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Independent Auditors' Report on Review of Interim Financial Statements (free translation[1])

To the Shareholders
Oltchim S.A.

Introduction

1. We have reviewed the accompanying condensed consolidated interim statement of financial position of Oltchim S.A. ("the Company") and its subsidiaries ("the Group") as at 30 June 2009, and the related condensed consolidated interim income statement, condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six month period then ended, and a summary of significant accounting policies and other explanatory notes ("the condensed consolidated interim financial statements"). Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

2. We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

3. As described in Note 2 to the condensed consolidated interim financial statements, the Group presented the stand-alone financial statements of Oltchim S.A. as at 30 June 2008 as comparative information for the condensed consolidated interim statements of income, comprehensive income, cash flows, changes in equity and the notes to the condensed consolidated interim financial statements related to these comparatives because management considered that they are not materially different from the consolidated information. We were unable to satisfy ourselves as to this.

[1] TRANSLATOR'S EXPLANATORY NOTE: The above translation of the independent auditors' report on review of interim financial statements is provided as a free translation from Romanian which is the official and binding version.

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Qualified Conclusion

4. Based on our review, except for the omission of the information described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements do not give a true and fair view of the financial position of the Group as at 30 June 2009, and of its consolidated financial performance and its consolidated cash flows for the six month period then ended in accordance with IAS 34, 'Interim Financial Reporting'.

Emphasis of Matter

5. Without further qualifying our conclusion, we draw attention to Note 16 to the condensed consolidated interim financial statements which describes that the Group has accumulated losses amounting to lei 1,481,008 as at 30 June 2009 and its current liabilities exceeded its current assets by lei 653,225 thousand as at 30 June 2009. These conditions, along with other matters described in Note 16, indicate the existence of an uncertainty which may cast significant doubt on the Company's ability to continue as a going concern, unless the shareholders will support the Company for improving the financial position.

Other Matters

6. This report is made solely to the Company's shareholders, as a body. Our review work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an independent auditors' report on review of interim financial statements and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our review work, for this report, or for the conclusion we have formed.

Refer to the original signed Romanian version

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KPMG Audit SRL
Bucharest, 13 August 2008

OLTCHIM S.A.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED
30 JUNE 2009
(UNAUDITED)
(free translation[1])

[1] TRANSLATOR'S EXPLANATORY NOTE: The above translation of the condensed consolidated interim financial statements is provided as a free translation from Romanian which is the official and binding version,

CONTENTS **PAGE**

OLTCHIM SA
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2009
(Expressed in LEI thousands unless otherwise stated)

	Notes	30 June 2009	31 December 2008
ASSETS			
Non current assets			
Intangibles assets	8	1	-
Property, plant and equipment	7	1,067,241	1,068,752
Advance payments for fixed assets		11,660	11,086
Investments in equity accounted investees		28,169	28,157
Other investments		439	437
Total non current assets		**1,107,510**	**1,108,432**
Current assets			
Inventories		106,258	140,248
Trade receivables		191,938	195,070
Other receivables and prepayments		4,207	2,533
Taxes receivables		20,737	40,967
Cash and cash equivalents		7,058	18,266
Total current assets		**330,198**	**397,084**
TOTAL ASSETS		**1,437,708**	**1,505,516**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Share capital	9	1,018,281	1,016,338
Revaluation reserve		99,077	100,700
Translation reserve		35	(23)
Accumulated losses		(1,481,008)	(1,366,919)
Total equity attributable to equity holders of the Company		**(363,615)**	**(249,904)**
Non-controlling interest		**19**	**18**
Total equity		**(363,596)**	**(249,886)**
Non current liabilities			
Borrowings – long term	10	45,124	50,056
Amounts due to AVAS	11	508,485	508,485
Obligations under finance leases-long term		7,360	8,198
Deferred income		13,185	14,894
Long term payable		243,727	61,810
Total non current liabilities		**817,881**	**643,443**
Current liabilities			
Overdrafts	10	490,010	474,704
Borrowings long term - current portion	10	22,190	27,754
Obligation under finance lease – short term		4,109	3,171
Trade payables		391,032	335,115
Taxes payable		10,251	13,392
Other payables and accruals		65,831	257,824
Total current liabilities		**983,423**	**1,111,960**

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The accompanying notes form an integral part of these condensed consolidated interim financial statements.

(Expressed in LEI thousands unless otherwise stated)

	30 June 2009	31 December 2008
Total liabilities	**1,801,304**	**1,755,403**
Total shareholders' equity and liabilities	**1,437,708**	**1,505,516**

Authorised for issue by the Board of Directors on 12 August 2009 for signature on their behalf by:

General Manager
Constantin Roibu

Economic Director
Mandica Vasile

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OLTCHIM SA
CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT OF INCOME FOR SIX MONTHS ENDED 30 JUNE 2009
(Expressed in LEI thousands unless otherwise stated)

	Notes	30 June 2009	30 June 2008
Revenue		540,355	1,040,682
Other operating income		11,577	18,685
Changes in inventories of finished goods and work in progress		(21,672)	27,270
Raw materials and materials		(246,891)	(658,939)
Energy		(131,350)	(210,063)
Staff costs		(61,879)	(70,416)
Depreciation and amortization	7,8	(51,904)	(52,817)
Net provision for impairment of fixed assets	7,8	3,184	(851)
Other operating costs		(78,790)	(85,625)
Operating profit /(loss)		**(37,370)**	**7,926**
Finance costs, net		(77,460)	(39,675)
Share of profit of equity accounted investees		12	-
Loss before taxation		**(114,818)**	**(31,749)**
Income tax expense	12	(7)	-
Loss from continuing operations		**(114,825)**	**(31,749)**
Loss from discontinued operation (net of income tax)		-	(7,154)
Loss for the year		**(114,825)**	**(38,903)**
Atributable to			
Equity holders of the company		(114,826)	-
Non-controlling interest		1	-
Loss per share for profit and profit from discontinued operations attributable to the equity holders of the company during the year			
Basic loss per share			
From continuing operations	13	(0,3348)	(0.0980)
From discontinuing operations		-	(0.0221)
Diluted loss per share			
From continuing operations	13	(0,0212)	(0.0059)
From discontinuing operations		-	(0.0013)

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Constantin Roibu

Economic Director
Mandica Vasile

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(Expressed in LEI thousands unless otherwise stated)

Statement of Comprehensive Income

	Six months ended 30 June 2009	Six months ended 30 June 2008
Loss for the period	**(114,825)**	**(38,903)**
Other comprehensive income		
Currency translation differences	58	-
Reversal of reevaluation reserves	(836)	-
Other reserves transferred to share capital	(50)	-
Other comprehensive income for the period, net of tax	**(828)**	**-**
Total comprehensive income for the period	**(115,653)**	**(38,903)**
Atributable to:		
Equity holders of the company	**(115,654)**	-
Non-controlling interest	**1**	-

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General Manager
Constantin Roibu

Economic Director
Mandica Vasile

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CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR SIX MONTHS ENDED 30 JUNE 2009

(Expressed in LEI thousands unless otherwise stated)

	Share capital	Revaluation reserve	Currency translation differences	Accumulated losses	Convertible debt	Total	Non-controlling interest	Total equity
Balance at 1 January 2008	**1,016,338**	**132,376**	-	**(1,155,210)**	**508,485**	**501,989**	**18**	**502,007**
Total comprehensive income for the period								
Net result for the period	-	-	-	(38,903)	-	(38,903)	-	(38,903)
Other comprehensive income								
Reevaluation reserves realized for the period	-	(15,770)	-	15,770	-	-	-	-
Total other comprehensive income	-	**(15,770)**	-	**15,770**	-	-	-	-
Total comprehensive income for the period	-	**(15,770)**	-	**(23,133)**	-	**(38,903)**	-	**(38,903)**
Balance at 30 June 2008	**1,016,338**	**116,606**	-	**(1,178,343)**	**508,485**	**463,086**	**18**	**463,104**
Balance at 1 January 2009	**1,016,338**	**100,700**	**(23)**	**(1,366,919)**	-	**(249,904)**	**18**	**(249,886)**
Total comprehensive income for the period								
Net result for the period	-	-	-	(114.826)	-	(114,826)	1	(114,825)
Other comprehensive income								
Exchange differences on translating foreign exchange operations	-	-	58	-	-	58	-	58
Reevaluation reserves realized for the period	-	(787)	-	787	-	-	-	-
Reversal of reevaluation reserves	-	(836)	-	-	-	(836)	-	(836)
Other reserves transferred to share capital	-	-	-	(50)	-	(50)	-	(50)
Total other comprehensive income	-	**(1,623)**	**58**	**(737)**		**(828)**	-	**(828)**
Total comprehensive income	-	**(1,623)**	**58**	**(114,089)**		**(115,654)**	**1**	**(115,653)**

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR SIX MONTHS ENDED 30 JUNE 2009

(Expressed in LEI thousands unless otherwise stated)

	Share capital	Revaluation reserve	Currency translation differences	Accumulated losses	Convertible debt	Total	Non-controlling interest	Total equity
Transactions with owners, recorded directly in equity								
Increase in share capital	1,943	-	-	-	-	1,943	-	1,943
Total transactions with owners	**1,943**	**-**	**-**	**-**	**-**	**1,943**	**-**	**1,943**
Balance at 30 June 2009	**1,018,281**	**99,077**	**35**	**(1,481,008)**	**-**	**(363,615)**	**19**	**(363,596)**

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CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR SIX MONTHS ENDED 30 JUNE 2009

(Expressed in LEI thousands unless otherwise stated)

	30 June 2009	30 June 2008
Cash flows from operating activities		
Loss for the year	(114,825)	(38,903)
adjustments for:		
Amortisation and depreciation expenses	51,904	54,127
Loss/ (gain) from disposal of fixed assets	(237)	822
Profit from disposal of discontinued operations	-	(2,025)
Net allowances for inventories and receivables	(6,782)	(3,713)
Impairment/(Reversal of impairment) losses on property plant and equipment	(3,184)	854
Subsidies amortization	(1,708)	(1,419)
Revenues from subsidies	(3,395)	-
Net interest expenses	38,234	34,777
Foreign exchange differences	10,367	(3,589)
Share of profit of equity accounted investees	(12)	-
Profit/ (loss) from operating activities before working capital changes	**(29,638)**	**40,931**
Decrease in inventories	36,336	3,065
Decrease in receivables	117,612	128,372
Decrease in payables	(47,802)	(42,943)
Total changes in working capital	**106,146**	**88,494**
Cash generated from operations	**76,508**	**129,425**
Interest paid	(39,440)	(121,476)
Net cash generated by operating activities	**37,068**	**7,949**
Cash flows from investing activities		
Interest received	218	644
Purchase of tangible and intangible assets	(49,963)	(73,434)
Proceeds from sale of fixed assets	3,087	1,963
Proceeds from disposals of discontinued operations	-	20,222
Net cash used in investing activities	**(46,658)**	**(50,605)**
Cash flows from financing activities		
Net variation of short term loans	(11,518)	4,596
Net variation of long term loans	(8,641)	(8,303)
Grants received	3,395	638
Lease payments	(542)	(181)
Increase in share capital	383	-
Net cash (used)/ from financing activities	**(16,923)**	**(3,250)**
Net movement in cash and cash equivalents	**(26,513)**	**(45,906)**
At 1 January 2009	(456,438)	(381,535)
Effect of exchange rate fluctuations on cash held	1	(45,906)
At 30 June 2009*	**(482,952)**	**(427,441)**

*For the reconciliation between cash and cash equivalents and the cash from the statement of financial position see Note 14.

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The accompanying notes form an integral part of these condensed consolidated interim financial statements.

(Expressed in LEI thousands unless otherwise stated)

1. REPORTING ENTITY

OLTCHIM S.A. (the "Company" or "Oltchim") is a share based company incorporated and domiciled in Romania. The address of its registered office is 1 Uzinei Str., 240050 Ramnicu Valcea, Romania. Its subsidiaries included in these consolidated financial statements are domiciled in Romania, except for OLTCHIM GMBH which is domiciled in Germany and Oltchim Italy which is domiciled in Italy.

The consolidated interim financial statements of the Company as at and for the period ended 30 June 2009 comprise the Company and its subsidiaries Sistemplast (94,4%), Oltchim GMBH (100%), Oltchim Italia (100%), Fundatia Oltchim (100%), (together referred to as "the Group") and the Group's interest in jointly controlled entities: Oltquino (46.64%), Mentchim (25%), Protectchim (30%), DesignRO (30%), Eurourethane (41.28%).

The Group is involved primarily in chemical products manufacturing.

The Group sells chemical products to both domestic (approximately 28% of turnover in 2009 and 23% of turnover in 2008) as well as international markets (approximately 72% of turnover in 2009 and 77 % of turnover in 2008). The most significant export sales are made to countries within the Europe Union and Turkey. The main competitors on the international markets are: Novartis, Rhone-Poulenc, Solvay, Du Pont, Borsodchem, etc.

The Group holds certificates for the environment management system and quality (ISO 14001 and ISO 9001 received from TUV Management Service GmbH, all valid till 9 November 2011.

Shareholders structure

Oltchim is a joint stock company listed on the Bucharest Stock Exchange. The shares were traded at LEI 0.3110 per share as at 30 June 2009 (LEI 0.1400 per share as at 19 December 2008).

The Romanian State, represented by Ministry of Economy is the main shareholder. The statutory share capital of LEI 34,302 thousand at 30 June 2009 (31 December 2008: LEI 32,359 thousand) consists of 343,023,858 ordinary shares (31 December 2008: 323,588,641 ordinary shares) each with a nominal value of LEI 0.10. Each share carries one vote.

The shareholders' structure at 30 June 2009 is as follows:

Ministry of Economy	54.79 %
Other shareholders	45.21 %
Total	**100.00%**

Activities

The Group operates the following divisions:

- Chemicals (including the chlorosodics, petrochemical production lines);
- Construction materials.

The product range includes over 40 products with more than 78 assortments.

The average number of employees was 3,621 for the period ended 30 June 2009 (30 June 2008: 4,492).

Management structure

The persons who served the office during the year were the following:

General Manager – Constantin Roibu
Economic Manager – Mandica Vasile
Production Manager – Georgescu Cristian
Marketing Manager – Preoteasa Veronica

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements for the six month period ended at 30 June 2009 have been prepared in accordance with IAS 34 " Interim Financial Reporting". These financial statements should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2008 which have been prepared in accordance with International Financial Reporting Standards (IFRSs) as endorsed by European Union.

The Group presented as comparatives for condensed consolidated interim income statement, condensed consolidated interim statement of comprehensive income, condensed consolidated interim cash flow statement, condensed consolidated interim statement of changes in equity and notes the figures from stand alone financial statements because management considered that the subsidiaries' activity was not significant in the context of the total operations of the Company.

The attached condensed consolidated interim financial statements are prepared in Romanian Lei („LEI"), rounded to the nearest thousand.

3. ACCOUNTING POLICIES

The accounting policies applied in these condensed consolidated interim financial statements are consistent with those which formed the basis of preparation of the annual financial statements for the year ended 31 December 2008.

The following new reporting standards and amendments are mandatory for the preparation of financial statements:

- Revised IAS 1 ("Presentation of Financial Statements") effective from 1 January 2009. The revised Standard requires presentation of all changes in equity resulted from transactions with the owners in a situation of changes in equity. All „non-owner changes in equity" must be presented in one performance statement (the statement of comprehensive income) or in two statements (a separate statement of income). The Group has elected to present two statements: income statement and statement of comprehensive income.

- Revised IAS 27 ("Consolidated and Separate Financial Statements") - The revised Standard replaces the term minority interest with non-controlling interest, and is defined as "the equity in a subsidiary not attributable, directly or indirectly, to a parent". The revised Standard also amends the accounting for non-controlling interest, the loss of control of a subsidiary, and the allocation of profit or loss and other comprehensive income between the controlling and non-controlling interest.

- IFRS 8 ("Operating Segments") - IFRS 8 replaces IAS 14, "Segment reporting". The Standard requires segment disclosure based on the components of the entity that management monitors in making decisions about operating matters. An operating segment is a component of an entity (i) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), (ii) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and (iii) for which discrete financial information is available.

Starting with 1 January 2009, the Group determines operational segments based on information presented to Board of Directors which represents operating decision maker.

The following reporting standards, amendments to standards and interpretations are effective starting 1 January 2009, but had no significant impact on these condensed interim financial statements.

- IFRS IAS 23 ("Borrowing Costs") – The Standard requires the capitalization of borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. The Group applies IAS 23 revised before 1 January 2009.

- Revised IFRS 2 ("Share-based Payment") – The revised Standard will clarify the definition of vesting conditions and non-vesting conditions. Based on the revised Standards failure to meet non-vesting conditions will generally result in treatment as a cancellation. IFRS 2 is not applicable for the Group.

- IFRIC 15 ("Agreements for the Construction of Real Estate"). The interpretation clarifies that revenue arising from agreements for the construction of real estate is recognized by reference to the stage of completion of the contract activity. IFRS 2 is not applicable for the Group.

- Amendments to IAS 32 ("Financial Instruments: Presentation"), and IAS 1, ("Presentation of Financial Statements"). The amendments introduce an exemption to the principle otherwise applied in IAS 32 for the classification of instruments as equity; the amendments allow certain puttable instruments issued by an entity that would normally be classified as liabilities to be classified as equity if and only if they meet certain conditions. This Standard has no significant impact over the financial statements.

- Amendment to IAS 39 ("Financial Instruments: Recognition and Measurement"). The amended Standard clarifies the application of existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship. In designating a hedging relationship the risks or portions must be separately identifiable and reliably measurable; however inflation cannot be designated, except in limited circumstances. The amendments to IAS 39 are not relevant to the Group's operations.

The following reporting standards, amendments and interpretations have been issued, but are not effective for the financial year beginning on 1 January 2009 and have not been early adopted.

- Revised IFRS 3 ("Business Combinations") - The scope of the revised Standard has been amended and the definition of a business has been expanded. The revised Standard also includes a number of other potentially significant changes including: all items of consideration transferred by the acquirer are recognized and measured at fair value as of the acquisition date, including contingent consideration; transaction costs are not included in the acquisition accounting; the acquirer can elect to measure any non-controlling interest at fair value at the acquisition date, or at its proportionate interest in the fair value of the identifiable assets and liabilities of the acquiree; acquisitions of additional non-controlling equity interests after the business combination must be accounted for as equity transactions. IFRS 3 is not applicable for the Group.

- IFRIC 18 "Transfers of assets from customers" - This Standard is not relevant to Group's operations.

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- IFRIC 17 ("Distributions of Non-cash Assets to Owners") effective prospectively for annual periods beginning on or after 15 July 2009. The Interpretation applies to non-reciprocal distributions of non-cash assets to owners acting in their capacity as owners. In accordance with the Interpretation a liability to pay a dividend shall be recognized when the dividend is appropriately authorised and is no longer at the discretion of the entity and shall be measured at the fair value of the assets to be distributed.

  The carrying amount of the dividend payable shall be remeasured at each reporting date, with any changes in the carrying amount recognized in equity as adjustments to the amount of the distribution. When the dividend payable is settled, the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the dividend payable shall be recognized in profit or loss. The Group considers that this standard will not have a significant impact over the financial statements.

4. ACCOUNTING ESTIMATES

The preparation of the condensed consolidated interim financial statements in accordance with IFRS implies the use of estimates, judgments and assumptions by management. These have an impact on the application of accounting policies, as well as on the reported value of the assets, liabilities, revenues and expenses. Estimates and assumptions related to these estimates are based on previous experience, as well as on other factors considered as reasonable under the given circumstances. The results of these estimates form the basis of judgments for the carrying value of assets and liabilities that cannot be obtained from other sources of information. Actual results may differ from estimates.

Estimates and assumptions are periodically revised. Revisions of accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only this period, or in the period in which the estimate is revised and future periods if the revision affects both the current and the future periods.

5. FINANCIAL RISK MANAGEMENT

The process of risk repricing during 2007 and 2008 in the international financial markets affected the performance of those markets, including the Romanian financial and banking market, and fostered heightened uncertainty with regard to economic developments going forward.

The ongoing global credit and liquidity crisis which commenced in the middle of 2008 has resulted in, among other things, lower level and difficult access to the capital market funding, lower liquidity levels across the Romanian banking sector, and higher interbank lending rates. The significant losses experienced in the global financial market could affect the ability of the Group to obtain new borrowings and refinance its existing borrowings at terms and conditions similar to those applied to earlier transactions.

The determination of compliance with debt agreement and other contract covenants, and the evaluation of significant uncertainties, including uncertainties associated with group's ability to continue as a going concern for a reasonable period of time, bring their own challenges.

The borrowers of the Group may also be affected by the lower liquidity situation which could in turn impact their ability to repay their outstanding loans. Deteriorating operating conditions for borrowers may also have an impact on the management cash flow forecasts and assessment of the impairment of financial and non-financial assets. To the extent that information is available, management has reflected revised estimates of expected future cash flows in its impairment assessment.

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Such ongoing fears that the deteriorating financial conditions could contribute, at a later stage to a further retrenchment in confidence, prompted a coordinated effort of governments and central banks to adopt special measures aimed at countering a vicious circle of growing risk aversion and to helping minimising the effects of the financial crisis and finally restoring normal market functioning.

Management is unable to predict all developments which could have an impact on the Romanian banking sector and consequently what effect, if any, they could have on these financial statements.

Management is unable to reliably estimate the effects on the Group's financial statements of any further deterioration in the liquidity of the financial markets, devaluation of financial assets influenced by the illiquid credit market conditions and the increased volatility in the currency and equity markets. Management believes it is taking all the necessary measures to support the sustainability and growth of the Group's business in the current circumstances by:

- preparing liquidity crisis strategy and establishing specific measures to address potential liquidity crisis;
- constantly monitoring its liquidity position and over-dependence on specific funds;
- forecasting on short-term basis its net liquidity position;
- monitoring incoming and outgoing cash flows on (daily) basis and assessing the effects on its borrowers of the limited access to funding and the sustainability of growing businesses in Romania.

6. OPERATING SEGMENTS

The Group comprises the following main operating segments:

- Chemical products for industry,
- Construction materials.

Other operations has been included the cultivation and sale of farm animals (poultry and pork).

In the six months period ended 30 June 2009, the Group have obtained revenues from Tricon Energy LTD Houston amounting 65,808 thousands LEI which represents 12% from the Group's turnover.

Geographical segments

The Group's sales activity is managed in two geographical zones –European Union and Turkey. The Group's main assets and production activities are all based in Romania and accordingly no information is presented on the location of the assets.

Turnover	(%)	**Six months ended at 30 June 2009**	(%)	**Six months ended at 30 June 2008**
Domestic market	28	154,013	25	260,171
Export	72	386,342	75	780,511
	100	**540,355**	**100**	**1,040,682**

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(Expressed in LEI thousands unless otherwise stated)

Business segments

	Chemicals		Constructions		Agro (Discontinued)		Other		Eliminations		Consolidated		Agro (Discontinued)		Continuing operations	
Thousand LEI	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
External revenues	514,898	1,013,241	25,192	27,414	-	10,423	265	27	-	-	540,355	1,051,105	-	(10,423)	540,355	1,040,682
Inter-segment revenue	7,837	364	-	-	-	-	-	-	(7,837)	(364)	-	-	-	-	-	-
Total segment revenue	522,735	1,013,605	25,192	27,414	-	10,423	265	27	(7,837)	(364)	540,355	1,051,105	-	(10,423)	540,355	1,040,682
Segment operational result	(37,086)	8,470	334	(78)	-	(7,154)	(618)	(466)	-	-	(37,370)	772	-	7,154	(37,370)	7,926
Net finance cost	(76,635)	(39,872)	(825)	197	-	-	-	-	-	-	(77,460)	(39,675)	-	-	(77,460)	(39,675)
Share of profit of equity accounted investees	-	-	-	-	-	-	12	-	-	-	12	-	-	-	12	-
Tax on profit	-	-	-	-	-	-	-	-	-	-	(7)	-	-	-	(7)	-
Result of the period	(113,721)	(31,402)	(491)	119	-	(7,154)	(606)	(466)	-	-	(114,825)	(38,903)	-	7,154	(114,825)	(31,749)

	Chemicals		Constructions		Agro (Discontinued)		Other		Consolidated	
Thousand LEI	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Segment assets	1,364,947	1,427,671	44,097	49,322	-	-	495	366	1,409,539	1,477,359
Investments in equity accounted investees	-	-	-	-	-		28,169	28,157	28,169	28,157
Total assets									**1,437,708**	**1,505,516**
Segment liabilities	1,791,132	1,743,330	10,073	11,950	-	-	99	123	1,801,304	1,755,403
Total liabilities									**1,801,304**	**1,755,403**
Capital expenditure	46,385	83,822	27	8,112	-	-			46,412	91,934
Depreciation of tangible assets	48,147	48,943	1,048	1,019	-	1,309			49,195	51,273
Amortization of intangible assets	2,707	2,814	2	42	-	-			2,709	2,856
Impairment losses on intangible assets and property plant and equipment	-	851	21	0		3			21	854
Impairment losses reversed on intangible assets and property, plant and equipment	-	-	-	-	-	-			-	3.184

(Expressed in LEI thousands unless otherwise stated)

Geographical segments

	Europe		America		Middle East (including Turkey)		Africa		Asia		Consolidated	
Thousand LEI	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
External revenues	394,578	988,039	11,443	10,511	89,721	21,022	40,615	21,022	3,998	10,511	540,355	1,051,105

(Expressed in LEI thousands unless otherwise stated)

7. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Plant and equipment	Other fixed assets	Construction in progress	Total
Six months ended 30 June 2008					
Net book value as at 1 January 2008	202,607	435,380	351	365,886	1,004,224
Transfers from assets under construction	7,361	57,842	479	(65,682)	-
Additions	-	-	-	91,432	91,432
Depreciation	(5,656)	(44,247)	(56)	-	(49,959)
Provision of fixed assets, net	(70)	(784)	-	-	(854)
Net book value as at 30 June 2008	**204,242**	**448,191**	**774**	**391,636**	**1,044,843**
Six months ended 30 June 2009					
Net book value as at 1 January 2009	211,265	598,918	704	257,865	1,068,752
Transfers from assets under construction	6,473	25,851	524	(32,848)	-
Additions	85	6,266	-	42,986	49,337
Reevaluation of land used to increase share capital	670	-	-	-	670
Disposals	(48)	(39)	-	(2,737)	(2,824)
Depreciation	(5,765)	(43,368)	(62)	-	(49,195)
Depreciation of disposals	7	19	-	-	26
Reversal of impairment losses	70	405	-	-	475
Net book value as at 30 June 2009	**212,757**	**588,052**	**1,166**	**265,266**	**1,067,241**

The tangible fixed assets are presented in the financial position at cost or revaluated value, less depreciations and impairments in accordance with IAS 16 "Property, plant and equipments" and IAS 36 "Impairment of assets".

For Oltchim S.A., the tangible fixed assets have been revalued as at 31 December 2004, 2005 and 2007 by an independent valuer.

In 2009 the Company increased its share capital by LEI 1,943 thousand out of which 1,560 thousands represents the value of a land received from the State in 2002. The value of this land – LEI 54 thousand – was accounted as other reserves at receiving date. At 31 December 2004 and 2007, the land has been revalued, the surplus resulted from the revaluation in amount of LEI 836 thousand being booked in the revaluation reserve account. In 2008, the Company decided the increase of share capital with the value of this land, and therefore an independent valuer was contracted to determine the market value of the land. This value was established at the amount of LEI 1,560 thousands. The company written off the amounts booked before in other reserves and revaluation reserves, presenting the land at the market value.

Interest capitalization

In the 6 months period ended 30 June 2009, interest paid on loans drawn for capital expenditure amounting to LEI 2,542 thousand has been capitalized within assets in course of construction as below:

Plant	
Improvement PVC I	279
Improvement PVC II	555
Waste incinerator	1,708
Interest capitalised, total	**2,542**

Semnat pentru identificare KPMG 13 AUG 2009 Initialised for identification

(Expressed in LEI thousands unless otherwise stated)

Pledged assets

The tangible assets with net book value of LEI 489,587 thousand (31 December 2008: LEI 550.224 thousand) are pledged as collateral for loans.

8. INTANGIBLE ASSETS

	Patents & Licenses	Other intangibles	Total
Six months ended 30 June 2008			
Net book value as at 1 January 2008	4,481	30	4,511
Additions	-	28	28
Disposals	-	-	-
Amortization	(2,848)	(8)	(2,856)
Net book value as at 30 June 2008	**1,633**	**50**	**1,683**
Six months ended 30 June 2009			
Net book value as at 1 January 2009	-	-	-
Additions	-	1	1
Amortization	(2,709)	-	(2,709)
Reversal of impairment	2,709	-	2,709
Net book value as at 30 June 2009	-	**1**	**1**

9. SHARE CAPITAL

The share capital consists of:

	Number of ordinary shares	Share capital
Statutory share capital	343,023,858	34,302
Adjustment for the effect of inflation until 31 December 2003		983,979
At 30 June 2009s – as adjusted		**1,018,281**

Share capital as at 30 June 2009 represents the Government's contribution of net assets to the Company on its incorporation on 1 August 1990, the share capital of four units absorbed on 1 August 1996 and the value of land transferred by the State to the Group in 1998, 1999 and 2000.

Oltchim SA is listed on the Bucharest Stock Exchange.

The structure of the shareholders is the following:

Semnat pentru identificare
13. AUG. 2009
Initialised for identification

(Expressed in LEI thousands unless otherwise stated)

	30 June 2009			31 December 2008		
	Number of shares	Total nominal value	(%) owned	Number of shares	Total nominal value	(%) owned
Mninistry of Economy/ AVAS	187,944,620	557,916	54.79	172,337,817	541,302	53.26
PCC SE	41,705,262	123,828	12.16	41,705,262	131,005	12.89
SIF Oltenia	22,303,901	66,188	6.5	22,303,901	70,026	6.89
Others	91,070,075	270,354	26.55	87,241,661	274,005	26.96
Total	**343,023,858**	**1,018,281**	**100**	**323,588,641**	**1,016,338**	**100**

All shares are ordinary shares, have been subscribed and fully paid. All shares have equal voting rights and a nominal value of LEI 0.10 per share.

Starting 22 January 2009 the package of shares was transferred from AVAS to Ministry of Economy according to Law no. 308/30.12.2008 for rejection of Government Emergency Ordinance no. 101/2006 regarding the reorganization of AVAS by merger through absorption with Office of State Shareholdings and Privatisation in Industry and the Government decision o 1720/30.12.2008 related to the organisation and functioning of the Ministry of Economy.

In 2009 the Company increased its share capital by LEI 1,943 thousand out of which LEI 1,560 thousands represents the value of a land received from the State in 2002 and LEI 383 thousands represents cash contribution of other shareholders repreesented by individuals and companies.

10. LONG TERM BORROWINGS AND OVERDRAFTS

	30 June 2009	31 December 2008	30 June 2008
Non-current	45,124	50,056	58,354
Current	512,200	502,458	489,036
Total	**557,324**	**552,514**	**547,390**

Movements in long term borrowings and overdrafts are presented as follows:

6 months ended 30 June 2008	
Balance at 1 January 2008	504,675
Drawings	1,575,110
Repayments	(1,530,644)
Revaluation	(1,751)
Balance at 30 June 2008	**549,390**
6 months ended 30 June 2009	
Balance at 1 January 2009	552,514
Drawings	774,767
Repayments	(779,619)
Revaluation	9,662
Balance at 30 June 2009	**557,324**

Semnat pentru identificare KPMG 13 AUG 2009 Initialised for identification

(Expressed in LEI thousands unless otherwise stated)

The group has the following undrawn borrowing facilities:

	Moneda	**30 June 2009**	**31 December 2008**	**30 June 2008**
Long term facilities not used	EUR	28,953,239	27,111,077	23,882,948
Overdrafts	EUR	359,606	449,521	754,103
	USD	225,188	166,860	237,860
	LEI	7,541,719	2,935,880	1,880,336

The following table is presented in relation with long term loans and overdrafts as at 30 June 2009, 31 December 2008 and 30 June 2008:

(Expressed in LEI thousands unless otherwise stated)

No	Lender	Currency	Interest	Maturity	Collateral	30 June 2009	31 December 2008	30 June 2008
	Long term loans							
1	KfW Germania Agreement no. F2978/03.08.1998	EUR	FIBOR 6L+ 0,625%	31-10-09	Letter of guarantee issued by Ministry of Finance;	4,442	8,395	11,552
2	KfW Germania Agreement no. F2980/03.08.1998	EUR	FIBOR 6L+ 0,625%	31-10-09	Letter of guarantee issued by Ministry of Finance;	2,049	3,871	5,328
3	Rabobank International Agreement 15.04.2005	EUR	EURIBOR 6L+ 1,375%	30-09-12	Credit Insurance Policy	30,264	32,682	33,731
4	Banca Transilvania Agreement no. 644/11.10.2006	EUR	10,5 (COF+1%)	10-10-13	Mortgage on land and buildings; Pledge on installations;	30,560	32,208	31,077
5	B.C.R. Lipscani Agreement no. 3/27.04.2005	EUR	EURIBOR 6L+ 1,375%	30-09-12	Credit insurance policy;	-	654	1,499
	Total					**67,314**	**77,810**	**83,187**

Semnat pentru identificare
Initialised for identification
KPMG
13 AUG 2009

(Expressed in LEI thousands unless otherwise stated)

No	Lender	Currency	Interest	Maturity	Collateral	30 June 2009	31 December 2008	30 June 2008
	Overdrafts							
1	B.C.R. Lipscani Agreement no. 5/2000	USD	LIBOR 3L+ 6%	30-07-09	Mortgage on land and buildings; Pledge on installations; Assignment on sales contracts;	92,342	87,082	71,188
2	B.C.R. Lipscani Agreement no. 5/2000	EUR	EURIBOR 3L +6%	30-07-09	Mortgage on land and buildings; Pledge on installations; Assignment on sales contracts;	33,997	31,867	29,984
3	B.C.R. Valcea Agreement no. 1469/2001	LEI	ROBOR 3L + 6%	30-07-09	Mortgage on land and buildings; Pledge on installations; Assignment on sales contracts;	87,293	90,205	90,439
4	B.C.R. Valcea Agreement no. 383/1438	EUR	EURIBOR 3L +6%	30-07-09	Mortgage on land and buildings; Pledge on installations; Assignment on sales contracts;	92,722	87,674	79,797
5	Banca Transilvania Valcea Agreement no. 30/2005	LEI	16,5%	29-09-09	Mortgage on land and buildings; Pledge on installations, vehicles; Assignment on sales contracts; Pledge on inventories;	99,177	99,538	99,680
6	Banca Transilvania Valcea Agreement no. 174/2005	USD	9,75 (COF . +1,15%)	29-09-09	Mortgage on land and buildings; Pledge on installations, vehicles; Assignment on sales contracts; Pledge on inventories;	36,754	34,692	28,263
7	Unicredit Valcea Convention no. 240-047/05	EUR	EUR LIBOR O/N +4,28%	15-09-09	Pledge on inventories; Assignment on export contracts;	16,632	15,642	13,119
8	Bancpost Valcea Agreement no. 8/14.02.2006	EUR	EURIBOR 3M +6%	11-07-09	Assignment on sales contracts; Pledge on installations;	12,653	11,956	10,968
9	Ing Barings Valcea Agreement no. 07207/18.05.2007	EUR	EURIBOR 1L +2,25%	15-02-10	Assignment on sales contracts;	12,500	11,726	10,765
10	Alphabank Valcea Agreement no. 101/1/17.10.2007	LEI	ROBOR 1L +3,25%	06-10-09	Assignment on sales contracts;	2,988	4,321	5,000

(Expressed in LEI thousands unless otherwise stated)

No	Lender	Currency	Interest	Maturity	Collateral	30 June 2009	31 December 2008	30 June 2008
	Overdrafts							
11	Garanti Bank Valcea Agreement no. 868/20.05.2009	EUR	EURIBOR 6M + 5,5%	01-05-10	Assignment on external sales contracts;	2,952	-	-
12	Eximbank Craiova Agreement no. 4SCR/30.07.07	LEI	10,46%	31-12-08	Assignment on sales contracts;	-	-	25,000
	Total					**490,010**	**474,703**	**464,203**

Semnat pentru identificare
Initialised for identification
KPMG
13 AUG 2009

(Expressed in LEI thousands unless otherwise stated)

11. AMOUNTS DUE TO THE A.V.A.S. (AUTHORITY FOR STATE ASSETS' RECOVERY)

At 30 June 2009, the Group has a debt to A.V.A.S. in amount of 508,485 thousand Lei, respectively 155,666,754 USD, according to debt cession contract no 1/28.06.2002 and addendums 1-32.

On 15 July 2009 Romanian Government approved the start of procedures for the conversion in shares of the entire debt due by Oltchim to A.V.A.S. (notifying The European Commission and making the conversion after obtaining the agreement from the Commission). No response was received from The European Commission untill the date of the approval of these interim financial statements.

12. INCOME TAX

The Group's current income tax for the 6 months period ended 30 June 2009 and 2008 is determined based on the statutory profit adjusted for non-deductible expenses and non-taxable revenues, at a statutory rate of 16%.

Deferred tax as at 30 June 2009 and 30 June 2008 is determined based on the tax rate of 16%, expected to be in force at the moment temporary differences reverse.

The income tax expense related to periods ended 30 June 2009 and 30 June 2008 are detailed as follows:

	2009	2008
Income tax expense - current	7	-
Total	7	-

The reconciliation between the income tax expense and product between the accounting result and the applicable income tax rate is presented as follows:

	2009	2008
Gross loss	**(114,818)**	**(38,903)**
Theoretical tax charge (16%)	**(18,371)**	**(6,224)**
Tax effect of items which are not deductible	18,364	6,224
Tax expense	7	-

13. EARNINGS PER SHARE

Earnings per share are calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

Semnat pentru identificare
Initialised for identification
13 AUG 2009

Loss attributable to ordinary shareholders

	6 months ended 30 June 2009	6 months ended 30 June 2008
Net loss form continuing activities attributable to shareholders	(114,826)	(38,903)
Weighted average number of ordinary shares in issue (millions)	343	324
Basic loss per share (in LEI per share)	(0.3348)	(0.1201)

Loss attributable to ordinary shareholders (diluted)

	6 months ended 30 June 2009	6 months ended 30 June 2008
Net loss form continuing activities attributable to shareholders	(114,826)	(38,903)
Weighted average number of ordinary shares in issue (millions)(Diluted)	5,428	5,409
Basic loss per share, diluted (in LEI per share)	(0.0212)	(0.0072)

14. CASH AND CASH EQUIVALENTS

At 30 June 2009 and 30 June 2008, cash and cash equivalents are as follows:

	30 June 2009	31 June 2008
Cash at bank in LEI	1,231	1,430
Cash at bank in foreign currency	3,621	5,585
Pledged deposits	1,877	3,866
Petty cash	120	115
Outstanding lodgements	172	514
Others	37	252
Total	7,058	11,762

Cash and cash equivalents include the bank overdrafts in the statement of cash flows as follows:

	30 June 2009	30 June 2008
Cash and cash equivalents	7.058	11.762
Bank overdrafts	(490.010)	(439.203)
Total	(482.952)	(427.441)

Semnat pentru identificare
Initialised for identification
KPMG
13 AUG 2009

(Expressed in LEI thousands unless otherwise stated)

15. RELATED PARTIES TRANSACTIONS

The nature of the related party relationships for those related parties with whom the Group entered into significant transactions or had significant balances outstanding are detailed below. Transactions were entered into with related parties during the ordinary course of business on normal commercial terms.

The related parties with whom the Group entered into significant transactions or had significant balances outstanding as at 30 June 2009 and 2008 are associates of the Group or companies under joint control of Ministry of Economy.

Transactions with related parties of the Group during 6 months period ended 30 June 2009 and respectively 30 June 2008, and balances at the period ended 30 June 2009 and respectively 30 June 2008 consist of the following:

(i) Transactions with related parties

Sales

	6 months ended 30 June 2009	6 months ended 30 June 2008
Mentchim SA	9,803	7,600
Oltgroup PVC SRL	8,619	6,213
Euro Urethane SRL	3,358	3,796
Petrom SA Bucuresti	2,621	5,457
Protectchim SRL	2,461	2,423
RAAN Drobeta Turnu Severin	1,823	-
Complex Energetic Rovinari SA	396	486
Oltquino SA	176	146
Societatea Nationala a Sarii Bucuresti	136	166
DesignRO SA	112	93
Complex Energetic Turceni SA	88	273
Termoelectrica SA Bucuresti	62	-
Complex Energetic Craiova SA	-	456
Oil Terminal SA Constanta	-	3
Total	**29,655**	**27,112**

Semnat pentru identificare
Initialised for identification
13. AUG. 2009

(Expressed in LEI thousands unless otherwise stated)

Purchases of goods and services

	6 months ended 30 June 2009	6 months ended 30 June 2008
Petrom SA Bucuresti	22,081	56.282
Mentchim SA	17,796	22,584
Electrica SA Bucuresti	10,048	-
Protectchim SRL	7,743	13,632
Soc. Nationala a Sarii Bucuresti (Exploatarea Miniera Valcea)	6,287	6,789
DesignRO SA	2,735	2,424
Oil Terminal SA Constanta	1,954	3,404
Oltgroup PVC SRL	637	2,066
Oltquino SA	376	207
Icechim Bucuresti	351	-
Iprochim Bucuresti	265	5
Insemex Petrosani	92	-
Ecoind Bucuresti	81	-
Distrigaz Sud SA Bucuresti	41	-
Total	**70,487**	**107,393**

(ii) Balances with related parties

Receivables from related parties

	30 June 2009	31 December 2008
Oltgroup PVC SRL	13,652	7,394
Mentchim SA	6,736	4,391
RAAN Drobeta Turnu Severin	4,188	-
Protectchim SRL	1,008	-
Euro Urethane SRL	693	1,966
Petrom SA Bucuresti	542	1,746
Oltquino SA	527	443
Complexul Energetic Rovinari SA	64	-
DesignRO SA	22	-
Total	**27,432**	**15,940**

Semnat pentru identificare
KPMG
13 AUG 2009
Initialised for identification

(Expressed in LEI thousands unless otherwise stated)

Payables to related parties

	30 June 2009	31 December 2008
Petrom SA Bucuresti	119,731	135,701
Electrica SA Bucuresti	97,785	-
Societatea Nationala a Sarii Bucuresti	3,520	-
Mentchim SA	1,578	1,010
DesignRO SA	1,085	369
Oil Terminal SA Constanta	1,062	-
Icechim Bucuresti	402	-
Protectchim SRL	369	481
Oltquino SA	257	5
Ecoind Bucuresti	163	-
Insemex Petrosani	158	-
Total	**226,110**	**137,566**

16. GOING CONCERN

During the first semester of the year, the Group was affected by the reduced functioning, approximately 40% of capacity due to the lack of main raw material used in the production process, named ethylene. In the first part of the year, the Group has been affected by the world economic crisis because it exports more than 72% of its production.

Therefore, the Group recorded a loss for six months ended 30 June 2009 of LEI 114,825 thousand. As at 30 June 2009 the Group's accumulated losses were of LEI 1,481,008 thousand, as compared to LEI 1,366,919 thousand as of 31 December 2008. As at 30 June 2009 the Group's current liabilities exceeded its current assets by LEI 653.225 thousand (2008: LEI 714.876 thousand).

The Group is confident that they could realize the current assets and discharge the current liabilities, as well as respecting the investment programme as it is presented in its budget and future cash flows.

Oltchim is a captive consumer, being dependent (regarding the necessary quantities, the price and the safety of delivery) of main raw materials supplier which are the products from Arpechim's pyrolysis, in particular ethylene, which can be transported only through existing pipe (ethylene's proprieties allow only the transportation through pipe or in special cryogenic containers). Ethylene is subject to chemical processing and transformed into vinyl chloride.

Since 16 November 2008, the petrochemical activity from Arpechim was closed, the Group functions at reduced capacity 40%. The Group's Management estimates that this situation is temporary and considered that an analysis of impairment of production equipment is not necessary.

These financial statements have been prepared based on the going concern principle.

17. SUBSEQUENT EVENTS

In the Ordinary General Shareholders Meeting held on 24 July 2009, was approved a loan in amount of 62,000,000 EUR for a period of 6 years, with one year grace, which will be used to buy from SC PETROM SA the petrochemical unit of ARPECHIM Pitesti, the overhaul to restart the petrochemical unit and for working capital.

The credit will be guaranteed as follows:

- 80% of the total value, respectively 49,600,000 EUR, will be guaranteed with a EXIMBANK letter of guarantee in name and on behalf of the State;
- 20% of the total value, respectively 12,400,000 EUR, will be guaranteed with fixed assets owned to the Company

General Manager
Constantin Roibu

Economic Director
Mandica Vasile