



ANNUAL REPORT OF THE BOARD OF DIRECTORS OF ROMPETROL RAFINARE ON THE CONSOLIDATED FINANCIAL STATEMENTS PREPARED FOR THE FINANCIAL YEAR 2013

2013 figures include consolidated financial statements in accordance with International Financial Reporting Standards („IFRS”). Consolidated financial statements of Rompetrol Rafinare include the results of the parent company Rompetrol Rafinare and its subsidiaries Rompetrol Petrochemicals S.R.L., Rom Oil S.A., Rompetrol Downstream S.R.L., Rompetrol Quality Control S.R.L and Rompetrol Logistics S.R.L. (with its subsidiary Rompetrol Gas S.R.L.).

COMPANY HISTORY

Rompetrol Rafinare (formerly known as Petromidia) is the main refining facility of the Rompetrol Group located in Navodari, Constanta. Starting with December 1, 2007, the company also operates Vega refinery, located in Ploiesti. “Complexul Petrochimic Midia Navodari” (the former name of Rompetrol Rafinare S.A.) was part of the large oil refining plants which appeared after 19. The plant was designed between 1975 and 1977. In 1991, Combinatul Petrochimic Midia Navodari became a stock company, by taking over all the assets of the former unit. In February 2001, as a result of the privatization of the company by the State Ownership Fund, The Rompetrol Group NV became the main shareholder. In 2003, by Decision no. 50640 of Trade Registry Directorate, based on the General Shareholders' Meeting as of February 20, 2003, the company was renamed S.C. Rompetrol Rafinare S.A. The company processes a variety of crude oils with different content of sulphur, reaching an average percent of 1.26% sulphur. The crude oil feeding (more than 98%) is carried out mainly through the marine terminal built by the Group, close to Petromidia Refinery, and the rest is carried out through Oil Terminal facilities in Constanta port. The products obtained can be delivered by railway, road and by sea. At the end of 2008 the company also finalized the operations for the 350% expansion of the transit capacity for finished products through Midia harbour, by building two new loading and offloading berths, Berth 9B and Berth 9C.

In 2012 Rompetrol Rafinare SA completed the extensive process of modernization that allowed efficient production and focus on the products required by the market (especially diesel).

Rompetrol Rafinare is a company managed in a unitary system, issuing stocks listed on the regulated market operated by the Bursa de Valori București S.A. (“BVB”) - Bucharest Stock Exchange. The shares of the Company were accepted for trading on the BVB secondary market following Decision no.27/March 25th 2004 of the Stock Exchange Board regarding the acceptance for trading and the trading start date was April 7th 2004. Prior to this date, the Company's shares were listed on the regulated market operated by RASDAQ.

Rompetrol Rafinare is listed and traded on the Bucharest Stock Exchange - BVB. The market symbol of the securities at the Bucharest Stock Exchange is RRC.

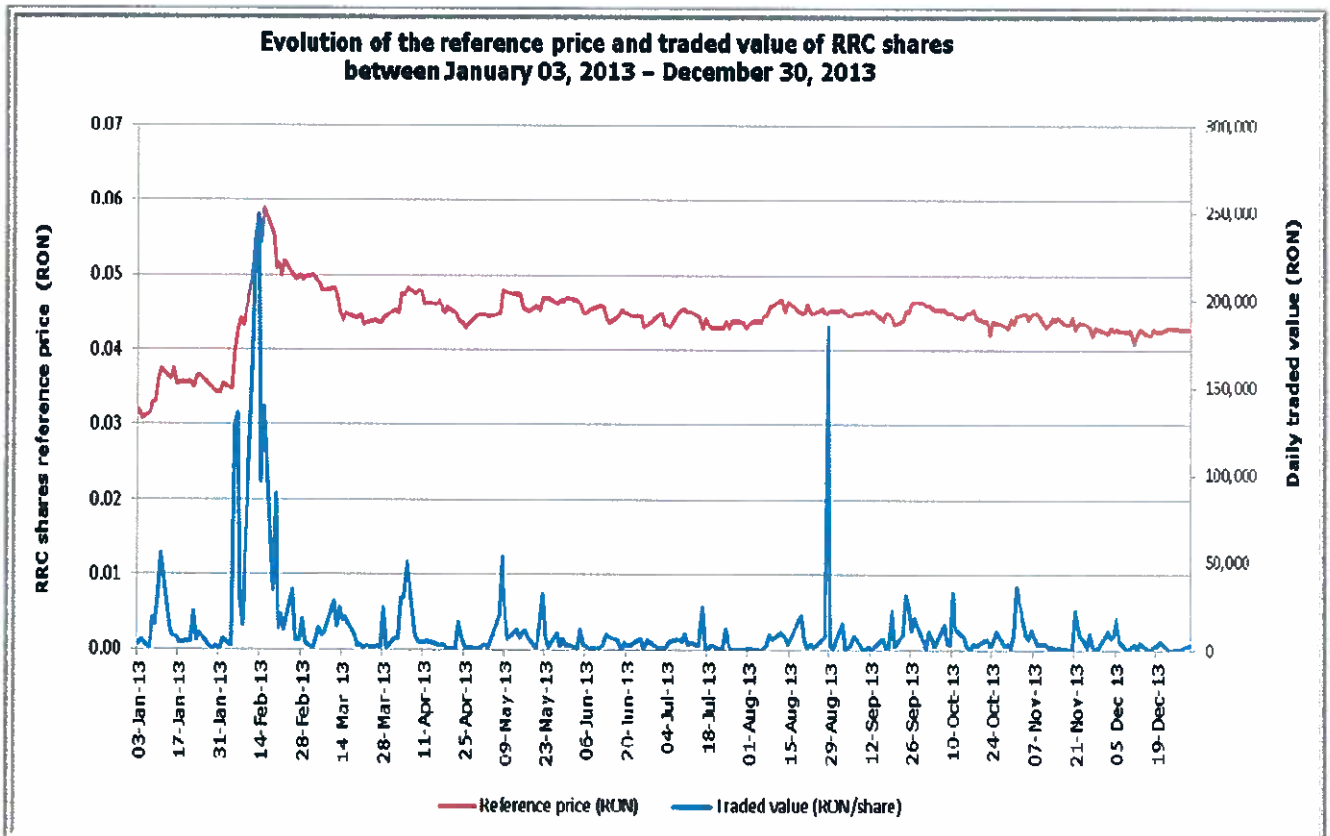
The company has an agreement with S.C. Depozitarul Central S.A. Bucuresti (the former name S.C. REGISCO S.A.), authorized by the National Securities Committee according to the authorization 3564/14.12.2006.

The contact information for S.C. Depozitarul Central S.A. is: Carol I Street no. 34-36, sector 2, Bucharest, site: www.depozitarulcentral.ro.



Rompetrol Rafinare shares' symbols:	
Bucharest Stock Exchange	RRC
Bloomberg	RRC RO

Rompetrol Rafinare Shares	2011	2012	2013
Number of shares	44,109,205,726	44,109,205,726	44,109,205,726
Stock exchange capitalization, mill. of lei ¹	1,689.383	1,389.440	1,887.874
Stock exchange capitalization, mill. of EUR ²	391.088	313.707	422.920
Maximum price, lei ³	0.0839	0.0429	0.0589
Minimum price, lei ⁴	0.0370	0.0276	0.0421
Price at the end of the year, lei	0.0383	0.0383	0.0421



¹ Calculated based on the share price valid on the last trading day of the year of analysis, respectively December 30, 2013.

² Calculated at the EUR exchange rate (4.4639) valid during the last trading session of the year of analysis, respectively December 30, 2013.

³ Registered on February 15, 2013.

⁴ Registered on January 4, 2013.



Weighted Average Price (WAP) of RRC shares during 2013 = 0.0467403 lei/share;

The volume traded in February represents 45.26% of the entire volume traded in 2013 (total traded volume in 2013 = 3,133,493.43 lei)

Rompetro Rafinare Shareholders Structure

By letter No. 20052 sent by the Depozitarul Central on May 2nd, 2013, Rompetrol Rafinare has been informed regarding the updating of the identification data of the significant shareholder the Ministry of Economy, following to the provisions of Article 4. Paragraph 1 of the Government Emergency Ordinance No. 96/2012 on the establishment of reorganisation measures in the central public administration and for the amendment of some regulations. Taking these documents into consideration, by the Resolution of the Board of Directors of the Company, in effect as of May 10th, 2013 the modification and updating of the Articles of Incorporation of the Company, as well as the completion of the formalities for the registration of the amendments stated in the regulations with the Trade Register Office were approved.

Therefore, the significant shareholders of the company referred to in the Articles of Incorporation updated on May 15th, 2013 are the following:

„A. Significant shareholders:

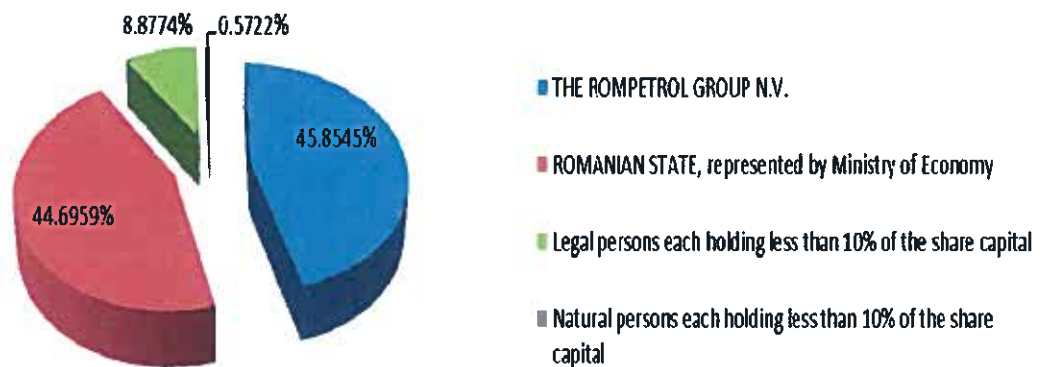
1) **The Rompetrol Group N.V. (Netherlands) owns 20,226,040,126 shares, payed of, in amount of RON 2,022,604,012.6 representing 45,8545% of the share capital;**

2) **The Romanian state represented by the Ministry of Economy, owns 19,715,009,053 shares, payed of, in amount of RON 1,971,500,905.3, representing 44.6959% of the share capital;**

B. Shareholders that each own less than 10% of the share capital representing a total of 4,168,156,547 shares, payed of, in amount of RON 416,815,654.7 representing a total of 9,4496% in the share capital.

According to the Shareholders' Register consolidated on December 31, 2013, the structure of the Company's significant shareholders is presented in the following graph:

The structure consolidated by the Depozitarul Central S.A. on 31.12.2013



Note:

On 31.12.2013, the shareholders of the Rompetrol Rafinare of the Rompetrol Group hold 24,104,704,500 shares, representing 54.6478% of the share capital

Company's own shares

At 31.12.2013, ROMPETROL RAFINARE S.A. held a number of 6,134,701 having a nominal value of RON 0.10 per share and a total value of RON 613,470.10, which represents 0.029% of Company's share capital

The Company did not trade (by acquiring or selling) its own shares during 2013.

The Financial Calendar proposed for the year 2014

Financial Calendar	Date
<i>Presentation of the preliminary, unaudited, individual and consolidated results of the year 2013 and IVth Quarter of 2013</i>	<i>February 17th, 2014</i>
<i>Ordinary General Assembly of Shareholders, to approve the annual financial results of year 2013</i>	<i>April 29th/ April 30th, 2014</i>
<i>Publication of the 2013 Annual Report (i.e. publication of the financial results of 2013)</i>	<i>April 30th, 2014</i>
<i>Presentation of the results recorded during the first quarter of 2014</i>	<i>May 14th, 2014</i>
<i>Presentation of the results recorded during the first semester and second quarter of 2014</i>	<i>August 13th, 2014</i>
<i>Presentation of the results recorded during the third quarter of 2014 and between January – September 2014</i>	<i>November 14th, 2014</i>

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

Investor Relations Contact

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

STRATEGY

To assure competitiveness of the Kazakh crude based products in the Black Sea market, an ambitious upgrade program has been executed to bring the Petromidia refinery in Romania to world-class standards, by increasing the capacity up to 5 million tons per year.

This upgrade makes Petromidia the largest refinery in Romania and one of the largest in the Region. The refinery is strategically located on the Black Sea shore, with easy access to several markets for which forecasted demand is expected to grow over the next years, at the same time offering certain advantages in each, such as: good contribution margins or room for additional market share growth.

The 2014-2018 strategy is a mixture of cost optimization projects for production, network expansion for retail. The main objective for the 2014-2018 strategy is to expand distribution operations in countries around the Black Sea, to benefit from increased vertical integration with refining operation for improved financial performance through the followings:

- Strengthen its Retail network presence following the upgrading of the Petromidia Refinery.
- Initiatives to reduce cost in refining with the purpose to streamline processes and increase profitability:
 - The material technological improvements brought by the Refinery Upgrade Package are expected to increase refinery savings by an additional USD 2 million/year in net profit and USD 4 /ton from expected savings in processing costs .
 - Further to the technological improvements, Petromidia refinery management will continue to focus on cost competitiveness (further cost reduction initiatives) and energy efficiency for optimum refinery performance.

HIGHLIGHTS – CONSOLIDATED

Financial	2013	2012	%	2013	2012	%
	USD	USD		RON	RON	
Gross Revenues	4,899,808,638	4,619,549,311	6%	15,949,367,097	15,037,094,962	6%
Net Revenues	3,910,907,653	3,843,481,873	2%	12,730,395,501	12,510,917,845	2%
EBITDA	28,965,159	76,830,813	N/A	94,284,490	250,091,980	N/A
EBITDA margin	0.7%	2.0%		0.7%	2.0%	
EBIT	(35,441,500)	(119,532,295)	N/A	(115,365,629)	(389,089,573)	N/A
Net profit / (loss)	(95,608,192)	(163,033,733)	N/A	(311,214,229)	(530,691,104)	N/A
Net Profit / (loss) margin	-2.4%	-4.2%		-2.4%	-4.2%	

Rompertol Rafinare Constanta (RRC) gross revenues reached USD 4.899 billion influenced by the increase in the volume of petroleum products sold as against last year, despite the decreasing international quotations for petroleum products.

The consolidated accounts are disclosed in in the following sections for each business unit.

**ENVIRONMENT**

		2013	2012	%
Brent Dated	USD/bbl	109	112	-3%
Ural Med	USD/bbl	108	111	-2%
Brent-Ural Differential	USD/bbl	0.36	0.95	-62%
Premium Unleaded 10 ppm FOB Med	USD/t	981	1,023	-4%
Diesel ULSD 10 ppm FOB Med	USD/t	931	969	-4%
RON/USD Average exchange rate		3.33	3.47	-4%
RON/USD Closing exchange rate		3.26	3.36	-3%
RON/EURO Average exchange rate		4.42	4.46	-1%
RON/EURO Closing exchange rate		4.48	4.43	1%
USD/EURO Closing rate		1.38	1.32	4%
Inflation in Romania*		1.57%	0.93%	

Source: Platt's, JBC Energy

Global economic expansion in 2013 – at 2,2% y-o-y – was slightly lower than the 2,5% witnessed in 2012. Europe's GDP grew 0,1% last year, rebounding from a contraction witnessed in 2012. The European Union managed to come out of recession in late 2013 and should be able to maintain its slow recovery. The commitment of the European Central Bank (ECB) to provide sufficient liquidity to the market has in turn led to a stabilization of the euro zone periphery. Economic growth in the US last year was affected by government spending cuts resulting in a weak first half. Although the economy picked up in the second half, it grew slightly slower in 2013 compared to the year before. However, despite the recovery witnessed in developed economies, 2013 was a fairly disappointing year for emerging markets. The Chinese economy still grew by 7.5%, however this represent the worst performance over the past two decades while Russia witnessed the slowest growth since 2009. Despite a general slowdown of the economies, other emerging markets were particularly affected by strong currency depreciation, leading to Central Banks in India, Turkey, South Africa and Brazil to increase their policy rates, potentially prolonging the current downturn.

At \$108,66 on an annual average basis, Dated Brent's 2013 price was lower on the 2012 figure by \$3 per barrel. Although the geopolitical risk premium continued to play a role in price formation, fluctuations were less pronounced. Dated Brent did not breach the \$120 per barrel mark exceeded the prior year as increasing US output and OECD demand issues relating to slower economic growth weighed. H1's February spike (and Dated Brent's highest outright price) was mostly sentiment-driven, coming on the back of a surge in MENA unrest as well as a more positive perception of economic development that saw most major forecasting agencies making upwards revisions to 2013 demand. However, market fundamentals cooled off outright levels to the year's low point. H2 saw prices steady and build on healthy demand and supply shocks, both perceived and actual. Speculation over a US-led military strike on Syria saw prices briefly surge to their second highest point in late August, further underpinned by the suspension of most Libyan output as protestors took control of crude production and export infrastructure.

Supply issues steered the Urals market over 2013 as overall seaborne exports of the Russian grade fell by 130,000 b/d over the year. Russia's crude taxation system currently favors domestic consumption over exports. Urals Med (CIF Augusta) averaged at the most narrow discount to Dated Brent ever at -35 cents per barrel, as the tightest ex-Novorossiysk loadings in at least six years hit the already structurally short Mediterranean region. In addition to sanctions on Syrian and Iranian crude, Iraq's semi-autonomous region of Kurdistan began withholding its contribution to the Kirkuk stream due to a revenue dispute with the federal government, which combined with regular pipeline sabotage and technical problems caused volumes of Kirkuk entering the Med basin. Urals Med differentials were pushed to extended premiums over the summer, hitting an all-time high assessment of \$1.05 per barrel in July and the grade also reached premiums to the benchmark during periods



not normally associated with peak feedstock demand. The year's low-point in February was maintenance driven and only slightly less than the deepest point a year before.

The Med gasoline crack started off 2013 on a relatively strong footing. However, strength declined towards the end of Q1 as the factors which propped up Atlantic Basin gasoline markets over 2012, including an octane shortage and bullishness among speculators, largely subsided. With the exception of a few moments of respite during the summer peak demand season, the Med gasoline crack was relatively depressed, particularly over the last quarter of the year. The weakness can partly be attributed to developments across the Atlantic, where US refiners kept run rates extremely elevated, thanks to their feedstock competitiveness, even though gasoline domestic demand was entering its seasonal lull. This limited European refiners' export opportunities to the US and led to higher competition in the domestic and export markets. On average, the crack over 2013 was around \$2,7 per barrel lower y-o-y.

Middle distillate cracks in the Med experienced a relatively strong Q1, however waned after and remained at fairly depressed levels compared to 2012. In fact, the Med gas oil/diesel crack over 2013 averaged some \$2,3 per barrel lower y-o-y. Pressure stemmed from continued elevated exports into Europe from Russia, where significant desulphurization capacity has increased the country's output of ULSD, as well as from the US. The winter season also failed to offer any significant.

Refining margins in the Mediterranean deteriorated noticeably in 2013 compared to the prior year. Overall, refiners in the region reduced utilization rates by 2,5 percentage point y-o-y in 2013, due to weakening margins in the second half of the year. In Q2, elevated import requirements in the Middle East, amid a strong refinery maintenance schedule, provided support to the gasoline segment and in turn to margins. However, by mid-year, the challenges facing the Med resurfaced and margins took a turn for the worse. Rising competitive pressure in both the domestic and export markets led to lower refining margins and to a 7pp fall in utilization rates compared to the prior year. Higher desulphurization capacity in Russia resulted in a strong uptick in ULSD exports, which, due to the highly competitive nature of Russian volumes, replaced domestically produced barrels. At the same time, wide crude differentials in the US prompted refiners there to keep runs elevated over the last few months of the year, resulting in elevated exports which effectively competed against Med barrels in Europe, C&S America and West Africa. Additionally, US gasoline import requirements fell significantly, weakening gasoline cracks in the Atlantic Basin and hurting Med refining margins.

From exchange rate perspective, the RON had a very good start in 2013, slightly appreciating in value in report with the euro supported by positive investors feeling (EUR/RON 4.3072 reached in March). However, the month of December was not favorable to the national currency, as it dropped almost 0.9% in front of the euro: the dissensions on the domestic political scene affected the economic environment and sent signals to investors concerning a certain instability (EUR/RON reached 4.4847 in December).

EUR/USD showed strong movement over the course of 2013. January and February were the months which showed the most volatility due to high tension in Eurozone. During this time, the EUR/USD exchange rate hit a high of 1.37 and a low just below the 1.30 level. From the second part of the year, due to ECB decision to further ease the monetary policy, the EUR/USD gradually increased ending 2013 at 1.38.



REFINING

Financial		2013	2012	%	2013	2012	%
		USD	USD		RON	RON	
Gross Revenues	USD/RON	4,405,512,300	4,270,625,763	3%	14,340,383,088	13,901,313,921	3%
Net Revenues	USD/RON	3,540,085,234	3,554,601,432	0%	11,523,331,445	11,570,583,121	0%
EBITDA	USD/RON	(16,114,050)	58,345,084	N/A	(52,452,844)	189,919,083	N/A
EBITDA margin	%	-0.5%	1.6%	N/A	-0.5%	1.6%	N/A
EBIT	USD/RON	(47,175,318)	(70,612,229)	N/A	(153,560,378)	(229,849,867)	N/A
Net profit / (loss)	USD/RON	(78,635,979)	(118,699,352)	N/A	(255,967,975)	(386,378,261)	N/A
Net profit / (loss) margin	%	-2.2%	-3.3%		-2.2%	-3.3%	
Gross cash refinery margin/tonne	USD/(RON)/t	24.72	35.39	-30%	80.48	115.20	-30%
Gross cash refinery margin/bbl	USD/(RON) /bbl	3.40	4.87	-30%	11.08	15.86	-30%
Net cash refinery margin/tonne	USD/(RON)/t	(5.0)	14.1	N/A	(16.3)	46.0	N/A
Net cash refinery margin/bbl	USD/(RON)/bbl	(0.7)	1.9	N/A	(2.3)	6.3	N/A
Operational							
Feedstock processed	Kt	4,149	4,012	3%			
Gasoline produced	Kt	1,194	1,287	-7%			
Diesel & jet fuel produced	Kt	2,031	1,713	19%			
Motor fuels sales - domestic	Kt	1,623	1,536	6%			
Motor fuels sales - export	Kt	1,443	1,307	10%			
Export	%	47%	46%				
Domestic	%	53%	54%				

Note: Refining segment comprises the results of the company Rompetrol Rafinare (which operates Petromidia and Vega refineries). Rompetrol Rafinare computes Gross refinery margin as follows – (Oil Product Sales – Cost of Feedstock) / Quantity of sales. Net Refinery margin is the EBITDA of the refinery divided by quantity of sales.

The gross revenues of the refining segment reached USD 4.405 billion in 2013 lower by 3% compared with the same period of 2012, influenced by the increase in the volume of petroleum products sold as against last year, despite the decreasing international quotations for petroleum products.

In 2013 the total throughput was 4.18 million tons higher by 3.32% against 2012. The designed capacity utilization (14,000 tons/day) was 86.18% higher by 11.68% compared with the same period of 2012, reaching also the highest average daily throughput of 12.74 kt/day.

In 2013, following the finalization of the investment program, diesel yield significantly increased by almost 20% compared with last year. Thus, 1.9 million tons of diesel were produced in Petromidia, being the highest level ever reached in history. White products yield reported to total feedstock reached 85.6%, being also the highest level ever reached in Petromidia history.



ROMPETROL

Regarding Vega refinery, in 2013 the throughput was 240,553 tons lower by 21% compared with last year when the throughput was 305,171 tons. The decrease is due to lower market demand for the niche products and lower quantities of raw materials received at the beginning of 2013.

Company's financial results were significantly influenced by the refining margin, which decreased significantly in both the fourth quarter and in 2013 being negatively influenced by adverse market conditions, following the decrease of international quotations of finished petroleum products (gasoline and diesel) by 4%, compared with a decrease of only 3% of Brent crude quotations.

In respect of Vega Refinery the same financial results in terms of EBITDA were obtained due to continuous improvement of the refinery units operation and due to maximization of valuable products: 2013 Hexane yield of 43% was the highest achieved in refinery history.

Starting with 2007, when The Rompetrol Group was purchased by KazMunayGaz, the processing capacity of Petromidia and Vega refineries increased up to 5 million tons and also the technological processes were optimized. Therefore, in the last six months of 2013, Petromidia refinery reached a maximum throughput of 14 thousand tons per day.

Last year, The Rompetrol Group finished the investment program in Petromidia refinery which became the largest and most powerful in Romania. Petromidia represents over 40% of Romania's refining capacity and total investment made by the Group and its sole shareholder, KazMunayGas - oil and gas national company of Kazakhstan, amounted to 700 million euros.

Rompétrol Rafinare S.A. continued to be an important contributor to Romania's fiscal budget with over USD 1.4 billion in 2013.



MARKETING

		2013	2012	%	2013	2012	%
Financial		USD	USD		RON	RON	
Gross Revenues	USD/RON	2,943,112,711	2,673,035,916	10%	9,580,126,186	8,700,999,210	10%
EBITDA	USD/RON	47,276,973	28,637,283	65%	153,891,275	93,217,220	65%
EBIT	USD/RON	26,910,936	(23,255,472)	N/A	87,597,788	(75,698,886)	N/A
Net profit / (loss)	USD/RON	1,340,192	(44,026,373)	N/A	4,362,459	(143,310,245)	N/A
Operational							
Fuels quantities sold in retail	Kt	641	678	-6%			
Fuels quantities sold in wholesale	Kt	925	746	24%			
LPG quantities sold	Kt	262	290	-10%			

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

In 2013, the marketing segment turnover reached USD 2.943 billion, higher by 10% compared with 2012, positively influenced by an increase of 24% of the wholesale quantities sold in 2013 compared with the same period last year.

Rompetrol Downstream reached record sales in 2013 of tons 1.57 million, 142 k tons higher compared with last year.

In 2013 compared with the same period last year, the Platt's quotations (FOB Med Italy-mean), decreased by an average of 4% for gasoline and diesel in the context of a USD/RON exchange rate that also decreased by 4%.

The financial results of the distribution segment were positively influenced mainly by sales channel optimisation and the cost cutting program.

As of December 2013, the Rompetrol Downstream's distribution segment includes 742 sale points, including the network of owned stations, partner stations and mobile stations: express, cuves and internal bases.

PETROCHEMICALS

		2013	2012	%	2013	2012	%
Financial		USD	USD		RON	RON	
Revenues	USD/RON	251,082,207	247,294,513	2%	817,297,692	804,968,369	2%
EBITDA from current operations*	USD/RON	1,801,754	(8,159,557)	N/A	5,864,891	(26,560,174)	N/A
EBIT	USD/RON	40,932,016	(20,239,957)	N/A	133,237,805	(65,883,085)	N/A
Net profit / (loss) from current operations*	USD/RON	(8,930,003)	(21,494,955)	N/A	(29,068,052)	(69,968,229)	N/A
Net profit / (loss)	USD/RON	37,863,345	(21,494,955)	N/A	123,248,972	(69,968,229)	N/A
Operational							
Propylene processed	kt	107	119	-10%			
Ethylene processed	kt	55	58	-5%			
Sold from own production	kt	160	167	-4%			
Sold from trading	kt	9	11	-20%			
Total sold		168	177	-5%			
Export	%	60%	55%				
Domestic	%	40%	45%				

**In order to provide comparability of results 2013/2012, the impact resulted from the one off extraordinary transaction, in respect of the transfer of activity of Rompetrol Petrochemicals to Rompetrol Rafinare SA has been eliminated*

Rompetrol Petrochemicals is the sole polypropylene producer in Romania; starting with 2010 the company was also the sole producer of polyethylene, providing the company a competitive position on the domestic and regional markets – in the Balkans Region. One of the advantages of the company is determined by its proximity to its customers, providing the products required Just - In - Time, as well as offering technical consulting and monitoring of their production cycle.

In 2013 versus last year the quantity of raw materials processed decreased by 8% due to the planned shutdown during March - April 2013 in order to perform the scheduled technological works.

For the year 2013 versus last year, the company's financial results were positively influenced by the good margins, for petrochemicals products, incurred especially in January, June and also in the third quarter of 2013, when EBITDA reached a positive level of USD 1.5 million, USD 0.9 million and respectively USD 4.33 million. In Q4 2013, the financial results were positively influenced by a one off transaction, with no impact at consolidated level, following the takeover process of petrochemicals activity by Rompetrol Rafinare SA.

In 2013 the weight of high quality rated polymers products reached 97.7%.



APPENDIX 1 – CONSOLIDATED INCOME STATEMENT 2013, AUDITED

	2013	2012	%	2013	2012	%
	USD	USD		RON	RON	
Gross Revenues	4,899,808,838	4,619,549,311	6%	15,949,367,097	15,037,094,962	6%
Sales taxes and discounts	(988,900,985)	(776,067,438)	27%	(3,218,971,596)	(2,526,177,117)	27%
Net revenues	3,910,907,653	3,843,481,873	2%	12,730,395,501	12,510,917,845	2%
Cost of sales	(3,750,650,407)	(3,672,713,538)	2%	(12,208,742,141)	(11,955,049,838)	2%
Gross margin	160,257,246	170,768,335	-6%	521,653,360	555,868,007	-6%
Selling, general and administration	(219,726,314)	(220,106,359)	0%	(715,231,124)	(716,468,208)	0%
Other expenses, net	24,027,568	(70,194,271)	N/A	78,212,135	(228,489,372)	N/A
EBIT	(35,441,500)	(119,532,295)	N/A	(115,365,629)	(389,089,573)	N/A
Finance, net	(57,664,085)	(55,988,793)	N/A	(187,702,363)	(182,249,121)	N/A
Unrealized net foreign exchange (losses)/gains	(2,184,489)	22,681,452	N/A	(7,110,731)	73,830,395	N/A
Realized net foreign exchange (losses)/gains	(219,235)	(10,725,694)	N/A	(713,632)	(34,913,207)	N/A
EBT	(95,509,309)	(163,565,330)	N/A	(310,892,355)	(532,421,506)	N/A
Income tax	(98,883)	531,597	N/A	(321,874)	1,730,402	N/A
Net result	(95,608,192)	(163,033,733)	N/A	(311,214,229)	(530,691,104)	N/A
EBITDA	28,965,159	76,830,813	N/A	94,284,490	250,091,980	N/A



APPENDIX 2 – CONSOLIDATED BALANCE SHEET DECEMBER 31, 2013, AUDITED

	December 31, 2013 USD	December 31, 2012 USD	%	December 31, 2013 RON	December 31, 2012 RON	%
Assets						
Non-current assets						
Intangible assets	8,035,381	11,715,765	-31%	26,155,966	38,135,985	-31%
Goodwill	82,871,706	82,871,706	0%	269,755,691	269,755,691	0%
Property, plant and equipment	1,149,815,701	1,150,819,800	0%	3,742,765,090	3,746,033,529	0%
Financial assets and other	1,202,723	7,594,750	-84%	3,914,983	24,721,668	-84%
Total Non Current Assets	1,241,925,511	1,253,002,021	-1%	4,042,591,730	4,078,646,873	-1%
Current assets						
Inventories	436,074,392	446,917,386	-2%	1,419,465,756	1,454,760,783	-2%
Trade and other receivables	320,937,214	284,613,763	13%	1,044,682,721	926,446,259	13%
Cash and cash equivalents	118,470,507	159,264,897	-26%	385,633,346	518,423,167	-26%
Total current assets	875,482,113	890,796,046	-2%	2,849,781,823	2,899,630,209	-2%
Total assets	2,117,407,624	2,143,798,067	-1%	6,892,373,553	6,978,277,082	-1%
Equity and liabilities						
Total Equity	484,965,450	361,897,872	28%	1,513,509,036	1,178,013,766	28%
Non-current liabilities						
Provision	73,246,042	68,797,216	6%	238,423,191	223,941,818	6%
Other	541,083	869,785	-38%	1,761,278	2,831,238	-38%
Total non-current liabilities	73,787,125	69,667,001	6%	240,184,469	226,773,056	6%
Current Liabilities						
Trade and other payables	1,044,036,705	917,143,556	14%	3,398,443,885	2,985,393,979	14%
Derivative financial instruments	63,466	2,520,211	-97%	206,579	8,203,539	-97%
Provisions - current portion	313,417	11,501,341	-97%	1,020,204	37,438,015	-97%
Short-term debt	534,241,481	781,068,086	-32%	1,739,009,380	2,542,454,727	-32%
Total current liabilities	1,578,655,049	1,712,233,194	-8%	5,138,680,048	5,573,490,260	-8%
Total equity and liabilities	2,117,407,624	2,143,798,067	-1%	6,892,373,553	6,978,277,082	-1%

Risk Management

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

Commodity price risk

The Group is exposed to changes in commodity prices both on the purchase of crude oil and the eventual sale of the finished oil products. The Group is an importer of crude oil and was influenced by the increase in average crude oil prices in 2013 and 2012. The Group exports almost half of its petroleum products on external markets, the rest being sold on the Romanian market. The prices for crude oil and petroleum products bought/sold are determined by reference to international quotations, while the price of petroleum products for domestic market are mainly market driven.

Interest rate risk

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

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

Foreign exchange risk

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

Liquidity and cash flow risks

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

One of the concerns of the management of Rompetrol Rafinare is to know the effects of all these risks in order to ensure that the economic-financial activity of the company is carried out without any problems. During 2013 the company enjoyed continuous financing resources at the needed levels and ensured that no cases of temporary lack of financial resources or of lack of liquidity of the company occurred, as a result of selling products guaranteed with payment instruments and negotiating receipt terms from clients and payment terms to suppliers that are advantageous, maintaining at the same time a good relation with the business partners.

Credit risk

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



Trade receivables

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

Financial instruments and bank deposits

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

Commodity price risk

The Group is affected by the volatility of crude oil, oil product and refinery margin prices. Its operating activities require ongoing purchase of crude oil to be used in its production as well as supplies to its clients. Due to significantly increased volatility of crude oil, the management developed a hedge policy, and following this, the Group started on January 2011 the hedge of commodities held by Rompetrol Rafinare.

Operational risk

The operational risk derives from the possibility that accidents, errors, malfunctions may occur, as well as from the influences of the environment upon the operating and financial results. Rompetrol Rafinare S.A. has continued a broad revamp process on the refinery technology, for the purpose of increasing the production, reducing the technological losses, as well as eliminating the accidental shut-downs in the industrial process. Also, the Company is preoccupied with maintaining and improving the quality-environment-safety integrated system on a constant basis, aiming to improve the organizational image, by complying with the requirements on quality, environmental protection and work safety, by improving the relationship with the authorities and with the socio-economic society, by limiting the civil and criminal liability and by meeting the legal requirements for quality – environment – security.



ROMPETROL

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

The functional currency, as basis for preparing the financial statements, is USD. RON currency is used as currency for presenting the informations in USD, according to the International Financial Reporting Standards. All the RON information were obtained by multiplying the USD values with the exchange rate USD/RON = 3.2551 as of 31 December 2013.

PRESIDENT OF BOARD OF DIRECTORS
Azamat Zhangulov

MEMBER OF THE BOARD OF DIRECTORS:
Alexandru Nicolcioiu

MEMBER OF THE BOARD OF DIRECTORS:
Sorin Graure

MEMBER OF THE BOARD OF DIRECTORS:
Iulian-Marian Butnaru

MEMBER OF THE BOARD OF DIRECTORS:
Gabriel Dumitrascu

CHIEF FINANCIAL OFFICER
Giani-Iulian Kacic

