount and the fair value of the liability portion of USD 2.1 million were written off as of September 30, 2009 and included in the line item "Financial expenses" in the Consolidated Statement of Comprehensive Income. The remaining difference of USD 35.0 million between the repurchase price of the bond and the fair value of the liability portion was recorded as a reduction of equity. The costs of the tender offer amounted to USD 2.6 million and are included in the line item "Financial expenses" in the Consolidated Statement of Comprehensive Income.

### Senior Notes

*Senior Notes USD 400 million, 9.375% due 2019 (the "2019 SN")*

On September 17, 2009, Petroplus Finance 3 Limited, Bermuda, an unrestricted subsidiary of the Company, issued USD 400.0 million aggregate principal amount of 9.375% senior notes due 2019 at an issue price of 98.42% giving a yield of 9.625%. The coupon is payable semi-annually in arrears on March 15 and September 15, beginning March 15, 2010. The 2019 SN are presented in the Consolidated Statement of Financial Position at December 31, 2009 under non-current liabilities within "Interest-bearing loans and borrowings" in the amount of USD 385.2 million. The balance is presented net of capitalized financing costs of USD 8.7 million (USD 8.2 million paid as of December 31, 2009) which are amortizable over ten years. The proceeds from the 2019 SN were used to repurchase or redeem a portion of the 2013 CB on October 16, 2009.

Upon successful completion of the tender offer and subsequent repayment of the 2013 CB, Petroplus Finance Limited assumed the obligations of Petroplus Finance 3 Limited under the 2019 SN, the Company and certain of its subsidiaries

became guarantors of the 2019 SN and Petroplus Finance 3 Limited was released of all obligations under the 2019 SN.

*Senior Note USD 600 million, 6.75% due 2014 (the "2014 SN") & Senior Note USD 600 million, 7% due 2017 (the "2017 SN")*

On May 1, 2007, Petroplus Finance Ltd., a subsidiary of the Company, issued USD 600 million, 6.75% senior notes due 2014 and USD 600 million, 7% senior notes due 2017 (together the "Notes"). The Company used the proceeds from the Notes primarily to fund the acquisition of the Coryton Refinery. The total USD 1.2 billion Notes are presented in the Consolidated Statement of Financial Position at December 31, 2009 under non-current liabilities within "Interest-bearing loans and borrowings". The balance is presented net of total capitalized financing costs of USD 18.1 million which are amortized over 7 and 10 years.

#### Financial Covenants

The main financial covenant under both the 2015 CB and the 2014 SN, 2017 SN and 2019 SN is an EBITDA to gross interest coverage ratio which is required to exceed 2.0 to 1.0. This covenant is not a maintenance covenant and therefore when the ratio is not met, the Company is not in breach but only limited in incurring certain debt or making certain payments outside of the ordinary course of business as long as the ratio does not exceed 2.0 to 1.0. There are no restrictions on short-term borrowings.

## 17 Trade and Other Payables

(in millions of USD)	2009	2008
Trade payables	1,463.4	1,166.3
<b>Total trade payables</b>	<b>1,463.4</b>	<b>1,166.3</b>
Taxes other than income taxes	485.3	714.5
Other payables and accrued expenses	337.4	438.0
<b>Total other payables and accrued expenses</b>	<b>822.7</b>	<b>1,152.5</b>

At December 31, 2009, USD 337.4 million (2008: USD 438.0 million) of other payables and accrued expenses primarily relate to capital expenditures accruals, personnel expenses, general expenses, accrued interest and invoices to be received.

Taxes other than income taxes consist of excise duties, value added taxes, withholding taxes and wage taxes.

Trade payables are non-interest-bearing and normally settled between 5 and 30 days. Other payables are non-interest-bearing and have an average term of one to three months.

At December 31, trade payables are composed of the following currencies:

(in millions of USD)	2009	2008
USD	1,123.7	921.7
EUR	186.1	78.3
CHF	106.8	39.0
GBP	20.2	125.2
CZK	26.6	2.1
<b>Total trade payables</b>	<b>1,463.4</b>	<b>1,166.3</b>

Other payables are mainly composed of currencies in USD, EUR, CHF, GBP and CZK.

## 18 Employee Benefits

The Company has several different defined benefit pension plans (in the United Kingdom, Switzerland, Germany, France and Belgium) which cover substantially all of its employees and require contributions to be made to separately administered funds.

The principal assumptions used at the year end are shown below and are based on weighted averages:

Assumptions (weighted averages)	2009	2008
Discount factor	5.3%	5.0%
Expected investment yield	5.6%	5.5%
Future pay increases	3.8%	3.2%
Future price inflation	2.4%	2.2%

The assumptions, other than expected investment yield, are used in determining the employee benefit obligations and are weighted on the present value of the respective defined benefit obligations. The overall expected investment yield is a weighted average of the expected returns of the different asset categories at December 31, 2009 and December 31, 2008. The assessment of the expected returns on investments by the Company is based on historical return trends and analysts' predictions of the market for the respective categories.

Demographic assumptions (including mortality) are based on the advice of local independent actuaries. Mortality assumptions are based on the latest available standard mortality tables for the individual countries concerned, adjusted where appropriate to reflect the experience of the Company's employees.

Changes in the present value of the defined benefit obligation are as follows:

(in millions of USD)	2009	2008
Defined benefit obligation at January 1,	396.1	325.2
Obligation acquired on acquisition	–	80.6
Interest cost	22.4	19.3
Current service costs	28.6	27.0
Past service cost	29.0	–
Contributions by plan participants	5.9	5.6
Benefits paid	(17.8)	(6.4)
Actuarial gain on obligation	(2.6)	(1.2)
Plan curtailments	(0.9)	–
Exchange differences	26.2	(54.0)
<b>Defined benefit obligation at December 31,</b>	<b>486.9</b>	<b>396.1</b>

Changes in French legislation resulted in additional social charges on early retirement payments. As a result of this new legislation, the Company has included past service costs of USD 22.6 million in the defined benefit obligation at January 1, 2009. These costs are recognized in the Consolidated Statement of Comprehensive Income over the vesting period of 13 to 17 years.

A restructuring plan, including employee redundancies, at the Teesside Facility was announced in November 2009, resulting in a plan curtailment under IAS 19 *Employee Benefits* for affected pension plan members. The curtailment reduces the value of the year end defined benefit obligation by USD 0.9 million. This amount has been recognized immediately through the Consolidated Statement of Comprehensive Income in 2009. Furthermore, the redundancies result in benefit enhancements for some of the affected plan members which requires recognition of past service costs under IAS 19. The value of this past service cost is USD 6.4 million. Because the benefit enhancements are immediately vested, the full amount has been recognized through the Consolidated Statement of Comprehensive Income in 2009.

During 2008, the Company acquired assets and liabilities in France. The corresponding defined benefit obligations acquired as a result of these transactions amounted to USD 72.6 million. As the plans acquired are unfunded arrangements, no assets were received as a result of this acquisition. In addition, two Belgian arrangements (an early retirement bridging plan and a long-service award arrangement) have been included within the pension obligations for the year-ending December 31, 2008 for the first time. The obligation associated with these arrangements amounted to USD 8.0 million at December 31, 2008.

Changes in the fair value of plan assets are as follows:

(in millions of USD)	2009	2008
Fair value of plan assets at January 1,	221.8	271.1
Expected return on assets	14.1	16.1
Contributions by employers	71.1	28.2
Contributions by plan participants	5.9	5.6
Benefits paid	(17.8)	(6.4)
Transfers	0.7	–
Actuarial gain/(loss)	25.8	(56.1)
Exchange differences	20.5	(36.7)
<b>Fair value of the plan assets at December 31,</b>	<b>342.1</b>	<b>221.8</b>

The following tables summarize the funded and unfunded net retirement benefit obligation presented in the Consolidated Statement of Financial Position for the respective employee benefit plans and components of net benefit expense recognized in the Consolidated Statement of Comprehensive Income.

### Net Retirement Benefit Obligation

(in millions of USD)	2009	2008
Total funded defined benefit obligation at December 31,	(371.8)	(277.9)
Total unfunded defined benefit obligation at December 31,	(115.1)	(118.2)
Defined benefit obligation at December 31,	(486.9)	(396.1)
Fair value of plan assets at December 31,	342.1	221.8
<b>Deficit</b>	<b>(144.8)</b>	<b>(174.3)</b>
Unrecognized net actuarial loss	1.7	30.0
Unrecognized past service cost	21.6	–
Other benefit obligations	(0.5)	(0.1)
<b>Net retirement benefit obligation at December 31,</b>	<b>(122.0)</b>	<b>(144.4)</b>

As Presented in the Statement of Financial Position at December 31,	2009	2008
Retirement benefit obligation classified as held for sale	(8.3)	–
Retirement benefit obligation from continuing operations:		
Retirement benefit asset	9.3	5.7
Retirement benefit obligation	(123.0)	(150.1)
<b>Net retirement benefit obligation</b>	<b>(122.0)</b>	<b>(144.4)</b>

The net benefit (expense) is recognized in "Personnel expenses" in the Consolidated Statement of Comprehensive Income.

### Net Benefit (Expense)

(in millions of USD)	2009	2008
Current service costs	(28.6)	(27.0)
Interest cost on benefit obligation	(22.4)	(19.3)
Expected return on plan assets	14.1	16.1
Net actuarial loss recognized in the year	(1.5)	(2.6)
Past service costs recognized in the year	(8.1)	–
Plan curtailments	0.9	–
<b>Net benefit (expense)</b>	<b>(45.6)</b>	<b>(32.8)</b>
<b>Net benefit (expense) included in:</b>		
Continued operations	(38.0)	(31.1)
Discontinued operations	(7.6)	(1.7)
<b>Net benefit (expense)</b>	<b>(45.6)</b>	<b>(32.8)</b>

The Company recognizes as net benefit (expense) the portion of actuarial gains and losses for each defined benefit plan which exceeds a 10% corridor (determined as 10% of the greater of the plan assets or defined benefit obligations), divided by the expected average remaining working lives of the employees participating in that plan.

Total employer contributions to the defined benefit pension plans in 2010 are expected to be USD 47 million.

The major categories of plan assets for the years ended December 31, 2009 and 2008 are as follows:

(in %)	2009	2008
Equity instruments	40.6	44.2
Debt instruments	37.7	31.2
Property	7.6	13.0
Other assets	14.1	11.6
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

The actual return on plan assets for 2009 was USD 39.9 million and a loss of USD 40.0 million for 2008.

The plan assets do not include any of the Company's own financial instruments, nor any property occupied by, or other assets used by, the Company.

The history of experience adjustments is as follows:

(in millions of USD)	2009	2008	2007	2006	2005
Defined benefit obligation at December 31,	(486.9)	(396.1)	(325.2)	(156.5)	(128.7)
Fair value of plan assets at December 31,	342.1	221.8	271.1	142.2	110.0
<b>Deficit at December 31,</b>	<b>(144.8)</b>	<b>(174.3)</b>	<b>(54.1)</b>	<b>(14.3)</b>	<b>(18.7)</b>
Experience adjustment (gain)/loss on plan liabilities	(1.8)	11.9	3.1	(5.2)	(0.5)
Experience adjustment gain/(loss) on plan assets	25.8	(56.1)	(2.5)	4.1	10.6

## 19 Provisions

(in millions of USD)	Litigation	Environmental remediation	Restructuring	Total
Balance at January 1, 2009	2.6	16.5	–	19.1
Additions	–	0.4	19.0	19.4
Utilized arising from payments	–	(0.3)	–	(0.3)
Unused provision reversed	–	(0.5)	–	(0.5)
Reclassification	–	–	(6.4)	(6.4)
Classified as held for sale	–	(5.5)	–	(5.5)
Currency translation	0.1	0.5	–	0.6
<b>Balance at December 31, 2009</b>	<b>2.7</b>	<b>11.1</b>	<b>12.6</b>	<b>26.4</b>
Non-current	2.2	10.3	–	12.5
Current	0.5	0.8	12.6	13.9
<b>Balance at December 31, 2009</b>	<b>2.7</b>	<b>11.1</b>	<b>12.6</b>	<b>26.4</b>
Non-current	1.3	15.4	–	16.7
Current	1.3	1.1	–	2.4
<b>Balance at December 31, 2008</b>	<b>2.6</b>	<b>16.5</b>	<b>–</b>	<b>19.1</b>

### Litigation

The litigation provision relates primarily to a claim made by a former employee for circumstances surrounding termination of the employee's employment contract dating back to September 2004. Proceedings have been stayed until certain questions in connection with the case are resolved. At this point in time, the outcome of the litigation is difficult to estimate; however the Company disputes all allegations surrounding this case. A second provision was recorded in June 2007, in conjunction with a claim filed against the Company arising out of what is alleged to be an unfit cargo of gasoil. The cargo supplied was tested and found to be on specification at loadport, however, the defendant has claimed that the cargo was not able to withstand an ordinary voyage so as to arrive at the discharge port still meeting the specification for sediment. A third provision was recorded in 2008 where tax authorities have

challenged certain biofuel credits claimed by arguing that not all biofuels are blended gasoil which could give rise to a reduction of excise duties. The outcome of this case is expected by year-end 2011. The Company has provided for USD 2.7 million associated with potential costs of the cases described above.

### Environmental Remediation

The provisions for environmental matters are recorded on a site-by-site basis when the Company has a present obligation to remediate the environmental disturbance and the amount of the liability can be reasonably estimated.

#### *BRC Refinery*

Soil and groundwater contamination has been identified on various areas throughout the site. Cost estimates obtained for remediation are based on different scenarios, the most rea-

sonable scenario being estimated at USD 7.2 million. During 2008, the Company released a provision in the amount of USD 18.8 million in connection with new guidelines on soil remediation issued by local authorities. Currently, neither the remediation plan nor an agreed upon timeline has been approved by the local authorities.

#### *Ingolstadt Refinery*

In 2006, an environmental due diligence assessment was performed on a portion of the land in Ingolstadt. Based on the results of this assessment, the Company accrued for possible contaminated land and cropland next to the site. Total estimated costs of monitoring for this site are USD 2.2 million.

#### *Teesside Facility*

Soil contamination has been detected on site. According to a pollution prevention and control permit, the operator is required to remediate any contamination that results from the permitted activities. Therefore, contamination detected as a result of obligatory monitoring that cannot be related to the period before the permit was issued become the responsibility of the Company. The estimated costs to demolish an old oil pump bay and remediate the contaminated soil are estimated to be USD 1.7 million.

#### *Antwerp Processing Facility classified as Held for Sale*

Soil contamination has been detected at both Petroplus Refining Antwerp and Petroplus Refining Antwerp Bitumen. The combined estimated costs for remediation at the Antwerp sites is USD 5.5 million and has been classified as held for sale. Further information is disclosed in Note 7 "Discontinued Operations" and Note 8 "Net Assets Held for Sale".

The Company is currently not responsible for material remedial action at any other sites. For further information related to environmental contingencies refer to Note 25 "Other Commitments and Contingencies".

#### *Emission Rights*

For the years ended December 31, 2009 and 2008 the total of actual emissions did not exceed the number of granted emission credits held. As there was a surplus, no provisions were recorded for the years ended December 31, 2009 or 2008.

#### **Restructuring**

On November 5, 2009, the Company announced its intention to suspend the Teesside refining operations and to continue to operate the site as a marketing and storage facility. In conjunction with this decision, the Company recognized a provi-

sion of USD 19.0 million for expected restructuring costs, including contract termination costs, consulting fees, employee termination benefits and related incremental costs. Estimated costs were based on the terms of the relevant contracts and management's best estimates. Subsequently, USD 6.4 million of the total provision which relates to pension costs has been reclassified to Retirement Benefit Obligation. The related expense has been recorded in the line item "Loss from discontinued operations". The restructuring is expected to be completed by year-end 2010.

## 20 Minority Interest

Minority interest represents the portion of profit or loss and net assets in subsidiaries that are not held by the Company and are presented separately within the Consolidated Statement of Comprehensive Income and within equity in the Consolidated Statement of Financial Position.

## 21 Shareholders' Equity

	2009				2008			
	Nominal value per share in CHF	Share Capital in millions of USD	Share Capital in millions of CHF	Number of shares	Nominal value per share in CHF	Share Capital in millions of USD	Share Capital in millions of CHF	Number of shares
Issued share capital	7.58	555.2	654.3	86,325,289	8.18	464.0	564.9	69,060,231
Authorized share capital	7.58	111.0	130.9	17,265,057	8.18	164.3	200.0	24,450,000
Conditional share capital	7.58	92.3	108.8	14,351,669	8.18	96.4	117.4	14,351,669

### Share Capital

#### Issued Share Capital

The outstanding share capital as of December 31, 2009 amounts to USD 555.2 million (CHF 654.3 million), comprised of 86,325,289 shares which are fully paid.

The movements in the share capital over the last two years, expressed in number of shares, are as follows:

	(Number of shares)
<b>January 1, 2008</b>	<b>68,641,599</b>
During the period <sup>1)</sup>	418,632
<b>December 31, 2008</b>	<b>69,060,231</b>
September 21, 2009 <sup>2)</sup>	17,265,058
<b>December 31, 2009</b>	<b>86,325,289</b>

<sup>1)</sup> During 2008, a total of 418,632 new shares were created out of the conditional share capital due to the exercise of options granted under the Equity Participation Plan (3,332 options) and the Equity Incentive Plan (415,300 options).

<sup>2)</sup> During September 2009, the Company completed a rights issue and international offering whereby the Company issued 17,265,058 new registered shares from existing authorized share capital.

#### Authorized Share Capital

At the annual ordinary shareholders' meeting held on May 6, 2009, authorized share capital of 15,000,000 shares expired and subsequently, the Board of Directors ("BoD") received the authorization to increase the share capital of the Company by a maximum amount of CHF 190.1 million by issuing a maximum of 25,080,115 fully paid shares with a nominal value of CHF 7.58 until May 5, 2011. The BoD is entitled to issue these shares by means of a firm underwriting or in partial amounts. After the share capital increase in September 2009, the outstanding authorized share capital as of December 31, 2009 amounted to USD 111.0 million (CHF 130.9 million), comprising 17,265,057 shares.

#### Conditional Share Capital

The outstanding conditional share capital at December 31, 2009 amounts to USD 92.3 million (CHF 108.8 million), comprising 14,351,669 shares.

#### Repayment of Nominal Share Capital

At the annual ordinary shareholders' meeting of the Company which took place on May 6, 2009, the shareholders resolved to reduce the share capital by CHF 41,436,139 to CHF 523,476,551 or CHF 0.60 per share. The entry of the share capital reduction in the commercial register took place on July 21, 2009 and the repayment of CHF 0.60 per registered share was paid to the shareholders on July 28, 2009. The foreign currency impact of USD 4.2 million resulting from the historical rate of the share capital has been partly allocated to translation reserve within shareholders' equity (USD 2.8 million) and to the line item "Foreign currency exchange gains" within the Consolidated Statement of Comprehensive Income (USD 1.4 million).

At the annual ordinary shareholders' meeting of the Company which took place on May 7, 2008, the shareholders resolved to reduce the share capital by CHF 68,641,599 to CHF 561,488,280 or CHF 1.00 per share. The entry of the share capital reduction in the commercial register took place on July 22, 2008 and the repayment of CHF 1.00 per registered share was paid to the shareholders on July 29, 2008.

#### Rights Issue and International Offering

During September 2009, the Company completed a rights issue and international offering whereby the Company issued 17,265,058 new registered shares from existing authorized share capital. Existing shareholders were entitled to subscribe for one new share at a subscription price of CHF 16.90 per share for every four existing shares held. The new shares began trading on September 22, 2009. The gross proceeds as

of December 31, 2009 amounted to USD 284.2 million (after a realized foreign exchange gain of USD 4.4 million) excluding share issue costs of USD 12.2 million.

## Equity Instruments

### *Stock Option Plans*

At December 31, 2009, the Company has 3,151,805 options outstanding (adjusted by the September 2009 rights issue) that were granted through two option plans, the Equity Incentive Plan and the Equity Participation Plan.

**Equity Incentive Plan** – Under the Equity Incentive Plan, options were granted to investors (some of whom are Directors or members of Executive Management) in connection with purchases of the Company's shares and are not dependent upon employment or service and therefore do not qualify as share-based payment transactions under IFRS 2 *Share-based Payment*. Each of these options granted in an investment capacity provides the holder the right to purchase one share at a price of USD 14.58 (adjusted by the September 2009 rights issue), becomes fully vested upon a change of control of Petroplus Holdings AG (including certain changes in the majority of the BoD), has a duration of ten years and is subject to the further terms and conditions of the Equity Incentive Plan under which it was issued. These options are fully vested. No options have been exercised during 2009 (2008: 415,300 options) nor expired (2008: 15,637 options). At December 31, 2009 and 2008, a total of 2,155,360 options are outstanding under this plan.

**Equity Participation Plan** – Under the Equity Participation Plan, the BoD granted options between November 30, 2006 and December 31, 2009. Each of these options provides the holder with the right to purchase one share at an exercise price between CHF 21.41 to CHF 119.98 (adjusted by the September 2009 rights issue). Further details of these options granted under the Equity Participation Plan are described in Note 23 "Share-based Payments". At December 31, 2009, a total of 996,445 options are outstanding under this plan.

### *Restricted Stock Units (RSUs)*

In 2009, pursuant to the Equity Participation Plan, the BoD granted a total of 143,837 RSUs (adjusted by the September 2009 rights issue) to Executive Management. Each RSU granted entitles the participant to receive one share upon vesting. Further details of these RSUs granted under the Equity Participation Plan are described in Note 23 "Share-based Payments". At December 31, 2009, a total of 143,837 RSUs are outstanding.

## Equity Component of Convertible Bonds

On October 16, 2009, Petroplus Finance Ltd., a subsidiary of the Company issued the 2015 CB in the amount of USD 150 million. The 2015 CB is a "hybrid instrument" which requires that an "equity portion" and the financing costs related thereto must be accounted for in the equity section of the Consolidated Statement of Financial Position. The equity portion, net of allocated financing costs, amounts to USD 36.4 million at December 31, 2009.

On October 16, 2009, Petroplus redeemed the 2013 CB. The remaining equity component of USD 35.0 million was recorded as a reduction of equity.

Further details of the issuance of the 2015 CB and the repurchase of the 2013 CB are disclosed in Note 16 "Interest-Bearing Loans and Borrowings".

## Dividend Policy

Under Swiss law, the extent to which shareholders' equity is freely distributable is not determined by the consolidated financial information but rather by the Company's Statutory Financial Statements prepared in accordance with Swiss law. In 2009, a repayment of nominal share capital in the amount of CHF 0.60 per registered share was made. For the Financial Year 2009, the BoD will propose a repayment of nominal share capital in the amount of CHF 0.10 per share (see page 165 in this Annual Report within section "Statutory Financial Statements of Petroplus Holdings AG").

## 22 Earnings per Share

The following table shows the basis used for the calculation of basic and diluted earnings per share ("EPS"):

<b>Net loss</b>	2009	2008
(in millions of USD)		
Net loss from continuing operations attributable to ordinary shareholders of the parent	(108.8)	(333.0)
Net loss from discontinued operations	(141.1)	(183.6)
<b>Net loss attributable to ordinary shareholders of the parent</b>	<b>(249.9)</b>	<b>(516.6)</b>

Basic EPS is calculated by dividing the net loss attributable to shareholders of Petroplus Holdings AG by the weighted average number of shares outstanding. To calculate diluted EPS, the weighted average number of shares outstanding is adjusted to assume conversion of all potentially dilutive shares arising from RSUs/options/convertible bonds into Petroplus Holdings AG shares. As the conversion of these potential equity instruments would decrease the loss per share, the instruments are antidilutive for the years ended December 31, 2009 and 2008:

<b>Basic and diluted earnings per share</b>	2009	2008 <sup>1)</sup>
Weighted average number of shares outstanding (in shares)	78,010,060	74,455,488
Basic and diluted earnings per share calculated on:		
Loss from continuing operations (in USD)	(1.39)	(4.47)
Loss from discontinued operations (in USD)	(1.81)	(2.47)
<b>Net loss attributable to ordinary shareholders of the parent (in USD)</b>	<b>(3.20)</b>	<b>(6.94)</b>

<sup>1)</sup> In relation to the rights offering, the comparative earnings per share for 2008 have been restated to retroactively reflect the discount provided to shareholders in the September 2009 rights issue. As the rights issue was offered at a discount (CHF 16.90) to market value (CHF 27.50) the weighted average number of shares outstanding for 2009 and 2008 were adjusted in accordance with IAS 33 *Earnings per Share*. The adjustment resulted in an increase in the weighted average shares outstanding, both basic and diluted, in 2009 and 2008 of approximately 8%. Further details of the rights issue and international offering are disclosed in Note 21 "Shareholders' Equity".

A weighted average number of RSUs/options/convertible bonds equivalent to 8,453,928 shares (2008: 9,956,714 shares) were excluded from the calculation of diluted EPS as they were antidilutive. There have been no material transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the Consolidated Financial Statements.

## 23 Share-based Payments

The share option scheme of the Company, the Equity Participation Plan, is an equity-settled share-based payment plan. The services the Company receives from management and personnel in exchange for the options or other equity awards being granted do not qualify for recognition as assets and are therefore recognized as expenses.

The BoD has granted stock options and restricted stock units under the Equity Participation Plan as described below.

### Stock Options

Each option converts into one ordinary share of Petroplus Holdings AG upon exercise. No amounts are paid or payable by the recipient upon receipt of the option. The options carry neither rights to dividends nor voting rights. The options may be exercised at any time from the date of vesting to the date of expiry. The options can only be exercised when the employee remains in the Company's employ or service.

The following table summarizes the number of outstanding options at the end of December 31, 2009, the exercise price per grant and the weighted average remaining contractual life:

Grant	Exercise price (in CHF) <sup>1)</sup>	Number outstanding <sup>1)</sup>	Remaining contractual life (years)
Nov. 2006	58.14	171,572	6.9
Jan. 2007	68.25	287,138	7.0
Feb. 2007	87.91	16,253	7.1
May 2007	91.69	167,957	7.3
Jul. 2007	119.98	27,089	7.6
Aug. 2007	112.69	27,090	7.7
Nov. 2007	89.06	75,853	7.8
Feb. 2008	64.14	10,836	8.1
May 2008	55.47	8,127	8.3
Jan. 2009	21.41	204,530	9.0
	<b>65.22</b>	<b>996,445</b>	<b>7.7</b>

<sup>1)</sup> Adjusted to reflect the September 2009 rights issue.

The options have a three-year graded vesting scheme, with one third of the options vesting each year. The options will be fully vested on the third anniversary of the grant date.

The weighted average fair value of the share options granted during 2009 is CHF 8.27 per option (2008: CHF 23.19 excluding options granted in January 2008, which were forfeited in the first quarter 2008). Consistent with the provisions of IFRS 2 *Share-based Payment* we estimated the fair value of stock options on the date of grant using the Black-Scholes Option Valuation Model using the following assumptions:

Assumptions	2009	2008		
	January	January <sup>2)</sup>	February	May
Number of options granted <sup>1)</sup>	204,530	281,721	16,254	8,127
Closing price at grant date (in CHF) <sup>1)</sup>	21.41	77.66	64.14	55.47
Exercise price (in CHF) <sup>1)</sup>	21.41	77.66	64.14	55.47
Expected volatility	60.0 %	35.0 %	35.0 %	35.0 %
Expected average option life (in years)	6	6	6	6
Dividend yield <sup>1)</sup>	4.7 %	1.1 %	1.1 %	1.1 %
Risk-free interest rate	1.6 %	2.3 %	2.3 %	2.3 %
Market value of option at grant date (in CHF) <sup>1)</sup>	8.27	34.54	24.29	21.00

<sup>1)</sup> Adjusted to reflect the September 2009 rights issue.

<sup>2)</sup> Subsequently forfeited during the first quarter 2008.

The risk-free interest rate is based on yields of the Swiss Confederation bonds on the date of grant with the maturity date approximately equal to the expected life at the grant date. The expected life of the options is six years compared to the options' contractual life of ten years. The Company derives its expected volatility based on the average volatility of our main competitors' share prices over the past year.

The following table shows stock option activity for the years ended December 31, 2009 and 2008:

	2009		2008	
	Number of options <sup>1)</sup>	Weighted average exercise price (in CHF) <sup>1)</sup>	Number of options <sup>1)</sup>	Weighted average exercise price (in CHF) <sup>1)</sup>
Balance at January 1,	898,463	77.56	1,291,240	87.53
Granted during the year	204,530	21.41	306,102	76.36
Forfeited during the year	(106,548)	85.17	(695,268)	95.65
Exercised during the year	–	–	(3,611)	58.14
Expired during the year	–	–	–	–
<b>Balance at December 31,</b>	<b>996,445</b>	<b>65.22</b>	<b>898,463</b>	<b>77.56</b>
Exercisable at December 31,	578,786	74.89	366,596	73.93

<sup>1)</sup> Adjusted to reflect the September 2009 rights issue.

In 2009, no options (2008: 3,611 options) were exercised. The weighted average share price at the date of exercise for 2008 was CHF 65.52. The share options outstanding at the end of 2009 have a weighted average exercise price of CHF 65.22 (2008: CHF 77.56) and a weighted average remaining contractual life of 7.7 years (2008: 8.5 years).

Total expense for stock options granted under the Equity Participation Plan for the year ended December 31, 2009 was USD 4.7 million (2008: USD 25.3 million). During the first quarter 2008, our former Chief Executive Officer, Mr. Robert J. Lavinia decided to forfeit a total of 350,000 options granted to him during 2007. Additionally, Mr. Thomas D. O'Malley, our Chairman of the Board of Directors, Mr. Lavinia and other members of Executive Management voluntarily relinquished options granted in January 2008. Under the revised standard, IFRS 2 (*Revised*) *Share-based Payment – Vesting Conditions and Cancellations*, the IASB issued an amendment to IFRS 2 in January 2008, effective on January 1, 2009, where the Company has to account for the forfeited options as an acceleration of vesting, and has therefore to recognize immediately the amount that otherwise would have been recognized for services received over the remainder of the vesting period. This change in accounting policy has been applied retrospectively, in accordance with the transitional provisions of IFRS 2. The impact of this change in the first quarter 2008 resulted in increased "Personnel expenses" of USD 21.5 million.

#### *Restricted Stock Units (RSUs)*

In 2009, pursuant to the Equity Participation Plan, the BoD granted a total of 143,837 RSUs to Executive Management. Each RSU granted entitles the participant to receive one share upon vesting. Shareholders' rights (including rights to receive distributions) can only be exercised once the shares are delivered and voting rights can be exercised as soon as the participant is registered in the share register of Petroplus Holdings AG as shareholder with voting rights.

RSUs have a three-year graded vesting scheme, with one third of the RSUs vesting each year. The RSUs will be fully vested on the third anniversary of the grant date. The weighted average fair value of the RSUs granted during 2009 is CHF 19.28 based on the following assumptions:

Assumptions	2009	
	February	September
Number of RSUs granted <sup>1)</sup>	138,693	5,144
Closing price at grant date (in CHF) <sup>1)</sup>	20.82	21.53
RSU life (in years)	1, 2, 3	1, 2, 3
Dividend yield <sup>1)</sup>	4.8%	4.6%
Average market value of RSU at grant date (in CHF) <sup>1)</sup>	19.26	19.80

<sup>1)</sup> Adjusted to reflect the September 2009 rights issue.

The following table shows RSU activity for the year ended December 31, 2009:

	2009
	Number of RSUs <sup>1)</sup>
Balance at January 1,	–
Granted during the year	143,837
<b>Balance at December 31,</b>	<b>143,837</b>
Exercisable at December 31,	–

<sup>1)</sup> Adjusted to reflect the September 2009 rights issue.

Total expense for the RSUs under the Equity Participation Plan for the year ended December 31, 2009 was USD 1.4 million.

## 24 Leases

### Finance Lease Commitments – Company is Lessee

The Company has one major contract which contains a finance lease for a hydrogen unit with the supplier Air Product. Future minimum lease payments under finance leases, together with the present value of the lease payments, are as follows:

(in millions of USD)	2009		2008	
	Minimum lease payments	Present value of payments	Minimum lease payments	Present value of payments
Within one year	4.3	2.9	4.3	2.7
After one year but not more than five years	14.5	10.0	14.8	9.9
More than five years	18.1	15.6	21.0	17.7
<b>Total</b>	<b>36.9</b>	<b>28.5</b>	<b>40.1</b>	<b>30.3</b>
Less amounts for finance charge	(8.4)		(9.8)	
<b>Present value of the minimum payments</b>	<b>28.5</b>	<b>28.5</b>	<b>30.3</b>	<b>30.3</b>

Under the hydrogen supply contract, Air Product supplies the Company with hydrogen whereby the supplier legally owns and operates the hydrogen unit on the site of the Cressier Refinery. Petroplus effectively purchases all of the hydrogen produced for a fee of USD 5.1 million per year. This fee also includes payments for non-lease elements in the arrangement.

The contract has a duration of 15 years as from the end of 2004 and does not contain any option for the Company to purchase the asset.

Total contingent rent recognized as an expense for the finance lease for the year ended December 31, 2009 was USD 1.5 million (2008: USD 1.5 million) and is dependent on the Swiss Index of Consumer Prices.

### Operating Lease Commitments – Company is Lessee

The Company has entered into rental agreements, hire purchases and commercial leases on machinery, motor vehicles and office equipment. There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases at December 31, are as follows:

(in millions of USD)	2009	2008
Within one year	20.7	17.5
After one year but not more than five years	40.8	45.2
More than five years	37.3	37.6
<b>Total operating lease commitments – Company is lessee</b>	<b>98.8</b>	<b>100.3</b>

On June 1, 2007, Petroplus Refining and Marketing Ltd., a subsidiary of the Company entered into agreements to charter three tugs. The charter period lasts six years with an optional extension period of six years. The daily hire rate for one tug amounts to USD 5,880. The hire rate is made up of the following components: financial cost, operating costs, fuel and lubricating oils, whereas the financial cost element of the daily hire rate is fixed. The operating cost is escalated annually based on the United Kingdom All Items Retail Price Index, whereas the element fuel and lubricating oils cost is based on actual consumption. At the end of the charter period we have the option to purchase the tugs at market price.

Total expense associated with operating leases was USD 18.2 million in 2009 (2008: USD 23.8 million).

### Operating Lease Commitments – Company is Lessor

The Company has entered into lessor agreements for use of processing facilities, land and buildings.

The processing fee receivable under non-cancellable operating leases at December 31, is as follows:

(in millions of USD)	2009	2008
Within one year	30.1	26.1
After one year but not more than five years	60.3	86.2
More than five years	1.2	1.2
<b>Total operating lease commitments – Company is lessor</b>	<b>91.6</b>	<b>113.5</b>

#### *Bitumen Supply Contracts*

Under the bitumen supply contract, the Antwerp Processing Facility is supplied with crude oil feedstock and converts the crude into bitumen and distillates. This contract contains a lease whereby the Company is the lessor. The supplier of the feedstock purchases all of the bitumen production and pays a processing fee consisting of fixed elements (USD 2.2 million per month) and variable elements. The fixed fee also includes payments for non-lease elements in the arrangement. The contract has a ten year duration as from March 2003.

This contract was part of the sale of the Antwerp Processing Facility as per January 12, 2010. Since this date, the Company has no further obligation to purchase feedstock or to deliver bitumen.

## 25 Other Commitments and Contingencies

### Legal Contingencies

We have extensive operations and are both a defendant and a plaintiff in a number of arbitration and legal proceedings in connection with our operations. While we are currently involved in several legal proceedings, we believe that, other than as discussed below, the results of these proceedings will not have a material adverse effect on our business, results of operations or financial condition.

In 1996, the Belgian tax authorities sent BRC a letter seizing the payments due to a contractor as a result of the contractor's non-payment of taxes. Prior to receiving the letter, BRC had transferred the payment to the contractor's account. The Belgian Ministry of Finance has asserted a claim for USD 4.7 million plus interest, which is the entire amount of taxes owed by the contractor or, in the alternative, USD 0.1 million, which is the amount BRC owed the contractor. The lower court found in favor of BRC. On appeal, the court of appeals also found in favor of BRC. The Belgian Ministry of Finance has appealed to the Court of Cassation.

In 1989, Petrotrade and Petrobel, both of which were subsidiaries of EPH, sold products to a customer without collecting excise taxes because the customer had provided documents that the products were to be exported and, therefore, no taxes were due. The customer neither exported the product nor paid the excise tax liability. The Belgian authorities have brought a claim against these entities for the taxes owed. The case has been suspended until the criminal case against the customer is resolved. If a court determines that BRC is liable for the taxes, the amount due including interest is expected to be USD 2.6 million.

### Environmental Commitments

In connection with the acquisition of the Petit Couronne and Reichstett refineries, we entered an agreement with Shell concerning environmental liabilities. Under the agreement, generally, Shell is to indemnify us for certain losses we may incur related to environmental contamination for eight years, for offsite contamination associated with the Petit Couronne Refinery for 20 years and for rectifying possible non-compliance, if any, with environmental laws for five years. In turn, we indemnify Shell for certain losses Shell may incur from post completion environmental matters and for certain pre-completion environmental matters as Shell indemnity expires. These indemnities are limited by various thresholds, caps and conditions and in-

clude a sharing mechanism under which our liability generally increases in steps during the indemnity periods.

### Commercial Commitments

In connection with the acquisition of the Petit Couronne and Reichstett refineries we entered into processing agreements with Shell for approximately half of the Petit Couronne Refinery's total crude oil throughput. The processing agreement related to refined products expired on December 31, 2008, while the processing arrangements to produce Shell lube oil base stocks will continue until 2011. Additionally, Petroplus has entered into off-take agreements with Shell, at market prices, which is estimated to account for approximately 85% of bitumen and approximately 15% of gasoline and gasoline intermediates produced at the Petit Couronne and Reichstett refineries in 2010. These are four to five year contracts, reducing each year until expiration.

In connection with the acquisition of the Coryton Refinery, we entered into an off-take agreement with BP that is estimated to account for approximately 70% of the refinery's gasoline production, approximately 90-100% of its jet fuel and ULSD production and approximately 30% of its gasoil production in 2010. The initial term of the agreement lasts until 2012, with the percentage of products purchased by BP decreasing yearly.

In connection with the acquisition of Ingolstadt, we entered into a five year off-take agreement with Esso to supply its retail chain in Bavaria with substantial amounts of gasoline and diesel fuel and to supply Esso with substantial amounts of jet fuel. This agreement is estimated to account for approximately 25-30% of the Ingolstadt refinery's gasoline and diesel fuel production and approximately 50% of its jet fuel production in 2010. The off-take agreement terminates on December 31, 2011.

On May 1, 2007, under the terms of the exclusive distribution agreement, Petroplus Mineralölprodukte Deutschland GmbH entered into an agreement with Nynas for the exclusive right of distribution of bitumen produced at the Ingolstadt Refinery in Germany. The agreed upon term of this contract is ten years, with yearly pricing negotiations, beginning January 1, 2008.

## 26 Financial Risk Management Objectives and Policies

### Risk Assessment

The Company has established an organizational framework for risk assessment and management which includes risk identification and appraisal, development of acceptable exposure limits, implementation of strategies, policies and procedures to mitigate identified financial risks, and the monitoring of compliance with such strategies, policies and procedures.

The BoD of Petroplus Holdings AG and Executive Management have overall responsibility for the Company's risk management strategies. Risk Owners comprised of key members of senior management, are responsible for the day-to-day execution of corporate risk strategies and policies, while an Oversight Group comprised of financial disclosure experts, procedures and controls experts and appropriate subject matter experts evaluate the adequacy of the implementation and execution of the strategies and policies by the Risk Owners.

The Company's internal risk assessment process consists of regular reporting to the BoD on identified risks and management's reaction to them. The BoD has performed the risk assessment based on the Company's internal risk assessment process and monitors management's response to the risks identified.

The Company's principal financial liabilities, other than derivatives, are comprised of interest-bearing loans and borrowings, finance leases, and trade and other payables. The main purpose of these financial liabilities is financing for the Company's operations and acquisitions. The Company has various financial assets, other than derivatives, such as cash and short-term deposits and trade and other receivables which arise directly from our operations.

The main risks which influence the Company's financial instruments and ultimately the financial results are commodity price risk, credit risk, foreign currency exchange rate risk, interest rate risk and financial liquidity risk. The Company seeks to minimize the effects of some of these risks by using derivative financial instruments. The use of financial derivatives is governed by the Company's risk policies which provide written principles on risk management.

### Commodity Price Risk Management

Due to the nature of our business, the Company has significant exposure to the fluctuation of crude and oil product prices as part of its normal operations. There are many factors of our business which are impacted by prevailing market conditions. Specifically, a change in the crude and product pricing environment, rise or decline, will influence our inventory levels, purchasing decisions and commodity price management activities and will ultimately have an impact on our realized gross margin. Our commercial and operational decisions are a direct response to the market and as such will change as market conditions change.

On average, throughout 2009, we have held approximately 23 million barrels of crude and product inventory on hand. The 23 million barrels represents the level of inventory we will hold on average in order to maintain our daily refinery operations and sales requirements. This level fluctuates on a daily basis, depending on timing of crude purchases and product sales, operations and optimization of crude and product pricing. We are exposed to the fluctuation in crude and product pricing on the inventory we hold. Currently, we primarily use a commodity price management program to manage the fluctuation associated with commodity pricing on a defined volume of inventory. Under this program we enter into commodity Intercontinental Exchange ("ICE") futures contracts and counterparty swaps to lock in the price of certain commodities.

Our presentation of our earnings, as under the FIFO inventory accounting methodology, will be impacted by crude and product pricing volatility. The FIFO accounting methodology, in times of extreme pricing volatility, creates a lag between the cost of crude applied to current market sales. This lag can at times be greater than the natural lag from the processing of crude oil into refined products. If crude prices rise or decline by USD 10 per barrel the impact on our margin, using the 23 million barrels we hold on average, could result in a gain or loss of approximately USD 230 million. This impact would be slightly offset by our commodity price management program.

Additionally, the Company is exposed to the refining margin crack, which is defined as the net result of the purchase of crude and the corresponding sale of the refined product. If the refining margin crack, based on fluctuations in crude and product pricing, was to rise or decline by USD 1 per barrel, the effect on the Company's profit before income taxes would be a gain or loss of approximately USD 193 million and approximately USD 230 million in 2009 and 2008, respectively. This analysis does not take into consideration any changes in commercial or operating decisions which would be made given the change in the environment, changes in the inventory held, or other factors which could be present in a volatile crude and product pricing environment.

The Company currently does not enter into material derivative financial instruments for speculative transactions and does not hedge the Group refining margin. This strategy is continually reviewed and adapted for current economic and market conditions.

### **Credit Risk Management**

Credit risk arises from the potential failure of a counterparty to meet its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from granting trade credit to customers and from placing deposits with banks and financial institutions. To minimize credit risk, all customers are subject to credit verification procedures and extensions of credit above defined thresholds are subject to an approval process. We also maintain relationships with several different banks in order to minimize our concentration of risk. The Company's intention is to grant trade credit only to recognized creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis. The Company also limits the risk of bad debts by obtaining bank securities such as guarantees or letters of credit and credit insurance.

The maximum exposure to credit risk is represented by the carrying amounts of cash and the receivables that are presented in the Consolidated Statement of Financial Position, including derivatives with positive market values. Trade credit risk is minimized as the Company's trade debtor portfolio consists primarily of large, financially strong players in world markets such as the major oil companies. In addition, the majority of receivables from non-investment grade companies are credit insured or covered by letter of credits.

### Foreign Currency Exchange Rate Risk Management

The Company is exposed to foreign currency risk as a significant percentage of our revenues and some of our expenses are recorded in EUR, CHF and GBP and then translated into USD. In order to keep the currency risk at an acceptable level, the Company uses financial instruments (swaps, spot and forward foreign currency derivatives contracts) to manage certain foreign currency risk associated with non USD sales, assets and liabilities. The Company is exposed to foreign currency movement on non USD operating and personnel costs as we currently do not hedge these costs.

The following table details the Company's sensitivity to a 5% increase and decrease in the USD against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to management. The sensitivity analysis below includes the effect of changes in foreign currency rates on income, expenses, assets, liabilities and capital expenditures that are subject to foreign currency risks in profit before income taxes. There is no material impact on the Company's equity.

(in millions of USD)	Effect on profit before income taxes
<b>2009</b>	
5% increase in EUR/USD rate	(13.1)
5% increase in CHF/USD rate	(3.6)
5% increase in GBP/USD rate	(6.7)
5% decrease in EUR/USD rate	13.1
5% decrease in CHF/USD rate	3.6
5% decrease in GBP/USD rate	6.7
<b>2008</b>	
5% increase in EUR/USD rate	(22.9)
5% increase in CHF/USD rate	(7.8)
5% increase in GBP/USD rate	(14.2)
5% decrease in EUR/USD rate	22.9
5% decrease in CHF/USD rate	7.8
5% decrease in GBP/USD rate	14.2

### Interest Rate Risk Management

The Company is exposed to interest rate risk mainly through interest-bearing net debt. The Company's interest rate risk management aims to reduce the volatility of interest costs in the Consolidated Statement of Comprehensive Income. Long-term debt raised to finance our acquisitions is therefore kept at fixed interest rates while only cash, short-term deposits, and short-term borrowings raised through our working capital facilities are exposed to changes in market conditions. At December 31, 2009, approximately 8% or USD 151.9 million of our Net Debt (excluding capitalized fees) was exposed to interest rate risk. As of December 31, 2008, approximately 2% or USD 43.6 million (excluding capitalized fees) of our Net Debt was exposed to interest rate risk. In addition, proceeds from the sale of the Company's eligible receivables under our Factoring Agreement are exposed to interest rate risk. As of December 31, 2009, USD 159.3 million (2008: nil) was exposed to interest rate risk with respect to the Factoring Agreement. For additional details of the Factoring Agreement, refer to Note 11 "Trade and Other Receivables".

The following table demonstrates the sensitivity to a reasonable change in interest rates, with all other variables held constant, of the Company's profit before income tax. There is no material impact on the Company's equity.

(in millions of USD)	Effect on profit before income taxes
<b>2009</b>	
Increase of 2% in LIBOR	(5.7)
Decrease of 2% in LIBOR	-
<b>2008</b>	
Increase of 2% in LIBOR	(5.7)
Decrease of 2% in LIBOR	5.7

As the average 1-week LIBOR rate for 2009 was below 1%, a 2% decrease would not have a material impact on the Company's profit before income tax.

## Financial Liquidity Risk Management

The primary objective of the Company's financial liquidity risk management is to ensure that the Company maintains a strong credit rating and healthy capital ratios to support our daily business activities, reduce financing costs and maximize shareholder value.

Management is committed to maintaining a healthy financial position while executing the Company's growth strategy. Through the acquisition process we carefully evaluate the price paid and financing options available for every asset acquired. The assets acquired by the Company are long-term assets for which we maintain a portion of long-term debt. The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 16 "Interest-Bearing Loans and Borrowings", cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Note 21 "Shareholders' Equity".

Management reviews the capital structure on a continual basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. While the Company's leverage may temporarily change with acquisitions and material oil price risks, the target is to maintain a gearing ratio below 40% determined as the proportion of net debt to net capital. The gearing ratio at December 31 was as follows:

(in millions of USD)	2009	2008
Interest-bearing loans and borrowings	1,833.4	1,881.9
Cash and short-term deposits	(11.2)	(209.8)
<b>Net Debt/(Cash)</b>	<b>1,822.2</b>	<b>1,672.1</b>
<b>Equity</b>	<b>1,988.0</b>	<b>1,987.6</b>

### Ratio

Net Debt to Net Capital	47.8 %	45.7 %
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The increase in net debt to net capital over the gearing ratio target of 40% in 2009 and 2008 is primarily related to the decline in equity associated with inventory losses in the second half of 2008.

Ultimate responsibility for financial liquidity risk management rests with the Board of Directors, which has developed an appropriate financial liquidity risk management framework for the Company's short, medium and long-term funding and financial liquidity management requirements. The Company manages the financial liquidity risk by maintaining adequate reserves, available revolving credit facilities, continuously monitoring forecasted and actual cash flows, and matching the maturity profiles of financial assets and liabilities. Included in Note 16 "Interest-Bearing Loans and Borrowings" is a listing of our existing facilities and available limits the Company has at its disposal to further reduce financial liquidity risk.

The table below summarizes the maturity profile of the Company's financial liabilities at December 31, 2009 and 2008 based on contractual, undiscounted payments:

(in millions of USD)	Total	On demand	Less than 3 months	3 to 12 months	1 to 5 years	over 5 years
<b>December 31, 2009</b>						
Interest-bearing loans and borrowings <sup>1)</sup>	2,795.5	163.1	31.5	94.5	1,077.0	1,429.4
Finance lease commitments	36.9	–	1.0	3.3	14.5	18.1
Trade payables	1,463.4	–	1,417.2	46.2	–	–
Other payables <sup>2)</sup>	277.0	–	277.0	–	–	–
Derivative financial instruments	4.0	–	4.0	–	–	–
<b>Total</b>	<b>4,576.8</b>	<b>163.1</b>	<b>1,730.7</b>	<b>144.0</b>	<b>1,091.5</b>	<b>1,447.5</b>
<b>December 31, 2008</b>						
(in millions of USD)	Total	On demand	Less than 3 months	3 to 12 months	1 to 5 years	over 5 years
Interest-bearing loans and borrowings <sup>1)</sup>	2,592.4	253.4	25.0	75.0	885.0	1,354.0
Finance lease commitments	40.1	–	1.0	3.3	14.8	21.0
Trade payables	1,166.3	107.9	1,057.1	1.3	–	–
Other payables <sup>2)</sup>	319.5	–	319.5	–	–	–
Derivative financial instruments	49.5	–	49.5	–	–	–
<b>Total</b>	<b>4,167.8</b>	<b>361.3</b>	<b>1,452.1</b>	<b>79.6</b>	<b>899.8</b>	<b>1,375.0</b>

<sup>1)</sup> Includes expected interest payments.

<sup>2)</sup> Excluding USD 545.7 million and USD 833.0 million at December 31, 2009 and 2008, respectively of other payables and accrued expenses which do not qualify as financial liabilities.

## 27 Financial Instruments

Financial instruments in the Consolidated Statement of Financial Position include cash and short-term deposits, trade receivables, short and long-term loans and payables. The nominal value of these instruments approximate fair value.

The Company's financial instruments included in the Consolidated Financial Statements are listed below:

(in millions of USD)	Category in accordance with IAS 39	December 31, 2009					
		Carrying amount	Amortized cost	Cost	Fair value recognized in profit or loss	Amounts recognized in Consolidated Statement of Financial Position according to IAS 17	Fair value
<b>Financial assets</b>							
Cash and short-term deposits	C	11.2	–	–	11.2	–	11.2
Trade receivables, net	LaR	1,051.4	1,051.4	–	–	–	1,051.4
Other receivables <sup>1)</sup>	LaR	18.1	18.1	–	–	–	18.1
Financial assets available for sale	AfS	28.6	–	0.9	27.7	–	28.6
Other financial assets	LaR	5.6	5.6	–	–	–	5.6
Derivative financial instruments <sup>2)</sup>	FAHfT	0.6	–	–	0.6	–	0.6
<b>Financial liabilities</b>							
Interest-bearing loans and borrowings	FLAC	1,833.4	1,833.4	–	–	–	1,913.1
Finance lease commitments	n.a.	28.5	–	–	–	28.5	28.5
Trade payables	FLAC	1,463.4	1,463.4	–	–	–	1,463.4
Other payables <sup>3)</sup>	FLAC	277.0	277.0	–	–	–	277.0
Derivative financial instruments	FLHfT	4.0	–	–	4.0	–	4.0
<b>Of which: aggregated by category in accordance with IAS 39</b>							
Cash (C)		11.2	–	–	11.2	–	11.2
Loans and receivables (LaR)		1,075.1	1,075.1	–	–	–	1,075.1
Available-for-sale financial assets (AfS)		28.6	–	0.9	27.7	–	28.6
Financial assets held for trading (FAHfT)		0.6	–	–	0.6	–	0.6
Financial liabilities measured at amortized costs (FLAC)		3,573.8	3,573.8	–	–	–	3,653.5
Financial liabilities held for trading (FLHfT)		4.0	–	–	4.0	–	4.0

<sup>1)</sup> Excluding USD 81.7 million and USD 123.7 million at December 31, 2009 and 2008, respectively of other receivables and prepayments which do not qualify as financial assets.

<sup>2)</sup> Excluding a hedge accounting portion amounting to an asset of USD 7.1 million as per December 31, 2009 and a liability of USD 2.6 as per December 31, 2008.

<sup>3)</sup> Excluding USD 545.7 million and USD 833.0 million at December 31, 2009 and 2008, respectively of other payables and accrued expenses which do not qualify as financial liabilities.

December 31, 2008					
Carrying amount	Amortized cost	Cost	Fair value recognized in profit or loss	Amounts recognized in Consolidated Statement of Financial Position according to IAS 17	Fair value
209.8	–	–	209.8	–	209.8
1,221.3	1,221.3	–	–	–	1,221.3
62.7	62.7	–	–	–	62.7
30.5	–	2.8	27.7	–	30.5
3.0	3.0	–	–	–	3.0
26.6	–	–	26.6	–	26.6
1,881.9	1,881.9	–	–	–	1,953.4
30.3	–	–	–	30.3	30.3
1,166.3	1,166.3	–	–	–	1,166.3
319.5	319.5	–	–	–	319.5
49.5	–	–	49.5	–	49.5
209.8	–	–	209.8	–	209.8
1,287.0	1,287.0	–	–	–	1,287.0
30.5	–	30.5	–	–	30.5
26.6	–	–	26.6	–	26.6
3,367.7	3,367.7	–	–	–	3,439.2
49.5	–	–	49.5	–	49.5

Net (loss)/gain by measurement category	From interest	Bond accretion/ amortized financing costs <sup>1)</sup>	From subsequent measurement		Net (loss)/gain	
			At fair value	Impairment/ reversal of impairment	2009	2008
(in millions of USD)						
Loans and receivables (LaR)	–	–	–	(0.7)	(0.7)	(0.3)
Available-for-sale financial assets (AfS)	–	–	–	(2.3)	(2.3)	–
Financial assets held for trading (FAHfT)	–	–	–	–	–	0.1
Financial liabilities measured at amortized costs (FLAC)	(116.0)	(25.4)	–	–	(141.4)	(127.5)
Financial liabilities held for trading (FLHfT)	–	–	(32.6)	–	(32.6)	(89.4)
<b>Net loss</b>	<b>(116.0)</b>	<b>(25.4)</b>	<b>(32.6)</b>	<b>(3.0)</b>	<b>(177.0)</b>	<b>(217.1)</b>

<sup>1)</sup> Includes expenses in relation to the tender offer for the 2013 CB (including write-off of the remaining capitalized financing costs and the difference between the carrying amount and the fair value of the liability portion).

#### Derivatives not Designated as Hedging Instruments

The Company enters into commodity instruments to manage the fluctuation associated with commodity pricing on inventory levels around certain defined amounts. The Company also uses financial instruments (swaps and forward exchange contracts) to manage certain of its foreign currency risk. These derivative transactions have not been designated as effective hedges, therefore, any gains or losses arising from the changes in the fair value of these instruments is recorded in our Statement of Comprehensive Income.

#### Derivatives Designated as Hedging Instruments

In connection with a German governmental stock-piling requirement and with fixed price contracts for the sale of bitumen in the UK, the Company enters into fixed price contracts to buy and sell specified volumes of gasoline, gasoil and bitumen. As a result, we enter into gasoline and fuel swaps and gasoil futures to manage the price risk associated with such fixed price contracts. There were no outstanding amounts related to hedges of German stock-piling requirements at December 31, 2009. The fair value for fuel swaps included as an asset in the Consolidated Statement of Financial Position at December 31, 2009 is USD 7.1 million (2008: liability of USD 2.6 million). In 2009, the Company realized a gain of USD 10.6 million (2008: loss of USD 64.3 million) related to the hedging instruments and a loss of USD 13.5 million (2008: gain of USD 67.7 million) related to the hedged items. During the year, the fair value of the gasoline and fuel swaps was determined through broker forward curve quotations, whereas the fair value of gasoil futures was obtained from published settlement quotes on the ICE.

### Fair Value Hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table presents the Company's assets and liabilities that are measured at fair value at December 31, 2009:

(in millions of USD)				December 31, 2009
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Financial assets at fair value through profit or loss				
Derivative financial instruments – held for trading	0.6	–	–	0.6
Derivative financial instruments – hedge accounting applied	7.1	–	–	7.1
Available for sale financial assets	–	–	27.7	27.7
<b>Total assets measured at fair value</b>	<b>7.7</b>	<b>–</b>	<b>27.7</b>	<b>35.4</b>
<b>Financial liabilities measured at fair value</b>				
Financial liabilities at fair value through profit or loss				
Derivative financial instruments – held for trading	4.0	–	–	4.0
<b>Total liabilities measured at fair value</b>	<b>4.0</b>	<b>–</b>	<b>–</b>	<b>4.0</b>

Financial assets available for sale include unquoted equities. There was no change in the fair value of these instruments for the year ended December 31, 2009.

## 28 Related Parties

The Company has related party relationships with its subsidiaries, its associated companies, other investments, and its key management personnel.

All related party transactions between the Company and its subsidiaries are eliminated on consolidation and are not disclosed in this note. Details of transactions between the Company and other related parties are disclosed below.

(in millions of USD)	Purchases of goods		Other transactions		Amounts owed by related parties	
					December 31,	
	2009	2008	2009	2008	2009	2008
<b>Associates</b>						
Raffinerie du Midi	–	1.2	2.0	–	–	–
PBF Investment LLC	–	–	–	0.1	–	–
Groupement Pétrolier de Saint Pierre des Corps	–	0.6	–	–	–	–
Sempachtank AG	0.1	0.1	–	–	–	–
Société Genevoise des Pétroles SA	0.1	–	–	0.1	0.1	1.6
<b>Total</b>	<b>0.2</b>	<b>1.9</b>	<b>2.0</b>	<b>0.2</b>	<b>0.1</b>	<b>1.6</b>

Sales to and purchases from related parties are made at normal market prices. In general, outstanding balances at year-end are unsecured, interest free and settlement typically occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. Additionally, no provisions have been made for doubtful debts relating to amounts owed by related parties. This assessment is undertaken each financial year through examination of the financial position of the related party and the market in which the related party operates.

### Guarantees

Petroplus Holdings AG guarantees certain obligations of subsidiaries to third parties. For further information see Note 7 “Contingent Liabilities/Guarantees and Pledges” in the Statutory Financial Statements of Petroplus Holdings AG.

### Compensation of Key Management Personnel

On March 1, 2008 Mr. Robert J. Lavinia became the CEO of the Company. Effective September 1, 2009, Mr. Jean-Paul Vettier succeeded Mr. Lavinia as the CEO of the Company.

At the end of 2009, key management personnel includes fourteen members (2008: fourteen), including ten non-executive members of the Board of Directors and four members of Executive Management.

The compensation for key management personnel as described above was, including two former members of Executive Management, as follows:

(in millions of USD)	2009	2008
Short-term employee benefits	10.7	11.5
Post-employment benefits	0.6	0.5
Share-based payments <sup>1) 2)</sup>	3.7	24.5
<b>Total compensation of key management personnel</b>	<b>15.0</b>	<b>36.5</b>

<sup>1)</sup> The fair value of options/RSUs granted have been calculated in accordance with IFRS 2 *Share-based Payment*. In comparison to the treatment under IFRS 2, where the fair value of the options/RSUs are recorded as an expense over the vesting period, Swiss Code of Obligation requires the presentation of the total fair value of the options/RSUs at the date of grant and are based on the valuation principles contained in a tax ruling from the Swiss tax authorities. The share-based payment expense above does therefore not reconcile with the amount disclosed in Note 6 "Compensation, Shareholdings and Loans" in the Statutory Financial Statements of Petroplus Holdings AG.

<sup>2)</sup> The 2008 financials have been adjusted by USD 21.5 million in accordance with IFRS 2 (revised) *Share-based Payment – Vesting Conditions and Cancellations*. Further details are disclosed in Note 2 "Accounting Policies".

The compensation of key management personnel is determined by the Compensation Committee after considering the performance of the individual and market trends.

### Other

In March 2008, we entered into a partnership ("PBF") with The Blackstone Group and First Reserve, to evaluate acquisitions of crude oil refineries in the United States, its possessions and Eastern Canada. PBF TDO Investments LLC, which is owned by Mr. Thomas D. O'Malley, our Chairman of the BoD, Horse Island Partners and The T.D. & M.A. O'Malley Foundation, is also a 3% partner in PBF.

Mr. O'Malley serves as CEO and Chairman of the Board of Directors of PBF. The Company's proportionate contribution to his compensation amounted to USD 0.4 million for 2009 (2008: USD 0.4 million).

## 29 Number of Employees

The following table sets out information on the number of full-time equivalent employees we employed in the periods indicated:

Number of employees	December 31, 2009 <sup>1)</sup>	December 31, 2008
Switzerland	500	489
Belgium	353	362
United Kingdom	742	784
Germany	391	384
France	855	859
Other	4	4
<b>Total</b>	<b>2,845</b>	<b>2,882</b>

<sup>1)</sup> Includes employees of the Antwerp Processing Facility which had not yet been sold during the period indicated.

## 30 Acquisitions

### Acquisitions of the Petit Couronne and Reichstett Refineries in 2008

Pursuant to an Asset Purchase Agreement dated March 31, 2008, the Company completed the acquisition of refineries located in Petit Couronne and Reichstett, France. The aggregate purchase consideration was USD 810.9 million, net and was financed by the proceeds from the issuance in March 2008 of USD 500.0 million senior, secured convertible bonds, drawings under our working capital facility and by cash on hand.

During the third quarter 2008, the Company acquired a 5.5% ownership of Société des Transports Pétroliers par Pipeline ("Trapil") for USD 20.6 million which was part of the original acquisition agreement of the French refineries.

In prior periods the Company's purchase price allocation was calculated on a provisional basis. The allocation was finalized in March 2009 upon final agreement with Shell as to the value of inventory, receivables and pension liabilities transferred to the Company, resulting in the following updates as defined below:

#### Purchase Consideration

(in millions of USD)

Purchase price	784.1
Fees	26.8
<b>Total purchase consideration</b>	<b>810.9</b>

#### Purchase Price Allocation

(in millions of USD)

##### Assets acquired

	Preliminary purchase price allocation	Changes as at acquisition date	Fair value
Inventories	632.7	(1.4)	631.3
Other receivables and prepayments	55.1	25.8	80.9
Intangible assets	1.9	–	1.9
Property, plant and equipment	373.8	(29.3)	344.5
Investment in associates	13.4	–	13.4
Financial assets available for sale	27.7	–	27.7
Deferred tax assets	38.5	10.3	48.8
<i>Total assets</i>	<i>1,143.1</i>	<i>5.4</i>	<i>1,148.5</i>

##### Liabilities acquired

Trade payables	203.6	–	203.6
Other payables	35.4	26.0	61.4
Other financial liabilities	72.6	–	72.6
<i>Total liabilities</i>	<i>311.6</i>	<i>26.0</i>	<i>337.6</i>
<b>Net assets acquired</b>	<b>831.5</b>	<b>(20.6)</b>	<b>810.9</b>

Total purchase consideration	831.5	(20.6)	810.9
<b>Net cash outflow from transaction</b>	<b>831.5</b>	<b>(20.6)</b>	<b>810.9</b>

As the finalization of the purchase price allocation does not result in material changes in assets, liabilities or net income, prior period balances have not been adjusted. If the Company had restated the Consolidated Statement of Comprehensive Income based on the updated asset balance, net loss for the twelve months ended December 31, 2008 would have been approximately USD 3.2 million lower and the net loss for the twelve months ended December 31, 2009 would have been approximately USD 3.2 million higher. During 2009, the Company collected USD 9.0 million in regards to the final purchase price adjustment. The Consolidated Statement of Comprehensive Income and Consolidated Cash Flow Statement include nine months of operations of the Petit Couronne and Reichstett refineries for the year ended December 31, 2008.

The Company does not have access to sufficient information to calculate a reliable estimate of the carrying amount of net assets prior to the acquisition.

The presentation of pro-forma financial information would require significant estimates and assumptions on behalf of the Company and therefore cannot be presented. Additionally, the Company does not generate financial information down to the net income level for its refineries.

## 31 Subsidiaries

Subsidiary		Share capital (in millions local currency)	2009	2008	Activities*
<b>Switzerland</b>					
Oléoduc du Jura Neuchâtelois S.A., Cornaux	CHF	1.000	80.0 %	80.0 %	P/T
Petroplus Marketing AG, Zug	CHF	51.400	100.0 %	100.0 %	H/F, M
Petroplus Refining Cressier SA, Cressier	CHF	5.000	100.0 %	100.0 %	R
Petroplus Tankstorage AG, Zug	CHF	5.000	100.0 %	100.0 %	P/T
Société Immobilière Les Planches Vallier SA, Cressier	CHF	0.050	100.0 %	100.0 %	O
Petroplus Switzerland Investment GmbH, Zug	CHF	1.000	100.0 %	100.0 %	H/F
<b>Belgium</b>					
Belgian Refining Corporation N.V., Antwerp	EUR	51.150	100.0 %	100.0 %	R
Petrobel N.V., Kontich	EUR	0.372	100.0 %	100.0 %	M
Petroplus Refining Antwerp Bitumen N.V., Antwerp <sup>1)</sup>	USD	19.760	100.0 %	100.0 %	R
Petroplus Refining Antwerp N.V., Antwerp <sup>1)</sup>	USD	50.260	100.0 %	100.0 %	R
Universal Holding N.V., Antwerp	USD	11.580	100.0 %	100.0 %	H/F
<b>Bermuda</b>					
Argus International Ltd., Hamilton	USD	1,500.000	100.0 %	100.0 %	H/F
Petroplus Finance Ltd., Hamilton	USD	0.010	100.0 %	100.0 %	H/F
Petroplus Finance 2 Ltd., Hamilton	USD	1,450.000	100.0 %	100.0 %	H/F
Petroplus Finance 3 Ltd., Hamilton <sup>2)</sup>	USD	0.010	100.0 %	n/a	H/F
<b>Cyprus</b>					
Rivermill Investments Ltd., Nicosia	EUR	0.002	99.9 %	99.9 %	H/F
<b>Czech Republic</b>					
Marimpex Prague (branch office), Prague		-	100.0 %	100.0 %	M
Petroplus Czech Republic s.r.o., Prague	CZK	31.000	100.0 %	100.0 %	M
<b>France</b>					
SKI Participations SA, Villeneuve d'Ascq	EUR	0.045	100.0 %	100.0 %	H/F
Société Française du Pipeline du Jura, Paris	EUR	3.114	100.0 %	100.0 %	P/T
Petroplus Holdings France SAS, Paris la Défense Cedex	EUR	76.151	100.0 %	100.0 %	H/F
Petroplus Marketing France SAS, Paris la Défense Cedex	EUR	20.731	100.0 %	100.0 %	M
Petroplus Raffinage Petit-Couronne SAS, Petit Couronne	EUR	89.724	100.0 %	100.0 %	R
Petroplus Pipelines Petit-Couronne SAS, Petit Couronne	EUR	1.370	100.0 %	100.0 %	P/T
Petroplus Raffinage Reichstett SAS, Reichstett	EUR	40.854	100.0 %	100.0 %	R
Petroplus Pipelines Reichstett SAS, Reichstett	EUR	0.388	100.0 %	100.0 %	P/T

### \* Activities

<b>H/F = Holding/Finance:</b>	This entity is a holding company and/or performs finance functions for the Group.
<b>M = Marketing:</b>	This entity performs marketing and sales activities for the Group.
<b>R = Refining:</b>	This entity performs refining activities for the Group.
<b>P/T = Pipeline/Tankstorage:</b>	This entity is either a pipeline or a tankstorage.
<b>O = Other:</b>	Includes property and waste disposal.

Subsidiary		Share capital (in millions local currency)	2009	2008	Activities
<b>Germany</b>					
Marimpex Mineralöl-Handelsgesellschaft mbH, Hamburg	EUR	6.647	100.0%	100.0%	H/F
Petroplus Deutschland GmbH, Ingolstadt	EUR	2.960	100.0%	100.0%	M
Petroplus Raffinerie Ingolstadt GmbH, Kösching	EUR	10.000	100.0%	100.0%	R
Petroplus Bayern GmbH, Kösching	EUR	0.170	100.0%	100.0%	M
Petroplus Tankstorage Holding GmbH, Ingolstadt	EUR	0.250	100.0%	100.0%	H/F
Petroplus Tankstorage Holding Deutschland GmbH, Ingolstadt	EUR	0.025	100.0%	100.0%	H/F
<b>The Netherlands</b>					
European Petroleum Corporation (EPC) B.V., Rotterdam <sup>3)</sup>	EUR	-	-	100.0%	H/F
Petroplus Holdings B.V., Rotterdam	EUR	0.113	100.0%	100.0%	H/F
Petroplus International B.V., Rotterdam	EUR	1.235	100.0%	100.0%	H/F
Petrotrade B.V., Rotterdam <sup>4)</sup>	EUR	-	-	100.0%	M
<b>The Netherlands Antilles</b>					
European Petroleum Holdings N.V., Curaçao <sup>4)</sup>	USD	-	-	100.0%	H/F
<b>United Kingdom</b>					
Petroplus Marketing Ltd., Teesside, Middlesbrough	GBP	0.010	100.0%	100.0%	M
Petroplus Refining & Marketing Ltd., Stanford-Le-Hope	GBP	79.790	100.0%	100.0%	R
Petroplus Refining Teesside Ltd., Middlesbrough	GBP	0.020	100.0%	100.0%	M
<b>Luxemburg</b>					
Argus International S.à r.l., Munsbach	EUR	0.040	100.0%	100.0%	H/F
Argus Energy S.à r.l., Munsbach	EUR	0.040	100.0%	100.0%	H/F
<b>Portugal</b>					
Refinaria Vasco da Gama, Lisboa	EUR	0.050	100.0%	100.0%	H/F
<b>USA</b>					
Argus Services Corporation, Delaware	USD	0.000	100.0%	100.0%	H/F

<sup>1)</sup> Classified as Held for Sale as at December 31, 2009.

<sup>2)</sup> The company was founded on August 25, 2009.

<sup>3)</sup> Merged with Petroplus International B.V., Rotterdam, in 2009.

<sup>4)</sup> Liquidated in 2009.

Investments in associates	Share capital (in millions local currency)	2009	2008	Activities
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**Switzerland**

Pflichtlagergesellschaft für Mineralöle, Zug	CHF	1.000	35.0 %	35.0 %	P/T
SOGEP Société Genevoise des Pétroles, Vernier	CHF	0.100	32.0 %	32.0 %	P/T
Sempachtank AG, Neuenkirch	CHF	0.113	22.0 %	22.0 %	P/T

**France**

Raffinerie du Midi, Paris	EUR	3.432	33.3 %	33.3 %	P/T
Groupement Pétrolier de Saint Pierre des Corps, Cergy	EUR	0.330	20.0 %	20.0 %	P/T

**USA**

PBF Investments LLC and Affiliates, Greenwich, CT	USD	30.884	35.4 %	35.4 %	H/F
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Investments available for sale	Share capital (in millions local currency)	2009	2008	Activities
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**France**

Entrepôt Pétrolier de Valenciennes, Haulchin	EUR	0.480	16.0 %	16.0 %	P/T
Entrepôt Pétrolier de Mulhouse, Illzach	EUR	0.287	14.3 %	14.3 %	P/T
Société des Transports Pétroliers par Pipeline (Trapil), Paris	EUR	13.160	5.5 %	5.5 %	P/T

**Germany**

RBE-Rheinische Bio Ester GmbH & Co. KG, Neuss	EUR	8.000	15.0 %	15.0 %	R
GSB Sonderabfallentsorgung Bayern GmbH, Bayern	EUR	42.260	0.3 %	0.3 %	O

**Switzerland**

SAPPRO SA (Société du Pipeline à Produits Pétroliers sur Territoire Genevois), Vernier	CHF	0.653	12.3 %	12.3 %	P/T
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None of the above listed subsidiaries, associates or investments available for sale are listed on SIX or any other stock exchange.

## 32 Subsequent Events

On October 23, 2009, we entered into a definitive agreement with Eurotank Belgium B.V., a wholly-owned subsidiary of Vitol Tank Terminals International B.V., part of Vitol for the sale of the Antwerp Processing Facility. The sale was closed on January 12, 2010. The proceeds received were USD 55.0 million including hydrocarbon inventory on site. Final adjustments for working capital and net debt will be settled during the second quarter of 2010.

On January 22, 2010, Petroplus Holdings AG announced that its investment vehicle, PBF Investments, LLC is in negotiations to purchase the terminaling assets and shutdown refinery assets in Delaware City from the Valero Energy Corporation. There is no specific timetable for the completion of the negotiations and the parties are continuing their discussions.

There are no events to report that had an influence on the Consolidated Statement of Financial Position or the Consolidated Statement of Comprehensive Income for the year ended December 31, 2009.

## 33 Authorization of Consolidated Financial Statements

These Consolidated Financial Statements have been authorized for issue by the Board of Directors on March 3, 2010 and will be recommended for approval at the Annual Shareholders' Meeting on May 5, 2010.

Zug, March 3, 2010

Petroplus Holdings AG  
For the Board of Directors:



Thomas D. O'Malley  
Chairman of the Board of Directors

# Report of the Statutory Auditor



Ernst & Young Ltd  
Bleicherweg 21  
P.O. Box  
CH-8022 Zurich

Phone +41 58 286 31 11  
Fax +41 58 286 30 04  
www.ey.com/ch

To the General Meeting of  
**Petroplus Holdings AG, Zug**

Zurich, 3 March 2010

## Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Petroplus Holdings AG, which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated cash flow statement, consolidated statement of changes in equity and notes (page 86 to 148), for the year ended 31 December 2009.

### *Board of Directors' responsibility*

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards ('IFRS') and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### *Auditor's responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law, Swiss Auditing Standards and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consoli-



dated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the consolidated financial statements for the year ended 31 December 2009 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with IFRS and comply with Swiss law.

**Report on Other Legal Requirements**

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

A handwritten signature in blue ink, appearing to read 'R. Hofer'.

Reto Hofer  
Licensed audit expert  
(Auditor in charge)

A handwritten signature in blue ink, appearing to read 'R. Matej'.

Roman Matej  
Licensed audit expert





## Statutory Financial Statements of Petroplus Holdings AG

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December 31, 2009 and 2008
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and 2008
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## Income Statements for the years ended December 31, 2009 and 2008

(in millions of CHF)	2009	2008
Financial income	21.8	7.2
<b>Total income</b>	<b>21.8</b>	<b>7.2</b>
Financial expenses	(8.1)	(15.7)
Capital issue expenses	(12.7)	–
Administrative expenses	(9.5)	(12.1)
<b>Total expenses</b>	<b>(30.3)</b>	<b>(27.8)</b>
<b>Loss before taxes</b>	<b>(8.5)</b>	<b>(20.6)</b>
Income taxes	–	–
<b>Net loss</b>	<b>(8.5)</b>	<b>(20.6)</b>

## Balance Sheets at December 31, 2009 and 2008

(in millions of CHF)	Notes	2009	2008
<b>Current assets</b>			
Cash and short-term deposits		0.3	3.3
Other receivables from subsidiaries		68.2	134.7
Other receivables and prepayments		0.3	0.3
<b>Total current assets</b>		<b>68.8</b>	<b>138.3</b>
<b>Non-current assets</b>			
Investments	3	2,824.1	2,517.5
<b>Total non-current assets</b>		<b>2,824.1</b>	<b>2,517.5</b>
<b>Total assets</b>		<b>2,892.9</b>	<b>2,655.8</b>
<b>Current liabilities</b>			
Other payables to subsidiaries		6.4	5.9
Other payables and accrued expenses		1.3	2.1
Short-term provision		–	0.2
<b>Total current liabilities</b>		<b>7.7</b>	<b>8.2</b>
<b>Non-current liabilities</b>			
Long-term deferred income		4.9	9.9
<b>Total non-current liabilities</b>		<b>4.9</b>	<b>9.9</b>
<b>Total liabilities</b>		<b>12.6</b>	<b>18.1</b>
<b>Shareholders' equity</b>			
Share capital	5	654.3	564.9
Share premium	5	161.7	2,179.0
Legal reserves	5	113.0	–
Free reserves	5	1,959.8	–
Accumulated loss	5	–	(85.6)
Net loss	5	(8.5)	(20.6)
<b>Total shareholders' equity</b>		<b>2,880.3</b>	<b>2,637.7</b>
<b>Total liabilities and shareholders' equity</b>		<b>2,892.9</b>	<b>2,655.8</b>

# Notes to the Statutory Financial Statements 2009 and 2008

## 1 General

Petroplus Holdings AG (the "Company" or "Petroplus"), Zug, Switzerland is a publicly traded company listed in the main segment of the SIX Swiss Exchange ("SIX"). The address of its registered office is Petroplus Holdings AG, Industriestrasse 24, 6300 Zug, Switzerland.

## 2 Accounting Policies

These Statutory Financial Statements of Petroplus comply with the requirements of Swiss law.

### Presentation

All amounts included in these Statutory Financial Statements are presented in millions of Swiss Francs ("CHF") except where otherwise indicated.

### Foreign Exchange Rate Differences

Assets and liabilities denominated in foreign currencies are translated into CHF using year-end rates. Transactions during the year which are denominated in foreign currencies are translated at exchange rates effective at the relevant transaction dates. Resulting exchange gains and losses are recognized in the Income Statement with the exception of net unrealized gains which are deferred.

### Investments

Investments are valued at acquisition cost less adjustments for impairment of value.

## 3 Investments

As at December 31, 2009 and 2008 Petroplus Holdings AG holds direct interests in the following companies:

	2009 <sup>2)</sup>	2008
Argus International Ltd., Bermuda	100 %	100 %
Petroplus Finance Ltd., Bermuda	100 %	100 %
Petroplus Finance 3 Ltd. (in liquidation), Bermuda <sup>1)</sup>	100 %	0 %
Petroplus International B.V., The Netherlands	100 %	100 %

<sup>1)</sup> The company was founded on August 25, 2009.

<sup>2)</sup> Details of the individual share capitals in local currency and purpose of the entities are disclosed in Note 31 "Subsidiaries" of the Consolidated Financial Statements.

## 4 Major Shareholders

The following shareholders of Petroplus Holdings AG own more than 5% of the voting rights as at December 31, 2009 and 2008 according to the requirements of Art. 663c of the Swiss Code of Obligation ("CO"):

Significant Shareholders	2009	2008
FMR Corp., United States of America <sup>1)</sup>	< 5 %	9.8 %
Capital Group Companies, Inc., United States of America <sup>2)</sup>	< 5 %	5.1 %

<sup>1)</sup> FMR Corp., located at 82 Devonshire Street, Boston, MA 02109, USA, is the parent company of Fidelity Management & Research Company, an investment manager for US mutual funds, and Fidelity Management Trust Company, a US state chartered bank which acts as a trustee or investment manager for various pension and trust accounts. FMR Corp. has reported on October 29, 2009 their ownership of 4.92% (after a reported ownership of 5.07% on September 28, 2009 and 4.53% on September 17, 2009).

<sup>2)</sup> Capital Group Companies, Inc., a registered company in Los Angeles, California, USA, is a holding company of several subsidiary companies engaged in investment management business. The decrease of shareholdings below 3% was reported to the Company on April 7, 2009 (after a reported ownership of 4.75% of registered shares on March 24, 2009).

To the best of the Company's knowledge, no other shareholder holds 5% or more of Petroplus Holdings AG shares at December 31, 2009 and 2008. Subsequent to December 31, 2009 and prior to the authorization of the Annual Report 2009 on March 3, 2010, FMR Corp. has reported an increase in their ownership from 4.92% to 6.53% on February 3, 2010.

## 5 Share Capital of Petroplus Holdings AG

At December 31, 2009 and 2008, the Company had the following issued, authorized and conditional share capital:

	2009			2008		
	Nominal value per share in CHF	Share Capital in millions of CHF	Number of shares	Nominal value per share in CHF	Share Capital in millions of CHF	Number of shares
Issued share capital	7.58	654.3	86,325,289	8.18	564.9	69,060,231
Authorized share capital	7.58	130.9	17,265,057	8.18	200.0	24,450,000
Conditional share capital	7.58	108.8	14,351,669	8.18	117.4	14,351,669

The following table shows the changes in Equity for the years ended December 31, 2009 and 2008:

(in millions of CHF)	Share capital	Share premium	Legal reserves	Free reserves	Accumulated loss	Net loss	Total Equity
<b>Balance as at January 1, 2008</b>	<b>630.1</b>	<b>2,175.0</b>	–	–	<b>(51.6)</b>	<b>(34.0)</b>	<b>2,719.5</b>
Repayment of nominal share capital	(68.6)	–	–	–	–	–	(68.6)
Issuance of shares under share option plan	3.4	4.0	–	–	–	–	7.4
Allocation to accumulated loss	–	–	–	–	(34.0)	34.0	–
Net loss 2008	–	–	–	–	–	(20.6)	(20.6)
<b>Balance as at December 31, 2008</b>	<b>564.9</b>	<b>2,179.0</b>	–	–	<b>(85.6)</b>	<b>(20.6)</b>	<b>2,637.7</b>
Issuance of shares in offering	130.9	161.7	–	–	–	–	292.6
Repayment of nominal share capital	(41.5)	–	–	–	–	–	(41.5)
Allocation of share premium to reserves <sup>1)</sup>	–	(2,179.0)	113.0	2,066.0	–	–	–
Allocation to accumulated loss	–	–	–	–	(20.6)	20.6	–
Allocation to free reserves <sup>1)</sup>	–	–	–	(106.2)	106.2	–	–
Net loss 2009	–	–	–	–	–	(8.5)	(8.5)
<b>Balance as at December 31, 2009</b>	<b>654.3</b>	<b>161.7</b>	<b>113.0</b>	<b>1,959.8</b>	–	<b>(8.5)</b>	<b>2,880.3</b>

<sup>1)</sup> Allocation of share capital to legal reserves and free reserves in accordance with the Board of Directors proposal for the year ended December 31, 2008 which was accepted at the Annual General Meeting on May 6, 2009.

## 6 Compensation, Shareholdings and Loans

### Compensation for Acting Members of Governing Bodies

The following tables illustrate the compensation earned by the members of the Board of Directors and the Executive Management for 2009 based on the requirements of Article 663b<sup>bis</sup> CO:

#### Compensation for the members of the Board of Directors <sup>1)</sup>

	2009					Total compensation
	Salary	BoD fees <sup>2)</sup>	Bonuses <sup>3)</sup>	Pension, health and fringe benefits <sup>4)</sup>	Fair value of options/RSUs granted <sup>5)</sup>	
(in thousands of CHF)						
Thomas D. O'Malley (Chairman, non-executive member)	500.0	–	400.0	50.1	–	<b>950.1</b>
Patrick Monteiro de Barros (Vice-Chairman and Chairperson, non-executive member)	–	293.0	–	–	–	<b>293.0</b>
Markus Dennler (Non-executive member and Chairperson)	–	378.6	–	20.3	–	<b>398.9</b>
Robert J. Lavinia <sup>6)</sup> (Non-executive member and former CEO)	900.0	–	700.0	242.4	983.7	<b>2,826.1</b>
Maria Livanos Cattau (Non-executive member)	–	256.6	–	12.1	–	<b>268.7</b>
Walter Gruebler (Non-executive member)	–	278.6	–	13.2	–	<b>291.8</b>
Eija Malmivirta (Non-executive member and Chairperson)	–	293.0	–	–	–	<b>293.0</b>
Werner G. Müller (Non-executive member)	–	262.0	–	12.4	–	<b>274.4</b>
Patrick Power (Non-executive member)	–	273.0	–	–	–	<b>273.0</b>
Ernst Weil (Non-executive member)	–	273.0	–	13.0	–	<b>286.0</b>
<b>Total</b>	<b>1,400.0</b>	<b>2,307.8</b>	<b>1,100.0</b>	<b>363.5</b>	<b>983.7</b>	<b>6,155.0</b>

<sup>1)</sup> Compensation is disclosed gross of withholding tax and employee social security contributions. The compensation does not include reimbursements for travel and other necessary business expenses incurred in the performance of their services as these are not considered compensation.

<sup>2)</sup> Includes the annual compensation of the Board of Directors fees and the compensation fee for each board or committee meeting attended.

<sup>3)</sup> Bonus for the financial year 2009. Paid in December 2009.

<sup>4)</sup> Includes the employer pension contribution (if applicable; state old age and survivors' insurance {AHV}, disability insurance {IV}, pension fund {only for Mr. Lavinia}), health/accident insurance and other fringe benefits.

<sup>5)</sup> Options of 55,782 granted during 2009 have a life of ten years and will vest in equal amounts on the first, second and third anniversary of the respective grant date. The options provide Mr. Lavinia with the right to purchase one share at the offer price of CHF 21.41. RSUs of 34,673 granted during 2009 will vest in equal amounts on the first, second and third anniversary of the respective grant date. The RSUs provide Mr. Lavinia with the right to receive one share upon vesting. The fair value of options/RSUs granted have been calculated in accordance with IFRS 2 *Share-based Payment*, using the Black-Scholes Model (see Note 23 "Share-based Payments" of the Consolidated Financial Statements for details on calculation of the fair value and assumptions made). In comparison to the treatment under IFRS 2, where the fair value of the options/RSUs are recorded as an expense over the vesting period, CO requires the presentation of the total fair value of the options/RSUs at the date of grant. The values of options/RSUs granted are reported based on the valuation principles contained in a tax ruling from the Swiss Tax Authorities, reflecting the principles as disclosed in the Kreisschreiben Nr. 5. Values of options/RSUs granted are discounted by 6% per year depending on the length of the vesting period. For example, the value of an option award subject to a two-year vesting period calculated in accordance with the methodology described in the Kreisschreiben Nr. 5 equals 89% of its market value at the grant date. According to this methodology, the options/RSUs granted with a vesting period of 1, 2 and 3 years have an average value of CHF 6.99 per option and CHF 17.24 per RSUs at grant date. However, the future compensation out of these options/RSUs granted will depend on the individual person's employment with the Company, on the future development of the Company's share price and the timing of exercise.

<sup>6)</sup> Mr. Lavinia retired as CEO effective September 1, 2009. Mr. Lavinia continued to serve as an employee in a transition position until the end of 2009. He will remain as a non-executive member of the Board of Directors. The compensation covers the period from January 1, 2009 until December 31, 2009.

**Compensation for the members of Executive Management <sup>1)</sup>**

	2009					Total compensation
	Salary	Bonuses <sup>2)</sup>	Other <sup>3)</sup>	Pension, health and fringe benefits <sup>4)</sup>	Fair value of options/RSUs granted <sup>5)</sup>	
(in thousands of CHF)						
<b>Executive Management</b>						
Jean-Paul Vettier <sup>6)</sup> (Chief Executive Officer)	400.0	400.0	35.2	52.0	90.8	<b>978.0</b>
Chester J. Kuchta (Executive Vice President and Chief Operating Officer)	783.3	–	550.0	184.2	705.4	<b>2,222.9</b>
Karyn F. Ovelmen (Executive Vice President and Chief Financial Officer)	783.3	–	550.0	233.5	705.4	<b>2,272.2</b>
W. Thomas Skok <sup>7)</sup> (General Counsel and Corporate Secretary)	30.8	–	–	3.9	–	<b>34.7</b>
<b>Total Executive Management</b>	<b>1,997.4</b>	<b>400.0</b>	<b>1,135.2</b>	<b>473.6</b>	<b>1,501.6</b>	<b>5,507.8</b>
<b>Former Executive Management</b>						
Bruce A. Jones <sup>8)</sup> (Executive Vice President and Chief Operating Officer)	783.3	–	550.0	196.7	705.4	<b>2,235.4</b>
Michael D. Gayda <sup>9)</sup> (Executive Vice President and General Counsel)	783.3	–	550.0	195.9	705.4	<b>2,234.6</b>
<b>Total Former Executive Management</b>	<b>1,566.6</b>	<b>–</b>	<b>1,100.0</b>	<b>392.6</b>	<b>1,410.8</b>	<b>4,470.0</b>
<b>Total</b>	<b>3,564.0</b>	<b>400.0</b>	<b>2,235.2</b>	<b>866.2</b>	<b>2,912.4</b>	<b>9,977.8</b>

<sup>1)</sup> Compensation is disclosed gross of withholding tax and employee social security contributions. The compensation does not include reimbursements for travel and other necessary business expenses incurred in the performance of their services as these are not considered compensation and does not include compensation for members of the Board of Directors with executive functions (Mr. Lavinia).

<sup>2)</sup> Represents the prorated portion of Mr. Vettier's annual minimum bonus accrued as at December 31, 2009 which will be paid in March 2010.

<sup>3)</sup> Represents housing and personal transportation costs for Mr. Vettier. Payments to Mr. Kuchta, Mrs. Ovelmen, Mr. Jones and Mr. Gayda represent retention payments paid in December 2009.

<sup>4)</sup> Includes the employer pension contribution (state old age and survivors insurance (AHV), disability insurance (IV), pension fund), health/accident insurance and other fringe benefits.

<sup>5)</sup> Total options of 148,748 (37,187 each for Mr. Kuchta, Mrs. Ovelmen, Mr. Jones and Mr. Gayda) granted during 2009 have a life of ten years and will vest in equal amounts on the first, second and third anniversary of the respective grant date. The options provide the holder with the right to purchase one share at the offer price of CHF 21.41. RSUs of 109,164 (whereof 5,144 RSUs granted to Mr. Vettier and 26,005 RSUs each for Mr. Kuchta, Mrs. Ovelmen, Mr. Jones and Mr. Gayda) granted during 2009 will vest in equal amounts on the first, second and third anniversary of the respective grant date. The RSUs provide the holder with the right to receive one share upon vesting. The fair value of options/RSUs granted have been calculated in accordance with IFRS 2 *Share-based Payment*, using the Black-Scholes Model (see Note 23 "Share-based Payments" of the Consolidated Financial Statements for details on calculation of the fair value and assumptions made). In comparison to the treatment under IFRS 2, where the fair value of the options/RSUs are recorded as an expense over the vesting period, CO requires the presentation of the total fair value of the options/RSUs at the date of grant. The values of options/RSUs granted are reported based on the valuation principles contained in a tax ruling from the Swiss Tax Authorities, reflecting the principles as disclosed in the Kreisschreiben Nr. 5. Values of options/RSUs granted are discounted by 6% per year depending on the length of the vesting period. For example, the value of an option award subject to a two-year vesting period calculated in accordance with the methodology described in the Kreisschreiben Nr. 5 equals 89% of its market value at the grant date. According to this methodology, the options/RSUs granted with a vesting period of 1, 2 and 3 years have an average value of CHF 6.99 per option and CHF 17.24 per RSUs at grant date. However, the future compensation out of these options/RSUs granted will depend on the individual person's employment with the Company, on the future development of the Company's share price and the timing of exercise.

<sup>6)</sup> Effective September 1, 2009, Mr. Vettier was appointed CEO, replacing Mr. Lavinia. The compensation covers the period from September 1, 2009 until December 31, 2009.

<sup>7)</sup> Effective December 15, 2009, Mr. Skok was appointed General Counsel, replacing Mr. Gayda. Compensation for Mr. Skok covers the period from December 15, 2009 until December 31, 2009.

<sup>8)</sup> Effective November 23, 2009, the Company's commercial and refinery operations were combined and Mr. Jones' position was eliminated. Mr. Jones will continue to serve as an employee in a transition position until February 28, 2010. The compensation covers the period from January 1, 2009 until December 31, 2009.

<sup>9)</sup> Effective December 15, 2009, Mr. Gayda resigned as General Counsel. Mr. Gayda continues to serve as an employee in a transition position until his retirement on January 31, 2010. The compensation covers the period from January 1, 2009 until December 31, 2009.

## Compensation for Acting Members of Governing Bodies

The following tables illustrate the compensation earned by the members of the Board of Directors and Executive Management for 2008 based on the requirements of Article 663b<sup>bis</sup> CO:

### Compensation for the members of the Board of Directors <sup>1)</sup>

	2008						Total compensation
	Salary	BoD fees	Bonuses <sup>2)</sup>	Various payments <sup>3)</sup>	Fair value of options granted <sup>4)</sup>	Forfeited during the period <sup>5)</sup>	
(in thousands of CHF)							
Thomas D. O'Malley (Chairman and former CEO)	562.9	–	800.0	–	1,004.2	(1,004.2)	<b>1,362.9</b>
Patrick Monteiro de Barros (Vice-Chairman and Chairperson, non-executive member)	–	243.0	–	–	–	–	<b>243.0</b>
Markus Denler (Non-executive member and Chairperson)	–	351.7	–	–	–	–	<b>351.7</b>
Walter Grüebler (Non-executive member)	–	245.0	–	–	–	–	<b>245.0</b>
Robert J. Lavinia (Executive member and CEO)	812.5	–	1,400.0	139.8	2,438.8	(2,438.8)	<b>2,352.3</b>
Maria Livanos Cattau (Non-executive member)	–	234.0	–	–	–	–	<b>234.0</b>
Eija Malmivirta (Non-executive member and Chairperson)	–	254.0	–	–	–	–	<b>254.0</b>
Werner G. Müller (Non-executive member)	–	234.0	–	–	–	–	<b>234.0</b>
Patrick Power (Non-executive member)	–	223.0	–	–	–	–	<b>223.0</b>
Ernst Weil (Non-executive member)	–	245.0	–	–	–	–	<b>245.0</b>
<b>Total</b>	<b>1,375.4</b>	<b>2,029.7</b>	<b>2,200.0</b>	<b>139.8</b>	<b>3,443.0</b>	<b>(3,443.0)</b>	<b>5,744.9</b>

<sup>1)</sup> Compensation is disclosed gross of withholding tax and employee social security contributions. The compensation does not include reimbursement for travel and other necessary business expenses incurred in the performance of their services as these are not considered compensation.

<sup>2)</sup> Bonus for the financial year 2008. Accrued as of December 31, 2008 and paid in March 2009.

<sup>3)</sup> Includes the employer pension contribution (pension fund) for all executive members of the BoD that have not reached the age of 65 and other fringe benefits.

<sup>4)</sup> The total of 130,024 options (adjusted to reflect the September 2009 rights issue) granted have a life of ten years and will vest in equal amounts on the first, second and third anniversary of the respective grant date. The options provide the holder with the right to purchase one share at the offer price of CHF 77.66. The fair value of options granted has been calculated in accordance with IFRS 2 *Share-based Payment*, using the Black-Scholes Model. In comparison to the treatment under IFRS 2, where the fair value of the options is recorded as an expense over the vesting period, CO requires the presentation of the total fair value of the options at the date of grant. The total fair value of these unvested options has been discounted based on the rates published by the Swiss Tax Authority. However, the future compensation out of these options granted will depend on the individual persons employment with the Company, on the future development of the Company's share price and the timing of exercise.

<sup>5)</sup> In April 2008, Mr. Robert J. Lavinia and Mr. Thomas D. O'Malley voluntarily relinquished 130,024 options (adjusted to reflect the September 2009 rights issue) granted since January 1, 2008.

**Compensation for members of Executive Management<sup>1)</sup>**

(in thousands of CHF)	2008					Total compensation
	Salary	Bonuses <sup>2)</sup>	Various payments <sup>3)</sup>	Fair value of options granted <sup>4)</sup>	Forfeited in 2008 <sup>5)</sup>	
Michael D. Gayda (Executive Vice President and General Counsel)	612.5	1,100.0	128.5	1,004.2	(1,004.2)	<b>1,841.0</b>
Bruce A. Jones (Executive Vice President and Chief Operating Officer)	612.5	1,100.0	101.1	1,004.2	(1,004.2)	<b>1,813.6</b>
Chester J. Kuchta (Executive Vice President and Chief Commercial Officer)	612.5	1,100.0	86.0	1,004.2	(1,004.2)	<b>1,798.5</b>
Karyn F. Ovelmen (Executive Vice President and Chief Financial Officer)	612.5	1,100.0	138.5	1,004.2	(1,004.2)	<b>1,851.0</b>
<b>Total</b>	<b>2,450.0</b>	<b>4,400.0</b>	<b>454.1</b>	<b>4,016.8</b>	<b>(4,016.8)</b>	<b>7,304.1</b>

<sup>1)</sup> Compensation is disclosed gross of withholding tax and employee social security contributions. The compensation does not include reimbursement for travel and other necessary business expenses incurred in the performance of their services as these are not considered compensation and does not include compensation for members of the Board of Directors with executive functions (Mr. O'Malley and Mr. Lavinia).

<sup>2)</sup> Bonus for the financial year 2008. Accrued at December 31, 2008 and paid in March 2009.

<sup>3)</sup> Includes the employer pension contribution (pension fund) for all members of Executive Management that have not reached the age of 65 and other fringe benefits.

<sup>4)</sup> The total of 151,695 options (adjusted to reflect the September 2009 rights issue) granted have a life of ten years and will vest in equal amounts on the first, second and third anniversary of the respective grant date. The options provide the holder with the right to purchase one share at the offer price of CHF 77.66. The fair value of options granted has been calculated in accordance with IFRS 2 *Share-based Payment*, using the Black-Scholes Model. In comparison to the treatment under IFRS 2, where the fair value of the options is recorded as an expense over the vesting period, CO requires the presentation of the total fair value of the options at the date of grant. The total fair value of these unvested options has been discounted based on the rates published by the Swiss Tax Authority. However, the future compensation out of these options granted will depend on the individual persons employment with the Company, on the future development of the Company's share price and the timing of exercise.

<sup>5)</sup> In April 2008, Executive Management voluntarily relinquished 151,695 options (adjusted to reflect the September 2009 rights issue) granted since January 1, 2008.

**Loans to Acting Members of Governing Bodies**

No loans have been granted to members of the Board of Directors or members of Executive Management during 2009 and 2008.

## Shares, RSUs and Options Ownership

The following table shows the total of shares, RSUs and options held by each member of the Board of Directors and members of Executive Management based on the requirements of Article 663c, par 3 of the CO:

### Board of Directors

(in shares)	Shares <sup>1)</sup>		RSUs <sup>1, 2, 4)</sup>	Options <sup>1, 3, 4)</sup>		Total holdings <sup>1)</sup>	Total holdings <sup>1)</sup>
	2009	2008	2009	2009	2008	2009	2008
Thomas D. O'Malley (Chairman, non-executive member)	2,327,168 2.70 %	2,331,406 3.38 %	–	1,739,638 2.01 %	1,605,526 2.32 %	<b>4,066,806</b> 4.71 %	<b>3,936,932</b> 5.70 %
Patrick Monteiro de Barros (Vice-Chairman and Chairperson, non-executive member)	325,350 0.38 %	260,280 0.38 %	–	98,212 0.11 %	90,640 0.13 %	<b>423,562</b> 0.49 %	<b>350,920</b> 0.51 %
Markus Dennler (Non-executive member and Chairperson)	20,758 0.02 %	16,606 0.02 %	–	9,934 0.01 %	9,167 0.01 %	<b>30,692</b> 0.04 %	<b>25,773</b> 0.04 %
Walter Grüebler (Non-executive member)	19,632 0.02 %	15,706 0.02 %	–	9,934 0.01 %	9,167 0.01 %	<b>29,566</b> 0.03 %	<b>24,873</b> 0.04 %
Robert J. Lavinia (Non-executive member and former CEO)	8,000 0.01 %	8,000 0.01 %	34,673 0.04 %	66,618 0.08 %	10,000 0.01 %	<b>109,291</b> 0.13 %	<b>18,000</b> 0.03 %
Maria Livanos Cattau (Non-executive member)	4,375 0.01 %	3,500 0.01 %	–	10,836 0.01 %	10,000 0.01 %	<b>15,211</b> 0.02 %	<b>13,500</b> 0.02 %
Eija Malmivirta (Non-executive member and Chairperson)	1,093 0.00 %	874 0.00 %	–	10,836 0.01 %	10,000 0.01 %	<b>11,929</b> 0.01 %	<b>10,874</b> 0.02 %
Werner G. Müller (Non-executive member)	3,000 0.00 %	1,533 0.00 %	–	10,836 0.01 %	10,000 0.01 %	<b>13,836</b> 0.02 %	<b>11,533</b> 0.02 %
Patrick Power (Non-executive member)	2,340 0.00 %	2,340 0.00 %	–	10,836 0.01 %	10,000 0.01 %	<b>13,176</b> 0.02 %	<b>12,340</b> 0.02 %
Ernst Weil (Non-executive member)	12,500 0.01 %	10,000 0.01 %	–	10,836 0.01 %	10,000 0.01 %	<b>23,336</b> 0.03 %	<b>20,000</b> 0.03 %
<b>Total</b>	<b>2,724,216</b>	<b>2,650,245</b>	<b>34,673</b>	<b>1,978,516</b>	<b>1,774,500</b>	<b>4,737,405</b>	<b>4,424,745</b>
Total in %	3.15 %	3.84 %	0.04 %	2.29 %	2.57 %	5.49 %	6.41 %

**Executive Management**

(in shares)	Shares <sup>1)</sup>		RSUs <sup>1, 2, 4)</sup>	Options <sup>1, 3, 4)</sup>		Total holdings <sup>1)</sup>	Total holdings <sup>1)</sup>
	2009	2008	2009	2009	2008	2009	2008
Jean-Paul Vettier (Chief Executive Officer)	–	–	5,144 0.01 %	–	–	<b>5,144</b> 0.01 %	– 0.00 %
Chester J. Kuchta (Executive Vice President and Chief Operating Officer)	20,237 0.02 %	42,237 0.06 %	26,005 0.03 %	135,071 0.16 %	90,337 0.13 %	<b>181,313</b> 0.21 %	<b>132,574</b> 0.19 %
Karyn F. Ovelmen (Executive Vice President and Chief Financial Officer)	56,434 0.07 %	45,177 0.07 %	26,005 0.03 %	189,266 0.22 %	140,354 0.20 %	<b>271,705</b> 0.31 %	<b>185,531</b> 0.27 %
W. Thomas Skok (General Counsel and Corporate Secretary)	–	–	–	27,089 0.03 %	–	<b>27,089</b> 0.03 %	– 0.00 %
<b>Total</b>	<b>76,671</b>	<b>87,414</b>	<b>57,154</b>	<b>351,426</b>	<b>230,691</b>	<b>485,251</b>	<b>318,105</b>
Total in %	0.09 %	0.13 %	0.07 %	0.41 %	0.33 %	0.56 %	0.46 %

**Former Executive Management**

Bruce A. Jones (Executive Vice President and Chief Operating Officer)	33,228 0.04 %	49,197 0.07 %	26,005 0.03 %	189,266 0.22 %	140,354 0.20 %	<b>248,499</b> 0.29 %	<b>189,551</b> 0.27 %
Michael D. Gayda (Executive Vice President and General Counsel)	56,439 0.07 %	66,439 0.10 %	26,005 0.03 %	231,224 0.27 %	179,078 0.26 %	<b>313,668</b> 0.37 %	<b>245,517</b> 0.36 %
<b>Total</b>	<b>89,667</b>	<b>115,636</b>	<b>52,010</b>	<b>420,490</b>	<b>319,432</b>	<b>562,167</b>	<b>435,068</b>
Total in %	0.11 %	0.17 %	0.06 %	0.49 %	0.46 %	0.66 %	0.63 %

<sup>1)</sup> Ownership of the Company's outstanding share capital as of December 31, 2009 (86,325,289) and December 31, 2008 (69,060,231).

<sup>2)</sup> RSUs granted under the Equity Participation Plan entitles the participant to receive one share upon vesting. The RSUs are subject to a vesting period of up to three years. Further information is disclosed in Note 21 "Shareholders' Equity" and Note 23 "Share-based Payments" of the Consolidated Financial Statements.

<sup>3)</sup> Options granted under the Equity Participation Plan (strike prices range from CHF 21.41 to CHF 119.98) and the Equity Incentive Plan (strike price USD 14.58) with the right to purchase one share for one option upon vesting. The options under the Equity Participation Plan are subject to a vesting period of up to three years, the options under the Equity Incentive Plan are fully vested. Further information is disclosed in Note 21 "Shareholders' Equity" and Note 23 "Share-based Payments" of the Consolidated Financial Statements.

<sup>4)</sup> The total options and RSUs held in 2009 have been adjusted by the September 2009 rights issue. Further details are disclosed in Note 21 "Shareholders' Equity", Note 22 "Earnings per Share" and Note 23 "Share-based Payments".

## 7 Contingent Liabilities/Guarantees and Pledges

The Company is part of a value added tax ("VAT") group and therefore jointly liable to the Swiss Federal Tax Department for the VAT liability of the other members.

The Company guarantees certain obligations of subsidiaries to third parties. The guarantees are denominated in USD, CZK and EUR. At December 31, 2009, Petroplus Holdings AG had guarantees outstanding for a maximum amount of approximately CHF 0.5 billion (2008: CHF 2.0 billion).

Certain of Petroplus Holdings AG's subsidiaries are party to a committed USD 1.05 billion (CHF 1.1 billion) multi-currency secured revolving credit facility agreement (2008: USD 1.2 billion/CHF 1.28 billion) with an additional uncommitted credit facility of USD 1.06 billion (CHF 1.1 billion) as of December 31, 2009 and USD 2.3 billion (CHF 2.5 billion) as of December 31, 2008. Petroplus Holdings AG is a guarantor of these facilities. As of December 31, 2009, approximately USD 138.8 million (CHF 142.9 million) of bank borrowings and short-term loans (2008: USD 230.0 million or CHF 245.4 million) and approximately USD 1.7 billion (CHF 1.7 billion) of letters of credit and guarantees were drawn (2008: USD 0.7 billion or CHF 0.8

billion). Additionally, the Company is guarantor for foreign currency mark to market limits in the amount of USD 30 million to an indirectly owned subsidiary.

The Company does, together with certain subsidiaries, jointly and severally guarantee Petroplus Finance Limited's obligations under the USD 1.2 billion notes issued on May 1, 2007 and USD 0.4 billion notes issued on September 17, 2009, both listed on the Irish Stock Exchange. In addition, the shares held in Petroplus Finance Ltd., Bermuda, have been pledged to secure the Senior Notes in the carrying amount of CHF 12,200.

On October 16, 2009, Petroplus Finance Ltd., a subsidiary of the Company issued USD 150 million in guaranteed senior secured convertible bonds due 2015 ("2015 CB"). The debt is guaranteed by the Company as well as by certain of its subsidiaries. In addition, Petroplus Holdings AG will grant to Petroplus Finance Ltd. 5,130,186 call options whereby each call option relates to, and gives Petroplus Finance Ltd. the right to acquire from Petroplus Holdings AG one share at a price per share equal to the conversion price applicable on the relevant conversion date. In 2009, no bonds were converted. Further information on the 2015 CB can be found in Note 16 "Interest-Bearing Loans and Borrowings" to the Consolidated Financial Statements of Petroplus Holdings AG.

On March 26, 2008, Petroplus Finance Ltd., a subsidiary of the Company, issued USD 500.0 million in guaranteed convertible bonds due in 2013 ("2013 CB"). The debt was guaranteed by Petroplus Holdings AG as well as by certain of its subsidiaries. In 2008, no bonds were converted. The terms and conditions include an investor put option on March 28, 2011 for principal plus accrued interest. On October 12, 2009, Petroplus announced the successful result of the tender offer to repurchase the 2013 CB. The last day the 2013 CB was traded on the SIX Swiss Exchange was October 13, 2009. The 2013 CB was redeemed on October 16, 2009 at the Principal Amount of USD 100,000 per bond, plus accrued interest calculated from September 26, 2009 until October 16, 2009 (20 days). Further information can be found in Note 16 "Interest-Bearing Loans and Borrowings" to the Consolidated Financial Statements of Petroplus Holdings AG.

## 8 Risk Assessment Disclosures

Petroplus Holdings AG, as the ultimate parent Company, is fully integrated into the group-wide internal risk assessment process.

The Company has established an organizational framework for risk assessment and management which includes risk identification and appraisal, development of acceptable exposure limits, implementation of strategies, policies and procedures to mitigate identified financial risks, and the monitoring of compliance with such strategies, policies and procedures.

The BoD of Petroplus Holdings AG and Executive Management have overall responsibility for the Company's risk management strategies. Risk Owners comprised of key members of senior management, are responsible for the day-to-day execution of corporate risk strategies and policies, while an Oversight Group comprised of financial disclosure experts, procedures and controls experts and appropriate subject matter experts evaluate the adequacy of the implementation and execution of the strategies and policies by the Risk Owners.

The Company's internal risk assessment process consists of regular reporting to the BoD on identified risks and management's reaction to them. The BoD has performed the risk assessment based on the Company's internal risk assessment process and monitors management's response to the risks identified.

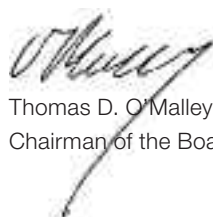
Further disclosures regarding risk management are included in the Petroplus Group Consolidated Financial Statements in Note 26 "Financial Risk Management Objectives and Policies".

## 9 Authorization of Statutory Financial Statements

These Statutory Financial Statements have been authorized for issue by the Board of Directors on March 3, 2010 and will be recommended for approval at the Annual Shareholders' Meeting on May 5, 2010.

Zug, March 3, 2010

Petroplus Holdings AG  
For the Board of Directors:



Thomas D. O'Malley  
Chairman of the Board of Directors

## Proposal of the Board of Directors

### Proposed Appropriation of Net Loss

The Board of Directors proposes to carry forward the net loss of CHF 8.5 million:

(in millions of CHF)	2009
Accumulated loss brought forward	(106.2)
Accumulated loss settled with free reserves	106.2
Net loss 2009	(8.5)
<b>Accumulated loss to be carried forward</b>	<b>(8.5)</b>

Additionally, the Board of Directors proposes to allocate the share premium to the following reserves:

(in millions of CHF)	2009
Share premium	161.7
Allocation into:	
Legal reserves (20% of share capital)	18.0
Free reserves	143.7

The accumulated loss to be carried forward shall be settled with free reserves.

### Proposal of Nominal Value Repayment

Instead of a dividend, the Board of Directors will propose to the Shareholders at the Annual General Meeting a repayment of nominal value of CHF 0.10 per registered share. After the repayment, the nominal value will be CHF 7.48 per registered share.

## Report of the Statutory Auditor



Ernst & Young Ltd  
Bleicherweg 21  
P.O. Box  
CH-8022 Zurich

Phone +41 58 286 31 11  
Fax +41 58 286 30 04  
[www.ey.com/ch](http://www.ey.com/ch)

To the General Meeting of  
**Petroplus Holdings AG, Zug**

Zurich, 3 March 2010

### **Report of the statutory auditor on the financial statements**

As statutory auditor, we have audited the financial statements of Petroplus Holdings AG, which comprise the income statement, balance sheet and notes (page 154 to 164), for the year ended 31 December 2009.

#### *Board of Directors' responsibility*

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



*Opinion*

In our opinion, the financial statements for the year ended 31 December 2009 comply with Swiss law and the company's articles of incorporation.

**Report on Other Legal Requirements**

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

A handwritten signature in blue ink, appearing to read 'R. Hofer', written over a horizontal line.

Reto Hofer  
Licensed audit expert  
(Auditor in charge)

A handwritten signature in blue ink, appearing to read 'R. Matej', written over a horizontal line.

Roman Matej  
Licensed audit expert

## Glossary

The following explanations are not intended as technical definitions, but to assist the general reader to understand certain terms as used in the annual report.

<b>Alkylation</b>	A process unit typically converting isobutane together with a mixture of propylene and butylene into high octane compounds for motor gasoline blending using a strong acid catalyst, either sulfuric acid or hydrofluoric acid.
<b>API gravity</b>	The API gravity illustrates the density of crude oil classified by the American Petroleum Institute. The API gravity is defined as: $\frac{141.5}{\text{Gravity of specific crude oil at } 15.6^{\circ}\text{C}} - 131.5$ <p>Thus, the higher the API gravity is, the lighter is the crude oil.</p>
<b>ARA</b>	Antwerp-Rotterdam-Amsterdam.
<b>Atmospheric distillation</b>	The first step in the refining process in which crude oil is heated and separated into various intermediate products, each having a different boiling point.
<b>Azeri Light</b>	Azerbaijan crude oil with API gravity of approximately 36° and a sulfur content of approximately 0.2 %.
<b>Barrel (bbl)</b>	Barrel of crude oil, 159 liters by volume.
<b>Biodiesel</b>	Diesel fuel that contains components derived from renewable raw materials, such as vegetable oils and animal fat.
<b>Biofuel</b>	Gasoline or diesel fuel that contains components derived from plants, such as sugar cane, sugar beet, rapeseed and Soya.
<b>Bitumen</b>	A residual product of crude-oil vacuum distillation, which is primarily used for asphalt coating of roads and roofing materials.
<b>Bonny Light</b>	Nigerian crude oil with API gravity of approximately 34° and a sulfur content of approximately 0.1 %.
<b>bpd</b>	Barrels per day.
<b>Brent</b>	A light North Sea crude oil with API gravity of approximately 39° and a sulfur content of approximately 0.4 %.
<b>Catalytic Reformer</b>	A process unit or a process that converts refinery naphthas with low octane rating into high-octane compounds called reformates used for motor gasoline blending.
<b>C.I.F.</b>	Cost, insurance and freight. A delivery term that includes the costs as well as freight and insurance charges of the delivery of goods to a named destination as defined in the ICC Incoterms 2000.
<b>CO<sub>2</sub></b>	Carbon dioxide, a significant greenhouse gas.
<b>Complexity</b>	A key industry measure referring to an oil refinery's ability to process feedstocks, such as heavier and higher sulfur content crude oils, into value-added products. Generally, the higher the complexity and more flexible the feedstock slate, the better positioned the refinery is to take advantage of the more cost effective crude oils, resulting in incremental gross margin opportunities for the refinery.
<b>CPC Blend</b>	Kazakhstan crude oil with API gravity of approximately 44° and a sulfur content of approximately 0.5 %.
<b>Cracking</b>	The conversion of large hydrocarbon molecules into smaller ones. Cracking is carried out either at high temperatures (thermal cracking), or with the aid of a catalyst and high pressure (catalytic cracking and hydrocracking). The cracking process enables greater quantities of saturated hydrocarbons suitable for gasoline and other light fractions to be recovered from crude oil.

<b>Crack Spread</b>	A proxy, or a benchmark, for refining margins referring to the margin that would accrue from the simultaneous purchase of crude oil and the sale of refined petroleum products, in each case at then prevailing price. For example, 3/2/1 crack spread is often referenced and represents the approximate gross margin resulting from processing one barrel of crude oil, assuming that three barrels of a benchmark crude oil are converted, or cracked, into two barrels of gasoline and one barrel of diesel.
<b>Dated Brent</b>	The price for prompt shipments of Brent crude as reported by price agencies. It is the price benchmark for the vast majority of crude oils sold in Europe, Africa and the Middle East, and one of the most important benchmarks for spot-market prices.
<b>Desulfurization or Hydrotreating</b>	A process to remove sulfur from petroleum products.
<b>Distillates</b>	Any of wide range petroleum of products produced generally by distillation, the primary refining step in which crude oil is separated into fractions or components. These commonly include diesel, heating oil and jet kerosene but exclude gasoline and naphthas.
<b>Ekofisk</b>	A light sweet crude oil from an oil field in the North Sea with API gravity of approximately 38° and a sulfur content of approximately 0.2%.
<b>FAME</b>	Fatty Acid Methyl Ester; primarily obtained from vegetable oils used for diesel blending to comply with biofuels regulations.
<b>FCC</b>	See “Fluid Catalytic Cracking”
<b>Feedstocks</b>	Crude oil and other hydrocarbons used as basic materials in a refining or manufacturing process.
<b>Fluid catalytic cracking (FCC)</b>	The refining process of breaking down the larger, heavier, and more complex hydrocarbon molecules into simpler and lighter molecules. Fluid catalytic crack-ing is accomplished by the use of a catalytic agent, which is continuously re-generated and is an effective process for increasing the yield of gasoline from crude oil. Catalytic cracking processes fresh feedstocks as well as recycled feedstocks.
<b>F.O.B.</b>	Free on board. A delivery denoting that the seller is responsible for delivery goods on board a ship or other conveyance for carriage to the consignee at a specified loading port as defined in the ICC Incoterms 2000.
<b>Gasoil</b>	A liquid petroleum product with a boiling range temperature of 200°–370°C and an ignition temperature over 55°C that is typically used as a fuel for boilers, furnaces and internal combustion engines. The type of gasoil suitable for use in oil-fired heating plants and boilers is called heating oil, while the type suitable for internal combustion engines is called diesel.
<b>Gasoline</b>	A light liquid petroleum product that is typically used as a fuel for internal combustion engines.
<b>Heating oil</b>	A gasoil with properties that generally make it suitable as a fuel for oil-fired heating and boilers.
<b>Heavy fuel oil</b>	Fuel oil with a distillation range of over 350°C. Heavy fuel oil is used in heat plants, power stations and industrial furnaces.
<b>Heavy sour</b>	Crude oils with a sulfur content greater than 2.0 % and a density less than 30° API.
<b>Heavy sweet</b>	Crude oils with a sulfur content less than 0.5 % and a density less than 30° API.
<b>Hectare</b>	10,000 square meters.
<b>Hydrocracking</b>	The conversion and desulfurization process (typically of vacuum gasoil) into lighter products such as diesel that takes place at high pressure and temperature in the presence of hydrogen and a fixed catalyst.

<b>ICC Incoterms 2000</b>	Standardized delivery terms for goods issued by the International Chamber of Commerce, which allocate the costs and liabilities of deliveries between sellers and purchasers of goods.
<b>Light sour</b>	Crude oils with a sulfur content between 0.5 % and 1.0 % and a density greater than 30° API.
<b>Light sweet</b>	Crude oils with a sulfur content less than 0.5 % and a density greater than 30° API.
<b>LPG</b>	Liquefied Petroleum Gas; a gas mixture used for fuel purposes, containing propane, propylene, butane, or butylenes as its main components that has been liquefied to enable it to be transported and stored under pressure.
<b>Lubricants</b>	Fluids used to reduce friction and wear between solid surfaces (typically metals) in relative motion. Lubricants are generally derived from petroleum.
<b>Medium sour</b>	Crude oils with a sulfur content between 1.0 % and 2.0 % and a density between 30° to 35° API.
<b>Medium sweet</b>	Crude oils with a sulfur content less than 0.5 % and a density between 30° to 35° API.
<b>Mellitah</b>	Libyan crude oil with API gravity of approximately 42° and a sulfur content of approximately 0.1 %.
<b>MTBE</b>	Methyl tertiary butyl ether, a high-octane component, and oxygenate, used in the production of low-emission gasoline.
<b>Name plate capacity</b>	Also known as design capacity referring to the maximum throughput capacity a process unit has been designed for considering specific processing conditions.
<b>Naphtha</b>	A liquid petroleum product that is typically used as a feedstock for other petrochemical processes, generally in a reformer, producing high octane gasoline and hydrogen or other petrochemical products. Naphtha is also used as a chemical feedstock.
<b>Natural gas</b>	Any hydrocarbons or mixture of hydrocarbons and other gases consisting primarily of methane which at normal operating conditions is in a gaseous state.
<b>Nelson Complexity Index</b>	The Nelson Complexity Index assigns a complexity factor to each major piece of refinery equipment based on its complexity and cost in comparison to crude distillation, which is assigned a complexity factor of 1.0. The complexity of each piece of refinery equipment is then calculated by multiplying its complexity factor by its throughput ratio as a percentage of crude distillation capacity. Adding up the complexity values assigned to each piece of equipment, including crude distillation, determines a refinery's complexity on the Nelson Complexity Index.
<b>Northwest European crack spread</b>	The crack spread using crude and product prices specifically in the Rotterdam refining region. It can be calculated using different methodologies, but theoretically represents the gross margin of a refinery operating in this region. Actual refinery margins will differ based on factors, including actual crudes and refined products processed at a specific refinery. Sometimes referred to as "NWE Margin".
<b>Petrochemicals</b>	Many products derived from crude oil refining, such as ethylene, propylene, butylenes and isobutylene, primarily intended for use as petrochemical feedstock in the production of plastics, synthetic fibers, synthetic rubbers and other products. A variety of products are produced for use as solvents, including benzene, toluene and xylene.
<b>ppm</b>	Parts per million.
<b>RBOB</b>	See "Reformulated Blendstock for Oxygenate Blending"
<b>Refinery</b>	A facility used to process crude oil. The basic process unit in a refinery is a crude oil distillation unit, which splits crude oil into various fractions through a process of heating and condensing. Simple, or hydroskimming, refineries normally have crude oil distillation, catalytic reforming, and hydrotreating units. The demand for lighter petroleum products, such as motor gasoline and diesel fuel, has increased the need for more sophisticated processing. More complex refineries have vacuum distillation, catalytic cracking, or hydrocracking units. Cracking units process vacuum oil into gasoline, gasoil, and heavy fuel oil.

<b>Refining margin</b>	The difference, for any particular quantity of crude oil, between the value of all the refined petroleum products a refinery is able to produce from such crude oil minus the cost of the crude oil (including associated costs such as transport, insurance, etc.).
<b>Reformer</b>	See "Catalytic Reformer"
<b>Reformulated Blendstock for Oxygenate Blending (RBOB)</b>	Specially produced reformulated gasoline blendstock intended for blending with oxygenates downstream of the refinery where it was produced. Includes RBOB used to meet requirements of the US reformulated gasoline program.
<b>Reformulated gasoline</b>	An advanced type of motor gasoline formulated to produce lower environmental emissions than conventional gasoline.
<b>Rhine Freight Premium</b>	The Rhine freight premium is a price reflected in the oil products sold within Switzerland. It represents the additional alternative cost to an importer when bringing the same product into the Switzerland area from ARA or Germany along the River Rhine.
<b>Solvent</b>	A liquid that is used for diluting or thinning a solution. A liquid that absorbs another liquid, gas, or solid in order to form a homogeneous mixture.
<b>Spot market</b>	A term used to describe the international trade in one-off cargoes or shipments of commodities, such as crude oil, in which prices closely follow demand and availability.
<b>Thermal conversion</b>	A chemical transformation resulting from an increase in temperature.
<b>TIP</b>	Total Isomerization Plant.
<b>Ton</b>	One ton represents 1,000 kilograms or approximately 2,205 pounds.
<b>Tons per stream day</b>	Maximum tonnage which a facility can process in one day when operating under optimum conditions and without downtime.
<b>ULSD</b>	Ultra low sulfur diesel.
<b>Urals</b>	Russian benchmark crude oil which is a medium sour crude oil with API gravity of approximately 31° and a sulfur content of approximately 13%.
<b>Vacuum distillation</b>	A process that follows atmospheric distillation (when the latter is no longer feasible because of the high temperatures) that takes place in vacuum-conditions, made to obtain vacuum gasoil and heavy vacuum residues.
<b>Vacuum gasoil or VGO</b>	Also known as cat feed. Feedstock for fluid catalytic cracker used to make gasoline, No.2 and other by products.
<b>Visbreaking</b>	A process by which the heavy intermediate oils derived from the two serial crude distillation processes (primary and vacuum distillation) are subjected to thermal conversion to improve oil viscosity.



## Key Date

### **Annual General Meeting**

May 5, 2010, Casino Zug

## Contact Information

### **Registered office**

Petroplus Holdings AG

Industriestrasse 24

6300 Zug

Switzerland

Phone +41 58 580 11 00

Fax +41 58 580 13 99

### **For further information regarding**

#### **Petroplus please contact**

Petroplus Holdings AG

Investor Relations

Phone +41 58 580 11 66

Fax +41 58 580 13 87

Email [ir@petroplus.biz](mailto:ir@petroplus.biz)

### **Petroplus on the Internet**

[www.petroplusholdings.com](http://www.petroplusholdings.com)

The Petroplus Annual Report 2009 is originally published in English and is translated into German. Only the printed version in English is considered to be legally binding.

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