

# **ROMPETROL RAFINARE S.A.**

## **INDIVIDUAL FINANCIAL STATEMENTS**

### **Prepared in compliance with**

Order of the Minister of Public Finance no. 1286/2012  
for approval of the accounting regulations in compliance with  
the International Financial Reporting Standards

**31 DECEMBER 2013**



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## **RAPORTUL AUDITORULUI INDEPENDENT INDEPENDENT AUDITORS' REPORT**

Catre actionarii, SC Rompetrol Rafinare S.A.  
*To the shareholders of S.C.Rompetrol Rafinare S.A.*

- 1 Am auditat situatiile financiare anexate ale societatii S.C. Rompetrol Rafinare S.A. ("Societatea") care cuprind situatia pozitiei financiare la data de 31 decembrie 2013, contul de profit si pierdere, situatia rezultatului global, situatia miscarilor in capitalurile proprii si situatia fluxurilor de numerar pentru exercitiul financiar incheiat la aceasta data si un sumar al politicilor contabile semnificative si alte note explicative.
- 1 *We have audited the accompanying financial statements of S.C. Rompetrol Rafinare S.A. ("the Company"), which comprise the statement of financial position as at 31 December 2013, and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.*

### **Responsabilitatea conducerii pentru situatiile financiare Management's responsibility for the financial statements**

- 2 Conducerea are responsabilitatea întocmirii și prezentării fidele a acestor situații financiare în conformitate cu Ordinul Ministrului Finanțelor Publice nr. 1286/2012 pentru aprobarea Reglementărilor contabile conforme cu Standardele Internaționale de Raportare Financiară, aplicabile societăților comerciale ale căror valori mobiliare sunt admise la tranzacționare pe o piață reglementată, cu toate modificările și clarificările ulterioare, și pentru acel control intern pe care conducerea îl consideră necesar pentru a permite întocmirea și prezentarea fidelă a situațiilor financiare care sunt lipsite de denaturări semnificative, cauzate fie de fraudă, fie de eroare.
- 2 *Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Order of the Minister of Public Finance no. 1286/2012 approving the accounting regulations compliant with the International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market, with all subsequent modifications and clarifications, and for such internal control as management determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.*



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## Responsabilitatea auditorului *Auditors' responsibility*

- 3 Responsabilitatea noastra este ca, pe baza auditului efectuat, sa exprimam o opinie asupra acestor situatii financiare. Noi am efectuat auditul conform standardelor de audit adoptate de Camera Auditorilor Financiari din Romania. Aceste standarde cer ca noi sa respectam cerintele etice ale Camerei, sa planificam si sa efectuam auditul in vederea obtinerii unei asigurari rezonabile ca situatiile financiare nu cuprind denaturari semnificative.
- 3 *Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing as adopted by the Romanian Chamber of Financial Auditors. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.*
- 4 Un audit consta in efectuarea de proceduri pentru obtinerea probelor de audit cu privire la sumele si informatiile prezentate in situatiile financiare. Procedurile selectate depind de rationamentul profesional al auditorului, incluzand evaluarea riscurilor de denaturare semnificativa a situatiilor financiare, datorate fraudei sau erorii. In evaluarea acestor riscuri, auditorul ia in considerare controlul intern relevant pentru intocmirea si prezentarea fidela a situatiilor financiare ale Societatii pentru a stabili procedurile de audit relevante in circumstantele date, dar nu si in scopul exprimarii unei opinii asupra eficientei controlului intern al Societatii. Un audit include, de asemenea, evaluarea gradului de adecvare a politicilor contabile folosite si rezonabilitatea estimarilor contabile elaborate de catre conducere, precum si evaluarea prezentarii situatiilor financiare luate in ansamblul lor.
- 4 *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 internal control relevant to the entity's preparation and fair presentation 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.*
- 5 Consideram ca probele de audit pe care le-am obtinut sunt suficiente si adecvate pentru a constitui baza opiniei noastre de audit.
- 5 *We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.*



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## Opinia *Opinion*

- 6 In opinia noastră, situațiile financiare ofera o imagine fidelă și justă a poziției financiare a Societății la data de 31 decembrie 2013, ca și asupra performanței financiare și a fluxurilor de numerar pentru exercitiul financiar încheiat la această dată, în conformitate cu Ordinul Ministrului Finanțelor Publice nr. 1286/2012 pentru aprobarea Reglementărilor contabile conforme cu Standardele Internaționale de Raportare Financiară, aplicabile societăților comerciale ale căror valori mobiliare sunt admise la tranzacționare pe o piață reglementată, cu toate modificările și clarificările ulterioare.
- 6 *In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with the Order of the Minister of Public Finance no. 1286/2012 approving the accounting regulations compliant with the International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market, with all subsequent modifications and clarifications.*

## Raport asupra conformității raportului administratorilor cu situațiile financiare *Report on conformity of the Administrators' Report with the financial statements*

În conformitate cu Ordinul Ministrului Finanțelor Publice nr. 1286/2012, articolul nr. 16 punctul c) din capitolul II, noi am citit Raportul administratorilor. Raportul administratorilor nu face parte din situațiile financiare. În Raportul administratorilor noi nu am identificat informații financiare care să nu fie în mod semnificativ în conformitate cu informațiile prezentate în situațiile financiare la 31 decembrie 2013, atașate.



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*In accordance with the Order of the Minister of Public Finance no 1286/2012, article no. 16 point c) from chapter II we have read the Administrators' Report. The Administrators' Report is not a part of the financial statements. In the Administrators' Report we have not identified any financial information which is not in accordance, in all material respects, with the information presented in the accompanying financial statements as at 31 December 2013.*

In numele  
On behalf of

**Ernst & Young Assurance Services SRL**

Inregistrat la Camera Auditorilor Financiari din Romania  
Cu nr. 77/15 august 2001  
Registered with the Chamber of Financial Auditors in Romania  
Nr. 77/15 August 2001

 **ERNST & YOUNG**

27-03-2014 

Initialed for identification  
Semnat pentru identificare

Numele semnatarului: Garry R. Collins  
Name of signing person: Garry R. Collins

Inregistrat la Camera Auditorilor Financiari din Romania  
Cu nr. 179/15 octombrie 2000  
Registered with the Chamber of Financial Auditors in Romania  
Nr. 179/15 October 2000

Bucuresti, Romania  
27 martie 2014  
Bucharest, Romania  
27 March 2014

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**ROMPETROL RAFINARE S.A.**  
**STATEMENT OF THE FINANCIAL POSITION**  
**as at 31 December 2013**

*(all the amounts are in new Lei ("Ron"), unless otherwise indicated)*

	<u>Notes</u>	<u>31 December</u> <u>2013</u>	<u>31 December</u> <u>2012</u>
Intangible assets	3	17,153,647	6,466,548
Goodwill	4	152,720	152,720
Tangible assets	5	2,996,688,866	2,497,604,454
Financial assets	6	2,005,537,969	2,005,537,969
<b>Total fixed assets</b>		<b>5,019,533,202</b>	<b>4,509,761,691</b>
Net inventories	7	1,044,086,279	1,167,936,143
Trade and other receivables	8	1,161,041,280	1,253,362,130
Petty cash and bank accounts	9	226,547,312	435,731,646
<b>Current assets - total</b>		<b>2,431,674,871</b>	<b>2,857,029,919</b>
<b>TOTAL ASSETS</b>		<b>7,451,208,073</b>	<b>7,366,791,610</b>
Subscribed share capital	10	4,410,920,573	4,410,920,573
Share capital related to inflation	10	5,734,750,095	5,734,750,095
Share premiums	10	232,637,107	232,637,107
Other reserves	10	3,177,546,654	2,677,987,912
Loss carried forward		(10,912,561,844)	(10,614,908,344)
Result of the current financial year		(224,025,999)	(297,653,500)
<b>Equity - total</b>		<b>2,419,266,586</b>	<b>2,143,733,843</b>
Provisions	13	233,695,537	228,590,403
<b>Long term liabilities - total</b>		<b>233,695,537</b>	<b>228,590,403</b>
Commercial liabilities and other liabilities	11	3,691,822,654	3,236,451,025
Derivative financial instruments	26.4	119,701	8,289,422
Short-term loans from shareholders	12	1,096,068,180	1,711,276,576
Short-term bank loans	12	43,699	43,931
Provisions	13	10,191,716	38,406,410
<b>Current liabilities - total</b>		<b>4,798,245,950</b>	<b>4,994,467,364</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>7,451,208,073</b>	<b>7,366,791,610</b>

The standalone financial statements from pages 3 - 59 have been approved by the Board of Directors on 27 March 2014 and submitted for approval of the General Meeting of the Shareholders on 29 April 2014, by:

**AZAMAT ZHANGULOV**  
Chairman of the Board of Directors

**GIANI-IULIAN KACIC**  
Chief Financial Officer

**SORIN GRAURE**  
Chief Executive Officer

Prepared by (Chief Accountant)  
Pasa Cherata

**ROMPETROL RAFINARE S.A.**  
**PROFIT AND LOSS ACCOUNT**  
for the financial year ended as at 31 December 2013  
*(all the amounts are in new Lei ("Ron"), unless otherwise indicated)*

	Notes	2013	2012
Net turnover	14	11,748,666,980	12,323,113,339
Cost of production sold	15	(11,869,849,931)	(12,154,045,477)
<b>Gross Profit/ (Loss)</b>		<b>(121,182,951)</b>	<b>169,067,862</b>
Sales costs and general-administrative costs	16	(180,629,508)	(163,438,757)
Other revenues / (operational) expenses	17	83,328,565	(182,032,525)
<b>Operating profit</b>		<b>(218,483,894)</b>	<b>(176,403,420)</b>
Financial expenses	18	111,101,539	121,449,054
Financial income	18	(7,634,279)	(2,722,210)
(Loss) / gain deriving from difference in the exchange rate, net		97,925,155	(2,523,236)
<b>Gross loss</b>		<b>(224,025,999)</b>	<b>(297,653,500)</b>
Income tax	19		
<b>Loss of the financial year</b>		<b>(224,025,999)</b>	<b>(297,653,500)</b>
<b>Result per share (money / share)</b>	22		
<b>Basis</b>		(0.51)	(0.67)

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**AZAMAT ZHANGULOV**  
Chairman of the Board of Directors

**GIANI-IULIAN KACIC**  
Chief Financial Officer

**SORIN GRAURE**  
Chief Executive Officer

**Prepared by (Chief Accountant)**  
Pasa Cherata



**ROMPETROL RAFINARE S.A.**  
**GLOBAL PROFIT AND LOSS ACCOUNT**  
**for the financial year ended as at 31 December 2013**  
*(all the amounts are in new Lei ("Ron"), unless otherwise indicated)*

	<u>2013</u>	<u>2012</u>
<b>Net loss</b>	<b><u>(224,025,999)</u></b>	<b><u>(297,653,500)</u></b>
<b>Other elements of the global earnings</b>		
Actuarial gains / losses related to pension benefits	<u>(4,336,258)</u>	<u>(521,430)</u>
Other elements of the global earnings per year, no taxes included	<b><u>(4,336,258)</u></b>	<b><u>(521,430)</u></b>
<b>Total global earnings per year, no taxes included</b>	<b><u>(228,362,257)</u></b>	<b><u>(298,174,930)</u></b>

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**AZAMAT ZHANGULOV**  
Chairman of the Board of Directors

**GIANI-IULIAN KACIC**  
Chief Financial Officer

**SORIN GRAURE**  
Chief Executive Officer

**Prepared by (Chief Accountant)**  
Pasa Cherata

**ROMPETROL RAFINARE S.A.**  
**STATEMENT OF TREASURY FLOWS**  
for the financial year ended as at 31 December 2013  
*(all the amounts are in new Lei ("Ron"), unless otherwise indicated)*

	<b>31 December 2013</b>	<b>31 December 2012</b>
<b>Net profit before tax</b>	<b>(224,025,999)</b>	<b>(297,653,500)</b>
<i>Adjustments for:</i>	-	-
Depreciation and amortization	160,958,851	86,787,386
Expenses from adjustments for depreciation of receivables and inventories (including write-off)	(34,505,090)	177,615,629
Provisions for impairment of tangible assets	(20,528,885)	(4,104,594)
Provision for environment and other liabilities	(27,445,818)	186,400,688
Restructuring and retirement benefit provisions	-	-
Late payment expenses	1,057,914	11,934,047
Interest expense and bank charges, net	24,928,835	63,322,161
Revenues / expenses from derivatives	5,788,410	43,649,489
Net Gain / (Loss) on sale or disposal of assets	(5,535)	18,645
Unrealised foreign exchange (gain) / loss from restatement and other monetary items	21,295,293	(182,577,735)
<b>Cash generated from operations before working capital changes</b>	<b>(92,482,024)</b>	<b>85,392,216</b>
<i>Net working capital changes:</i>		
Receivables and prepayments	9,319,533	(78,650,350)
Inventories	155,320,152	(345,422,817)
Trade and other payables, excluding payables for investments	102,079,546	529,658,434
<b>Net working capital changes:</b>	<b>266,719,231</b>	<b>105,585,267</b>
Net cash payments for derivatives	(13,958,131)	(15,884,999)
<b>Net cash provided by/(used in) operating activities</b>	<b>160,279,076</b>	<b>175,092,484</b>
<b>Net cash used in investing activities</b>		
Purchase of tangible assets	(638,300,831)	(370,103,574)
Changes in payables for investments	295,198,732	(109,235,097)
Purchase of intangible assets	(12,879,395)	(6,339,106)
Proceeds from sales of tangible assets	984,285	-
<b>Net cash used in investing activities</b>	<b>(354,997,209)</b>	<b>(485,677,777)</b>
<b>Net cash flow used in financing activities</b>		
Increase of the share capital	-	825,881,149
Loans received	-	-
Loans repaid	(10,501,900)	(103,402,014)
Increase / (reimbursement) of financial leasing	-	17,951
Interest and bank charges paid, net	(3,964,301)	(19,242,295)
<b>Net cash from financing activities</b>	<b>(14,466,201)</b>	<b>703,254,791</b>
<b>Net (Increase) / Decrease in cash</b>	<b>(209,184,334)</b>	<b>392,669,498</b>
<b>Cash at the beginning of the period</b>	<b>435,731,646</b>	<b>43,062,148</b>
<b>Cash at the end of the period</b>	<b>226,547,312</b>	<b>435,731,646</b>

The standalone financial statements from pages 3 - 59 have been approved by the Board of Directors on 27 March 2014 and submitted for approval of the General Meeting of the Shareholders on 29 April 2014, by:

**AZAMAT ZHANGULOV**  
Chairman of the Board of Directors

**SORIN GRAURE**  
Chief Executive Officer

**GIANI-IULIAN KACIG**  
Chief Financial Officer

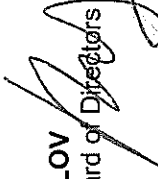
**Prepared by (Chief Accountant)**  
Pasa Cherata

**ROMPETROL RAFINARE S.A.**  
**STATEMENT OF CHANGES IN EQUITY**  
**as at 31 December 2012 and 31 December 2013**  
*(all the amounts are in new Lei ("Ron"), unless otherwise indicated)*

	<u>Subscribed capital</u>	<u>Share capital related to inflation</u>	<u>Share premium</u>	<u>Loss carried forward</u>	<u>Other reserves</u>	<u>Total capitals</u>
<b>1 January 2012</b>	4,410,920,573	5,734,750,095	232,637,107	(10,614,908,344)	19,309,342	(217,291,227)
Net loss for 2012	-	-	-	(297,653,500)	-	(297,653,500)
Reserves / hybrid instruments	-	-	-	-	2,659,200,000	2,659,200,000
Actuarial gains / losses related to retirement benefits	-	-	-	-	(521,430)	(521,430)
<b>31 December 2012</b>	<b>4,410,920,573</b>	<b>5,734,750,095</b>	<b>232,637,107</b>	<b>(10,912,561,844)</b>	<b>2,677,987,912</b>	<b>2,143,733,843</b>
Net loss for 2013	-	-	-	(224,025,999)	-	(224,025,999)
Reserves / hybrid instruments	-	-	-	-	503,895,000	503,895,000
Actuarial gains / losses related to retirement benefits	-	-	-	-	(4,336,258)	(4,336,258)
<b>31 December 2013</b>	<b>4,410,920,573</b>	<b>5,734,750,095</b>	<b>232,637,107</b>	<b>(11,136,587,843)</b>	<b>3,177,546,654</b>	<b>2,419,266,586</b>

The standalone financial statements from pages 3 - 59 have been approved by the Board of Directors on 27 March 2014 and submitted for approval of the General Meeting of the Shareholders on 29 April 2014, by:

**AZAMAT ZHANGULOV**  
Chairman of the Board of Directors



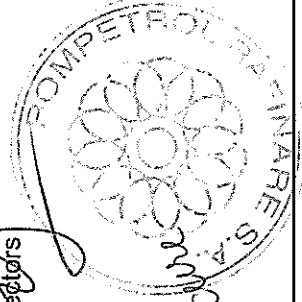
**SORIN GRAURE**  
Chief Executive Officer



**GIANI-IULIAN KACIG**  
Chief Financial Officer



Prepared by **(Chief Accountant)**  
Pasa Cherata

## **1. GENERAL**

Romp petrol Rafinare S.A. (hereinafter referred to as "the Company" is a company incorporated under Romanian laws. The Company operates Petromidia – the Refinery with the highest capacity (of 4.8 million tons/annum, nameplate capacity) and the only Romanian refinery at the Black Sea, which processes exclusively imported crude oil and produces E.U. standard compliant motor fuels, other petroleum products and certain petrochemicals. Petromidia refinery was designed and built during 1975 and 1977 and was further upgraded in the early '90s and between 2005 - 2012. Vega refinery was built in 1905 and upgraded in the following decades.

Romp petrol Rafinare S.A. carries on refining activities and all its production facilities are located in Romania. The number of employees registered by the Company at the end of 2013 and 2012 is 986 and respectively 926.

The registered address of Rompetrol Rafinare S.A. is 215 Navodari Blvd., Constanta, Romania.

Romp petrol Rafinare S.A. is a joint stock company listed in the Bucharest Stock Exchange since 2004.

The Company is part of the Rompetrol Group N.V. The consolidated financial statements are prepared at the level of the parent company The Rompetrol Group NV, with the head office located at World Trade Center, Strawinsky laan 807, Tower A, 8th Floor, 1077 XX, Amsterdam, The Netherlands. These annual financial statements are public.

The ultimate parent of the Rompetrol Group is the company "State holding enterprise on assets management (Samruk)" JSC, an entity with its headquarters in Kazakhstan.

The company also prepares consolidated financial statements that have a public character and are available on the website of the company, [www.rompetrol.com](http://www.rompetrol.com), at the section Relation with Investors, subsection Rompetrol Refining.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **a) Basis of preparation and statement of compliance**

Effective as of 31 December 2012, the standalone financial statements of the Company are prepared in accordance with the Order of the Minister of Public Finance no. 1286/2012 for approval of the Accounting regulations in compliance with the International Financial Reporting Standards applicable to the companies whose real estate values are accepted for transaction on a regulated market, as amended and completed. These provisions are in compliance with the requirements of the International Financial Reporting Standards as approved by the European Union, save the provisions of IAS 21, *the Effects of the exchange rate variation* with regards to the functional currency.

For the purpose of preparing the Financial Statements, in accordance with the requirements of the Romanian law, the Company's functional currency is the Romanian leu (RON).

For the year concluded as at 31 December 2011 and the previous financial years, the Company has prepared the standalone financial statements in accordance with the Romanian accounting standards (Order of the Minister of Public Finance no. 3055/2009).

The financial statements were prepared based on the historical cost, less the financial instruments which were presented at the fair value in the profit and loss account.

The standalone financial statements are prepared in RON and all the values are rounded up to the closest amount in lei, if not otherwise indicated.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **b) The going concern**

The financial statements of the Company are prepared on a going concern basis. As at 31 December 2013 and 2012, the Company reported net assets amounted to RON 2,419 million and minus RON 2.144 million respectively. For the years ended at 31 December 2013 and 2012, the Company reported losses of RON 224 million and RON 298 million respectively. The accumulated losses incurred so far are due to the fact that the Company has been affected by the specific of the refining activity, characterized by a significant volatility but, considering the massive investment trend of late, it is envisaged the obtaining of positive financial results which will decrease the cumulated loss registered until now.

To build on competitiveness of the Kazakh crude based products in the Black Sea market, an ambitious upgrade program has been developed, in order to bring the Petromidia refinery to world-class standards. The management believes that the support provided by the group companies will be enough to continue the activity and pay the debts in the ordinary course of the business operations, without the need for substantial asset sales, a forced interruption caused by external factors of its operations or other similar actions.

Moreover, the Rompetrol Group N.V. has received confirmation from JSC National Company KazMunayGas regarding the financial support for the next 12 months, in case the Group needs additional funds besides those already generated from its own activity or available from external sources. Also, considering the Company's plans for 2014, it is considered that the preparation of the financial statements is based on the going concern principle.

### **c) Changes in accounting policies**

The accounting policies adopted are consistent with those of the previous financial year except for the following amendments to IFRS effective as of 1 January 2013:

- **IAS 1 Financial Statement Presentation (Amended) – Presentation of other Items of the Comprehensive Income.**
- **IAS 19 Employee Benefits (Revised)**
- **IFRS 7 Financial Instruments: Disclosures (Amended) - Offsetting Financial Assets and Financial Liabilities**
- **IFRS 13 Fair Value Measurement**
- **Annual Improvements to IFRSs – 2009 – 2011 Cycle**

The adoption of the standards or interpretations is described below:

- **IAS 1 Financial Statement Presentation (Amended) – Presentation of Items of Other Comprehensive Income**  
The amendments to IAS 1 change the grouping of the items presented in the comprehensive income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, 'actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Company's financial position or performance. The Company has assessed that the amendment has no impact on its financial position or performance as the Company does not have any such assets.
- **IAS 19 Employee Benefits (Revised)**  
IAS 19 initiates a number of amendments to the accounting for defined benefit plans, including actuarial gains and losses that are now recognised in other comprehensive income (OCI) and permanently excluded from profit and loss; expected returns on plan assets that are no longer

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

recognised in profit or loss, instead, there is a requirement to recognise interest on the net defined benefit liability (asset) in profit or loss, calculated using the discount rate used to measure the defined benefit obligation; unvested past service costs are now recognised in profit or loss at the earlier of when the amendment occurs or when the related restructuring or termination costs are recognised. Other amendments include new disclosures, such as, quantitative sensitivity disclosures. The Company has early adopted OCI method and no further changes are to be performed.

- **IFRS 7 Financial Instruments: Disclosures (Amended) - Offsetting Financial Assets and Financial Liabilities**

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g. collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. The Company has assessed that the amendment has no impact on its financial position or performance as the Company does not have any such assets.

- **IFRS 13 Fair Value Measurement**

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group. IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures. This standard has no material impact on the Company.

- **The IASB has issued the Annual Improvements to IFRSs – 2009 – 2011 Cycle**, which contains amendments to its standards and the related Basis for Conclusions. The annual improvements project provides a mechanism for making necessary, but non-urgent, amendments to IFRS. The Company has assessed the impact on its financial position or performance and is complying with these disclosures.

- **Adopting IFRSs for the first time** This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period.
- **IAS 16 Property, Plant and Equipment:** This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.
- **IAS 32 Financial Instruments, Presentation:** This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.
- **IAS 34 Interim Financial Reporting:** The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

### **d) Significant professional judgements, estimates and assumptions**

The preparation of the financial statements requires that the management should issue professional judgments, estimates and assumptions that affect the reported amounts of revenues and expenses, of assets and liabilities and the disclosure of contingent liabilities at the reporting date. The estimates and associated assumptions are based on the previous experience and on other factors considered relevant.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

However, uncertainty about these forecasts and estimates could result in adjusting the accounting value of the assets and liabilities in the future periods.

The estimates and assumptions that are the basis of the accounting judgements are constantly reviewed. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects that period or in the period of the revision and the future periods if the revision affects both the current period and the next.

The issues listed below are considered to be the most important in understanding the professional judgments that affect the preparation of these financial statements and the uncertainties that could affect the result of the operations, the financial position and the treasury flows.

### **- *Impairment of assets***

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the carrying amounts for major property, plant and equipment are reviewed for possible impairment annually, while all assets are reviewed whenever events or changes in circumstances indicate that the carrying amounts for those assets may not be recovered. If assets are determined to be impaired, the carrying amounts of those assets are written down to their recoverable amount, which is higher of fair value less costs to sell, and value in use determined as the amount of estimated discounted future cash flows. Impairments, except those related to goodwill, are reversed as applicable to the extent that the events or circumstances that triggered the original impairment have changed.

Estimates of future cash flows are based on management estimates of future commodity prices, market supply and demand and product margins. Other factors that can lead to changes in estimates include restructuring plans and variation in regulatory environments. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model, as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

### **- *Provision for environmental liability***

The Company is involved in refining and petrochemicals, wholesale and retail sales and other related services (logistics). Environmental damage caused by such activities may require the Company to incur restoration costs to comply with the regulations in the various jurisdictions in which the Company operates, and to settle any legal or constructive obligation. Analysis and estimates are performed by the Company together with its technical and legal advisers, in order to determine the probability, timing and amount involved with probable required outflow of resources. Estimated restoration costs, for which cash outflow may be probable, are recognized as a provision in the Company's financial statements. When the final determination of such obligations differs from the recognized provisions, difference is registered in the Company's profit and loss account.

### **- *Deferred tax assets***

Deferred tax assets resulting from the unused tax losses are recognized only to the extent that it is probable that taxable profit will be available, against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

### **- *Retirement benefits costs***

Payments made to state-managed retirement benefit schemes are dealt with as defined contribution plans, meaning that the Company pays fixed contributions into the state-managed fund and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

employee benefits relating to employee service in the current and prior periods. The contributions are charged as an expense in the same period when the employee service was contracted and executed.

Under collective labour agreements in place, the employees are entitled to certain retirement benefits, payable on retirement, if they are employed by the Company at the date of their retirement. These amounts are estimated as of the reporting date based on benefits provided in the agreements, the number of employees of the Company and the actuarial assumptions on future liabilities. The actuarial valuation method involves various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of computation and the long term nature of these benefits, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The defined benefit liability as of reporting date comprises the present value of the defined benefit obligation and the related service cost recorded in the profit and loss account. All actuarial gains and losses are fully recognised in other comprehensive income items in the period in which they occur for all defined benefit plans. Actuarial gains and losses recognized in other comprehensive income are presented in the statement of comprehensive income.

The Company has no other liabilities with respect to future pensions, health plans and other costs for its employees.

Further details on retirement benefits costs are provided in Note 13.

### **- Carrying value of trade and other receivables**

The Company assesses at each reporting date the requirement for an adjustment for impairment in trade and other receivables. The Company uses its judgment, based on the nature and extent of overdue debtors and historical experience, in order to estimate the amount of such an adjustment. The adjustment is recognized where there is objective evidence that a particular trade receivable or a group of trade receivables are impaired.

### **- Carrying value of inventories**

The Company considers on a regular basis the carrying value of inventories in comparison to expected use of the inventories, the impact of damaged or obsolete inventories, technical losses and the net realizable value in comparison to the cost, based on latest available information and market conditions. As applicable, it is recorded an adjustment for impairment of inventories.

### **- Useful lives of fixed assets and intangibles**

In 2012 the Company reassessed the useful lives for the refinery assets (Petromidia and Vega).

The new useful lives were applied starting January 1st, 2012.

## **e) Standards issued but not yet effective**

The Company has not early adopted the following standards/interpretations:

### **• IAS 28 Investments in associated entities and in joint ventures (Revised)**

The Standard is effective for annual periods beginning on or after 1 January 2014. As a consequence of the new IFRS 11 Joint arrangements and IFRS 12 Disclosure of Interests in other entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. Since the Company already applies the equity method to account for investments in joint



**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

ventures, the Company does not expect that this change will have an impact on the financial position or performance of the Company.

- **IAS 32 Financial Instruments: Presentation (Amended) - Offsetting Financial Assets and Financial Liabilities**

The amendment is effective for annual periods beginning on or after 1 January 2014. These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The Company is in the process of assessing the impact of this amendment on the disclosure requirements.

- **IFRS 9 Financial Instruments: Classification and Measurement and subsequent amendments applied to IFRS 9 and IFRS 7 - Mandatory date of effect and disclosure of transition information; hedge accounting and changes to IFRS 9, IFRS 7 and IAS 39**

IFRS 9, as issued, reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of financial assets but will not have an impact on the classification and measurements of financial liabilities. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The subsequent package of amendments issued in November 2013 initiate further accounting requirements for financial instruments. These amendments a) bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements; b) allow the changes to address the so-called 'own credit' issue that were already included in IFRS 9 Financial Instruments to be applied in isolation without the need to change any other accounting for financial instruments; and c) remove the 1 January 2015 mandatory effective date of IFRS 9, to provide sufficient time for preparers of financial statements to make the transition to the new requirements. This standard and subsequent amendments has not yet been endorsed by the EU. The Company will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

- **IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements**

The new standard is effective for annual periods beginning on or after 1 January 2014. IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation — Special Purpose Entities. The Company does not expect that this change should have an impact on the financial position or performance of the Company.

- **IFRS 11 Joint Arrangements**

The new standard is effective for annual periods beginning on or after 1 January 2014. IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. The Company already applies the equity method to account for investments in joint ventures. The Company does not expect that this change should have an impact on the financial position or performance of the Company.

- **IFRS 12 Disclosures of Interests in Other Entities**

The new standard is effective for annual periods beginning on or after 1 January 2014. IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. The Company is in the process of assessing the impact of this amendment on the disclosure requirements.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

- **Guide to IFRS implementation (amendments to IFRS 10, IFRS 11 and IFRS 12)**

The guidance is effective for annual periods beginning on or after 1 January 2014. The IASB issued amendments to IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities. The amendments change the transition guidance to provide further relief from full retrospective application. The date of initial application' in IFRS 10 is defined as 'the beginning of the annual reporting period in which IFRS 10 is applied for the first time'. The assessment of whether control exists is made at 'the date of initial application' rather than at the beginning of the comparative period. If the control assessment is different between IFRS 10 and IAS 27/SIC-12, retrospective adjustments should be determined. However, if the control assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons, IASB has also amended IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities to provide relief for transition to IFRS. The Company does not expect that this change should have an impact on the financial position or performance of the Company.

- **Investment entities (amendments to IFRS 10, IFRS 12 and IAS 27)**

The amendment is effective for annual periods beginning on or after 1 January 2014. The amendment applies to a particular class of business that qualify as investment entities. The IASB uses the term 'investment entity' to refer to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. An investment entity must also evaluate the performance of its investments on a fair value basis. Such entities could include private equity organisations, venture capital organisations, pension funds, sovereign wealth funds and other investment funds. Under IFRS 10 Consolidated Financial Statements, reporting entities were required to consolidate all investees that they control (i.e. all subsidiaries). The Investment Entities amendment provides an exception to the consolidation requirements in IFRS 10 and requires investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendment also sets out disclosure requirements for investment entities. The Company does not expect that this change should have an impact on the financial position or performance of the Company.

- **IFRS 14 Regulatory Deferral Accounts**

The standard is effective for annual periods beginning on or after 1 January 2016. The IASB has a project to consider the broad issues of rate regulation and plans to publish a Discussion Paper on this subject in 2014. Pending the outcome of this comprehensive Rate-regulated Activities project, the IASB decided to develop IFRS 14 as an interim measure. IFRS 14 permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. An entity that already presents IFRS financial statements is not eligible to apply the standard. This standard has not yet been endorsed by the EU. This standard has not yet been endorsed by the EU. The Company does not expect that this change should have an impact on the financial position or performance of the Company.

- **IAS 36 Impairment of Assets (Amended) – Recoverable Amount Disclosures for Non-Financial Assets**

The amendment is effective for annual periods beginning on or after 1 January 2014. These amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or CGUs for which impairment loss has been recognised or reversed during the period. The Group is in the process of assessing the impact of this amendment on the disclosure requirements.

- **IAS 39 Financial Instruments (Amended): Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting**

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The amendment is effective for annual periods beginning on or after 1 January 2014. Under the amendment there would be no need to discontinue hedge accounting if a hedging derivative was novated, provided certain criteria are met. The IASB made a narrow-scope amendment to IAS 39 to permit the continuation of hedge accounting in certain circumstances in which the counterparty to a hedging instrument changes in order to achieve clearing for that instrument.

- **IAS 19 Defined Benefit Plans (Amended): Employee Contributions**

The amendment is effective from 1 July 2014. The amendment applies to contributions from employees or third parties to defined benefit plans. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. This amendment has not yet been endorsed by the EU. The Company is in the process of assessing the impact of this amendment on the disclosure requirements.

- **IFRIC Interpretation 21: Levies**

The interpretation is effective for annual periods beginning on or after 1 January 2014. The Interpretations Committee was asked to consider how an entity should account for liabilities to pay levies imposed by governments, other than income taxes, in its financial statements. This Interpretation is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. This amendment has not yet been endorsed by the EU. The Company is in the process of assessing the impact of this amendment on the disclosure requirements.

- **Improvements to IFRS's**

The IASB has issued the **Annual Improvements to IFRSs 2010 – 2012 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 July 2014. These annual improvements have not yet been endorsed by the EU. The Company is in the process of assessing the impact of this amendment on the disclosure requirements.

- **IFRS 2 Share-based Payment:** This improvement amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition' (which were previously part of the definition of 'vesting condition').
- **IFRS 3 Business combinations:** This improvement clarifies that contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of IFRS 9 Financial Instruments.
- **IFRS 8 Operating Segments:** This improvement requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments and clarifies that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly.
- **IFRS 13 Fair Value Measurement:** This improvement in the Basis of Conclusion of IFRS 13 clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.
- **IAS 16 Property, Plant and Equipment:** The amendment clarifies that when an item of property, plant and equipment is revalued, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.
- **IAS 24 Related Party Disclosures:** The amendment clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.
- **IAS 38 Intangible assets:** The amendment clarifies that when an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The IASB has issued the **Annual Improvements to IFRSs 2011 – 2013 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 July 2014. These annual improvements have not yet been endorsed by the EU. The Company is in the process of assessing the impact of this amendment on the disclosure requirements.

- **IFRS 3 Business combinations:** This improvement clarifies that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.
- **IFRS 13 Fair Value Measurement:** This improvement clarifies that the scope of the portfolio exception defined in paragraph 52 of IFRS 13 includes all contracts accounted for within the scope of IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32 Financial Instruments: Presentation.
- **IAS 40 Investment Properties:** This improvement clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in IFRS 3 Business Combinations and investment property as defined in IAS 40 Investment Property requires the separate application of both standards independently of each other.

### **f) Financial instruments**

Financial assets within the scope of IAS 39, are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit and loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Company determinates the classification of its financial assets and liabilities at the date of initial recognition.

The Company's financial assets include cash and cash equivalents, trade and other receivables, unquoted financial investments and derivative financial instruments. Financial liabilities include finance lease obligations, interest-bearing bank loans and overdrafts, derivative financial instruments and trade and other payables. For each item the accounting policies on recognition and measurement are disclosed in this note. Management believe that the estimated fair values of these instruments approximate their carrying amounts.

Financial assets are recognized and derecognized on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned and are initially measured at cost, including transaction costs.

For financial assets at fair value through profit and loss, gains and losses arising from changes in fair value are included in net profit or loss for the period. For available-for-sale investments, gains and losses arising from changes in fair value are recognized directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the net profit or loss for the period.

### **g) Impairment of financial assets**

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

future cash flows of the financial asset or the group of financial assets than can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter in bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease on the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

### **h) Intangible assets**

Applying the International Financial Accounting Standards for the first time allows certain exceptions from the retroactive application of certain IFRS. However, the Company has prepared consolidated financial statements according to the International Financial Accounting Standards starting with 2005. Thus, according to IFRS 1, the accounting policies used in the separate financial statements must be consistent with the accounting policies applied in the consolidated financial situations and also according to IFRS 1, if the parent company adopts, for the first time, the International Financial Reporting Standards for preparation of the separate financial situations, after preparing the consolidated financial statements, it will have to evaluate the assets and liabilities to the values in both sets of financial instruments, excepting the consolidation exceptions.

The Company has applied the following exemptions:

- **Fixed assets** - have been presented in the financial position statements prepared in accordance with the Romanian accounting standards at the assessments made on 31 December 2003. For these separate financial statements, prepared in accordance with International Financial Reporting Standards, the Company has chosen to see these values as cost assumed at that date, as the reassessed amount was generally comparable to the fair value. This exemption from retrospective application of the International Financial Reporting Standards has also been applied in the consolidated financial statements.

When assets are sold or disposed of, their cost and related accumulated depreciation are removed and any income or loss resulting from their output is included in the profit or loss account.

The initial cost of property, plant and equipment comprises its purchase price, including custom duties and non-refundable purchase taxes and any costs directly attributable to bringing the asset to the location and the condition necessary for operation. Expenses incurred after commissioning of the asset, such as repairs and maintenance costs are recorded in the income profit and loss account in the period in which the costs occurred. In situations where it can be demonstrated that expenses have increased the future economic benefits obtained from the use of intangible assets besides the standard evaluation of its performance, the expenditure is capitalized as additional costs of the tangible assets.

Assets in progress represent installations and buildings in construction and are presented at cost, less any impairment losses. This includes the cost of construction and other direct costs. Depreciation of these assets and the others is registered starting with the date when they are ready to be used for the activity they are intended.

With the exit of an asset, any revaluation reserve related to the sold asset sold is transferred to the loss carried on.

Depreciation of the intangible assets, less the lands and assets in progress is calculated using the straight-line method over their estimated useful lives:

Buildings and other constructions	10 - 60 years
Tanks	20 - 30 years
Tools and other equipments	3 - 20 years
Vehicles	5 years

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Furniture and office equipments	3 - 10 years
Computers	3 years

Assets purchased under finance leases are recorded in the statement of financial position and depreciated over their expected useful lives on the same basis as owned assets, or where shorter the term of the relevant lease.

As mentioned in Note 2d, the useful lives of the assets in the Refineries (Petromidia and Vega) have been revised starting with 1 January 2012.

### **i. Intangible assets**

Intangible assets are measured initially at cost. Intangible assets are recognized if it is probable that the future economic benefits should be attributable to the asset and flow to the enterprise and if the cost of the asset can be measured reliably. After initial recognition, intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses. Intangible assets are amortized on a straight-line basis over the best estimate of their useful lives.

Intangible assets consist of software and licenses and are amortized on a straight-line basis over 3 to 5 years.

Development costs for specific projects which are reasonably anticipated to be recovered through commercial activity as well as expenditure on acquired computer software licenses are capitalized and amortized using the straight-line method over their useful lives, generally 3 years. The carrying amount of each intangible asset is reviewed annually and adjusted for impairment where it is considered necessary. External and internal costs specifically associated with the maintenance of already existing computer software programmes are expensed as incurred.

### **j) Financial assets**

Financial assets represent long-term strategic investments and are stated at historical cost, less any adjustments impairment caused by a diminished value. The main indicators considered for the identification of impairment are current and anticipated results of the company in question, in the context of the industry in which it operates.

### **k) Impairment of non-financial assets**

At each reporting date the Company reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the respective asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. 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 time value of money and risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the assets (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately, unless the relevant asset is stated at revalued amount in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is

recognized as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### **l) Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, 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 of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense related to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

### **Environmental liabilities**

Environmental expenditure that relates to current or future revenues is expensed or capitalized as appropriate. Expenditure that relates to an existing condition caused by past operations and that does not contribute to current or future earnings is recorded in the profit and loss account.

The Company has an environmental policy which complies with existing legislation and any obligations resulting from its environmental and operational licenses. In order to comply with all rules and regulations the Company has set up a monitoring mechanism in accordance with the requirements of the relevant authorities. Furthermore, investment plans are adjusted to reflect any known future environmental requirements. The above mentioned expenses are estimated based on the relevant environmental studies.

Liabilities for environmental remediation costs are recognized when environmental assessments or clean-ups are probable and the associated costs can be reasonably estimated. Generally, the timing of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites.

### **m) Inventories**

Inventories, including work-in-process are stated at the lower of cost and net realizable value. Net realizable value is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution.

Cost comprises the acquisition cost and other costs that have been incurred in bringing the inventories to their present location and condition and is determined by weighted average method for all the inventories.

### **n) Receivables**

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not collect all amounts

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization and default or delinquency in

payments are considered indicators the receivable must be impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flow discounted at the effective interest rate.

### **o) Cash and cash equivalents**

Cash includes cash on hand, cash with banks and checks in course of being cashed. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with remaining three months or less to maturity from the date of acquisition and that are subject to an insignificant risk of change in value.

### **p) Recognition of revenues**

Revenue comprises the fair value of the sale of goods and services, net of value-added tax and any excise duties and other sales taxes, rebates and sales discounts. 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 Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its concluded arrangements. The following specific recognition criteria must be met before revenue is recognized, if the entity:

- has primary responsibility for providing the goods or services;
- has inventory risk;
- has discretion in establishing prices;
- bears the credit risk.



## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

In addition:

- Sales of goods are recognized when delivery has taken place and transfer of significant risks and rewards has been completed.
- Revenue from rendering transportation services and other services is recognized when services are rendered.
- Interest income is recognized on a time-portion basis using the effective interest method.
- Dividend income from investments is recognized when the shareholders' rights to receive payment have been established.

### **q) Interest-bearing loans**

All loans are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans are subsequently measured at amortized cost, using the effective interest method.

Gains and losses are recognized in the income statement when the liabilities are derecognized as well through the amortization process.

### **r) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All the other costs are registered in the profit and loss account they occur. Borrowing costs consists of interest and other cost that an entity incurs in connection with the borrowing of funds.

The Company capitalized borrowing costs for all eligible assets where construction was commenced on or after 1 January 2010.

The rate of interest used is the weighted average interest of borrowings from shareholders.

### **s) Retirement benefit costs**

Payments made to state - managed retirement benefit schemes are dealt with as defined contribution plans where the Company pays fixed contributions into the state-managed fund and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior period. The contributions are charged as an expense in the same period when the employee service was rendered. During the financial year, the total expense with these contributions amounted to RON 15.66 million, of which the amount of RON 14.04 million was paid during the year (RON 14.90 million in 2012, of which the amount of RON 13.19 million was paid).

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Under collective labour agreements in certain of the Group's entities, employees are entitled to specified retirement benefits, payable on retirement, if they are employed with these entities at the date of their retirement. These amounts are estimated as of the reporting date, based on: applicable benefits provided in the agreement; the number of employees in the Company and the actuarial estimates of the future loans; The defined benefit liability as of reporting date comprises the present value of the defined benefit obligation with the related service cost charged to the profit and loss account. All actuarial gains and losses are fully recognised in other comprehensive income items in the period in which they occur for all defined benefit plans. Actuarial gains and losses recognized in other comprehensive income are presented in the statement of comprehensive income.

The Company has no other liabilities with respect to future pensions, health plans and other costs for its employees.

### **t) Taxes**

#### **- Current income tax**

Current income 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 or substantively enacted, by the reporting date, in the countries where the Company operates and generates taxable income .

Current income tax relating to items recognized directly in equity is recognized in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### **- Deferred tax**

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases 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 or 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;
- In respect of taxable temporary differences associated with investments in subsidiaries, 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, carry forward 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.
- In respect of deductible temporary differences associated with investments in subsidiaries, 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.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The carrying amount of deferred tax assets is reviewed at each reporting 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 reporting date and are recognized to the extent that it has become probable that future taxable profits 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 until the end of the reporting period.

Deferred tax relating to items recognized outside profit or loss account is recognized outside profit or loss account. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

### **- Sale related tax**

Revenues, expenses and assets are recognized net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable;
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

### **u) Dividends**

Dividends are recorded in the year in which they are approved by the shareholders.

### **v) Emission rights**

The Group refining and petrochemicals operations are allocated CO2 emission rights quota.

For the period between 2013 and 2020, the quotas are published on the site of the Ministry of Environment and are formally approved by the European Union. The quotas allocated for 2013 have been received on 1 March 2014. The Company accounts for the liability for these emissions using net liability method. The liability is recognized only at a point where the actual emissions exceed the quota allocated to the respective companies.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **w) Foreign Currency Transactions**

For the purpose of preparing these Financial Statements, in accordance with the requirements of the Romanian law, the Company's functional currency is the Romanian leu (RON).

The exchange rates RON/USD and RON / EUR are the following:

<b>Currency</b>	<b>31 December 2013</b>	<b>31 December 2012</b>
RON/USD	3.2551	3.3575
RON/EUR	4.4847	4.4287

The Company translates its transactions and balances in foreign currency, in the functional currency by applying the exchange rate between the functional currency and the foreign currency at the date of transaction.

Exchange rate differences arising on the settlement of monetary assets and liabilities or on reporting them at rates different from those at which they were initially recorded during the period or reported in the previous financial statements are recognized in the consolidated income statement in the period they arise.

### **x) Derivative financial instruments**

The Company enters into contracts to purchase and sell crude oil and oil products at future delivery dates. These contracts expose the Company primarily to commodity risks of changes in fair value of crude oil and related oil products. The Company also uses financial instruments (primarily Options, Swaps and forwards) to hedge its risks associated with the fluctuation of foreign exchange.

The Company develops contracts to hedge the risks of raw materials and finished products, by KazMunayGas Trading AG, an company affiliated to The Rompetrol Group N.V. KazMunayGas Trading AG, being registered as a broker for transactions with derivatives, in substance, on behalf of Rompetrol Rafinare and buys / sells futures instruments as directed by Rompetrol Rafinare S.A. KazMunayGas Trading AG charges a flat fee per contract for these services, which is presented in the profit and loss account, as part of the cost of sales. KazMunayGas Trading AG invoices on a monthly basis the unrealized and realized results of these derivatives. The unrealized component represents the mark-to-market and therefore it is presented as derivatives assets / liabilities in the statement of financial position.

For foreign exchange related derivatives, the Company treats the unrealized part as Derivative Financial Asset/Liability in the statement of financial position with corresponding impact on financial charges. The use of financial derivatives is governed by the Company's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives.

The Group determines gain/loss on a net basis based on the daily open positions.

Derivative financial instruments are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates.

Changes in fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognized directly in equity and the ineffective portion is recognized immediately in the profit or loss account of the period.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The Company's policy with respect to hedging forecasted transactions is to designate it as a cash flow hedge. If the cash flow hedge of a forecasted transaction results in the recognition of an asset or a liability, then at the time the asset or liability is recognized, the associated gains or losses on the derivative that had previously been recognized in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or liability, amounts previously recognized as equity are recognized in the profit or loss account of the period for which the hedged items have been recognized as profit or loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in period profit or loss in the period related to these transactions.

For the future contracts (both purchase and sales contracts) that are entered into, the realised and unrealised gains/losses are included in the cost of sales for the respective period (see Note 15).

**y) Contingencies**

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

**3. INTANGIBLE ASSETS**

	Software licenses	Other	Tangible assets ongoing	Total
<i>Cost</i>				
<b>Initial balance as at 1 January 2012</b>	<b>24,780,889</b>	<b>1,106,220</b>	<b>30,698</b>	<b>25,917,807</b>
Increases	30,697	-	-	30,697
Decreases	-	-	(30,698)	(30,698)
Transfers*	6,339,107	-	-	6,339,107
<b>Final balance as at 31 December 2012</b>	<b>31,150,693</b>	<b>1,106,220</b>	-	<b>32,256,913</b>
Increases	7,773,056	-	1,004,982	8,778,038
Decreases				
Transfers*	4,101,357	-	-	4,101,357
<b>Final balance as at 31 December 2013</b>	<b>43,025,106</b>	<b>1,106,220</b>	<b>1,004,982</b>	<b>45,136,308</b>
<i>Accumulated amortization</i>				
<b>Initial balance as at 1 January 2012</b>	<b>(22,692,838)</b>	<b>(1,106,220)</b>	-	<b>(23,799,058)</b>
Amortization recorded during the year	(1,991,307)	-	-	(1,991,307)
<b>Final balance as at 31 December 2012</b>	<b>(24,684,145)</b>	<b>(1,106,220)</b>	-	<b>(25,790,365)</b>
Amortization recorded during the year	(2,192,296)	-	-	(2,192,296)

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Amortization of fixed assets removed from the accounting records	-	-	-	-
<b>Final balance as at 31 December 2013</b>	<b>(26,876,441)</b>	<b>(1,106,220)</b>	<b>-</b>	<b>(27,982,661)</b>
<i>Net carrying amount</i>				
<b>As at 31 December 2012</b>	<b>6,466,548</b>	<b>-</b>	<b>-</b>	<b>6,466,548</b>
<b>As at 31 December 2013</b>	<b>16,148,665</b>	<b>-</b>	<b>1,004,982</b>	<b>17,153,647</b>

\*) Includes transfers from tangible assets in progress, transfers in intangible assets, reclassifications to other categories and other adjustments.

The greatest part of „Other” intangible assets refer to licenses.

Transfers and reclassifications amounting to RON 4.10 million represent transfers din property, plant and equipment.

#### **4. GOODWILL**

The goodwill amounting to RON 152,720 represents fractions of the trade funds of the companies Rompetrol S.A., Rompetrol Downstream S.R.L. and Rompetrol Well Services S.A., following purchase of shares (presently social shares) from these companies in Rom Oil S.A.

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**5. PROPERTY, PLANT AND EQUIPMENT**

	<u>Lands and buildings</u>	<u>Tools and equipments</u>	<u>Furniture and others</u>	<u>Property, plant and equipment in progress</u>	<u>Total</u>
<i>Cost</i>					-
<b>As at 1 January 2012</b>	<b>1,396,529,279</b>	<b>1,584,732,121</b>	<b>6,665,914</b>	<b>958,325,505</b>	<b>3,946,252,819</b>
Acquisitions	8,270	205,671	5,788	376,222,951	376,442,680
Transfers from tangible assets in progress	241,928,890	809,297,232	310,430	(1,051,536,552)	-
Outflows	(808,972)	(4,454,245)	(224,053)	-	(5,487,270)
Transfers and reclassifications*	-	1,917	-	(6,339,104)	(6,337,187)
<b>As at 31 December 2012</b>	<b>1,637,657,467</b>	<b>2,389,782,696</b>	<b>6,758,079</b>	<b>276,672,800</b>	<b>4,310,871,042</b>
Acquisitions	216,326,423	242,553,389	1,084,671	182,437,707	642,402,190
Transfers from tangible assets in progress	132,936,732	184,460,466	4,450,282	(321,847,480)	-
Outflows	(1,399,037)	(403,686)	(123,659)	-	(1,926,382)
Transfers and reclassifications*	(3,743,309)	3,744,703	2,264	(4,101,357)	(4,097,699)
<b>As at 31 December 2013</b>	<b>1,981,778,276</b>	<b>2,820,137,568</b>	<b>12,171,637</b>	<b>133,161,670</b>	<b>4,947,249,151</b>
<i>Cumulated depreciation &amp; Depreciation adjustments</i>					
<b>As at 1 January 2012</b>	<b>(747,431,718)</b>	<b>(984,380,479)</b>	<b>(3,058,126)</b>	<b>(3,171,485)</b>	<b>(1,738,041,808)</b>
Amortization recorded during the year	(45,083,474)	(39,319,235)	(393,370)	-	(84,796,079)
Depreciation related to the leased assets	808,972	4,435,599	224,051	-	5,468,622
Depreciation adjustment	1,180,814	2,923,780	-	-	4,104,594
Transfers and reclassifications*	-	(1,917)	-	-	(1,917)
<b>As at 31 December 2012</b>	<b>(790,525,406)</b>	<b>(1,016,342,252)</b>	<b>(3,227,445)</b>	<b>(3,171,485)</b>	<b>(1,813,266,588)</b>
Amortization recorded during the year	(28,481,272)	(129,424,489)	(860,794)	-	(158,766,555)
Depreciation related to the leased assets	474,058	362,186	111,388	-	947,632
Depreciation adjustment	13,908,140	6,620,744	-	-	20,528,884
Transfers and reclassifications*	-	-	(3,658)	-	(3,658)
<b>As at 31 December 2013</b>	<b>(804,624,480)</b>	<b>(1,138,783,811)</b>	<b>(3,980,509)</b>	<b>(3,171,485)</b>	<b>(1,950,560,285)</b>
<b>The net accounting value as at 31 December 2012</b>	<b>847,132,061</b>	<b>1,373,440,444</b>	<b>3,530,634</b>	<b>273,501,315</b>	<b>2,497,604,454</b>
<b>The net accounting value as at 31 December 2013</b>	<b>1,177,153,796</b>	<b>1,681,353,757</b>	<b>8,191,128</b>	<b>129,990,185</b>	<b>2,996,688,866</b>

## **5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

### **- Impairment**

No significant depreciation was recorded in 2013.

### **- Assets in progress**

During 2013, the Company transferred in tangible assets a significant part of tangible assets in progress. A large portion of these assets relate to Petromidia refinery modernization package and include the coking plant (Coker-Revamp project - RON 140 million). Also, in 2013, the capitalized interest for refinery modernization package, amounting to RON 50.6 million, was transferred to tangible assets, as well as the refinery upgrade performed during revision, in the amount of RON 62.8 million, and the project LOWNOX amounting to RON 16.3 million.

In 2013, the main projects remaining in the assets in progress related to costs for static equipment authorizations, amounting to RON 33.2 million and expenditures for the rehabilitation of the coking plant amounting to RON 25.3 million.

Also in 2013, fixed assets and ongoing investments were acquired from Rompetrol Petrochemicals SRL, amounting to RON 468,861,750 (fixed assets of RON 467,433,997 and ongoing investments of RON 1,427,753).

### **- Capitalization of borrowing costs**

The Company finances its activities mainly through loans and the cost of debt for the acquisition of assets is capitalized in the cost of the asset. The amount capitalized in the year ended at 31 December 2013 was RON 0 (2012: RON 24.56 million). The rates for determining the amount of borrowing costs eligible for capitalization was 4.2%.

### **- Fixed assets pledged**

The company pledged assets amounting to RON 870,962,892 (2012: RON 658,241,950), as follows:

- guarantees in favour of banks: RON 682,041,626 (2012: RON 305,383,128);
- collateral guarantees (rank 2) in favour of The Rompetrol Group: RON 0 (2012: RON 230,939,296);
- guarantees in favour of ANAF: RON 188,921,266 (2012: RON 121,919,526).

It was established a distraint on all fixed assets and investments and on the equity as well as on the shares, amounting to RON 1,970,611,815 in favour of the Romanian state. On these titles there was set up a rank 2 guarantee in favour of The Rompetrol Group.

On the guarantees in favou of ANAF, on September 10th, 2010, ANAF has established a distraint on the investments held by the Company in its subsidiaries and on the movable and immovable assets of the Company, except inventories. The distraint is based on article 129 of the Fiscal Procedure Code and the main result is that the Company cannot sell / transfer the assets under distraint. The distraint was in force on 31 December 2013 and was contested by the Company in court. The distraint is not enforceable since ANAF has not initiated any enforcement procedure.



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**6. FINANCIAL ASSETS**

	<u>31 December 2013</u>	<u>31 December 2012</u>
Investments in subsidiaries	2,004,611,815	2,004,611,815
Other financial assets	926,154	926,154
<b>Total</b>	<b><u>2,005,537,969</u></b>	<b><u>2,005,537,969</u></b>

**a) Investments in subsidiaries**

Details regarding subsidiaries at 31 December 2013 and 2012 are as follow:

	<u>Object of activity</u>	<u>Participation 2013</u>	<u>Participation 2012</u>	<u>Balance as of 31 December 2013</u>	<u>Balance at 31 December, 2012</u>
Romp petrol Downstream S.R.L.	Fuel sales	99.99%	99.99%	1,090,406,067	1,090,406,067
Romp petrol Petrochemicals S.R.L.	Petrochemicals	100.00%	100.00%	687,290,054	687,290,054
Rom Oil S.A.	Rental services	99.99%	99.99%	191,216,661	191,216,661
Romp petrol Logistics S.R.L.	Fuel Transportation	66.19%	66.19%	24,349,123	24,349,123
Romp petrol Quality Control S.R.L.	Quality Control Services for oil products	99.93%	99.93%	11,349,910	11,349,910
<b>Total of equity investments</b>				<b><u>2,004,611,815</u></b>	<b><u>2,004,611,815</u></b>

**b) Other financial assets**

	<u>31 December 2013</u>	<u>31 December 2012</u>
Ecomaster Servicii Ecologice S.A.	3,340	3,340
Rominserv S.A.	1,296	1,296
Other receivables	921,518	921,518
<b>Total other fixed equity</b>	<b><u>926,154</u></b>	<b><u>926,154</u></b>

Other investments refer to investments in Romanian companies held for a long time for the growth potential. These investments are presented under Cost.

**7. NET INVENTORIES**

	<u>31 December 2013</u>	<u>31 December 2012</u>
Crude oil and other feedstock materials	614,282,381	664,417,595
Finished products	339,640,427	409,627,665
Production in progress	169,720,696	227,375,019
Spare parts	40,493,388	13,833,458
Other consumables	14,130,660	18,253,905
Goods	233,897	244,739
Other inventories	1,827,286	1,896,506
Provisions for depreciation of inventories	(136,242,456)	(167,712,744)
<b>Total</b>	<b>1,044,086,279</b>	<b>1,167,936,143</b>

**7. NET INVENTORIES (continued)**

The inventories of finished goods comprise mainly oil finished products.  
 At 31 December 2013, the Company has under pledge crude oil stocks and oil products amounting to RON 626,606,750, respectively RON 503,625,000 in 2012.

The movement of the provision for inventories in 2013 and 2012 is presented below:

	<u>31 December 2013</u>	<u>31 December 2012</u>
<b>Provision at 1 January</b>	<b>(167,712,744)</b>	<b>(119,084,433)</b>
Provision to be recorded	(51,068,826)	(62,386,634)
Registration as expenses		-
Reconsidering the provision on the depreciation of inventories	82,539,114	13,758,322
<b>Provision at 31 December 2013</b>	<b>(136,242,456)</b>	<b>(167,712,744)</b>

The provisions for inventories represent mainly provisions for the net realizable value.

The provision has decreased at 31 December 2013 as compared to 2012, due to the conditions on the oil and natural gas market, with increasing sale prices.

**8. TRADE AND OTHER RECEIVABLES**

	<u>31 December 2013</u>	<u>31 December 2012</u>
Trade receivables	1,019,260,264	1,060,762,751
Advances paid to the suppliers	43,642,077	76,716,078
Various debtors	124,182,610	120,375,408
Recoverable VAT	2,409,332	1,575,873
Other receivables	141,772,292	167,558,281
Provisions for depreciation of receivables - customers	(170,225,295)	(173,626,261)
<b>Total</b>	<b>1,161,041,280</b>	<b>1,253,362,130</b>

The balances with affiliated parties are provided in Note 21. The movement of the above provision is presented in Note 17.

Included in Sundry debtors in 2013 are the following main elements: the payment of RON 91,04 million to the Romanian Taxation Authorities ("ANAF") for antidumping and countervailing taxes for Biodiesel import, out of which RON 85.92 million was provisioned; and RON 30.33 million for principal liabilities and related penalties paid to ANAF for the tax control covering 2007-2010 period (see Note 24), which were fully provisioned.

Trade receivables totalling RON 193.74 million (EUR 43.2 million) at 31 December 2013, respectively totalling RON 159,43 million (EUR 36 million) at 31 December 2012 are pledged in order to obtain credit facilities (see Note 12).

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The movement of adjustments for depreciation of customer depreciation is as follows:

	<u>31 December 2013</u>	<u>31 December 2012</u>
<b>Balance at the beginning of the period</b>	<b>(173,626,261)</b>	<b>(45,159,118)</b>
Value adjustment for depreciation of trade receivables	(32,476,268)	(129,435,574)
Reversed provisions	35,511,070	448,257
Exchange rate differences	366,164	520,174
<b>Balance at the end of the period</b>	<b>(170,225,295)</b>	<b>(173,626,261)</b>

At 31 December the analysis of trade receivable maturity dates is as follows:

	Total	Nor mature, nor provisioned	Mature but not provisioned				
			1-30 days	30-60 days	60-90 days	90-120 days	>120 days
<b>2013</b>	971,011,418	700,175,650	161,381,800	48,694,138	7,194,112	52,340	53,513,378
<b>2012</b>	1,007,661,796	644,915,754	170,642,818	61,077,131	65,804,253	53,598,431	11,623,409

Trade receivables are not bearing interest and become mature at 30 days.

At 31 December 2013, the trade receivables at the initial value of RON 48.2 million (2012: RON 53.1 million) have been considered uncertain and provisioned. The movement of the receivable provision is to be found below:

	<u>Provisioned collectively</u>
<b>At 31 December 2011</b>	<b>(40,140,167)</b>
Value adjustment for depreciation of trade receivables	
Reversed provisions	-13,872,729
Exchange rate differences	391,766
<b>At 31 December 2012</b>	<b>(53,100,955)</b>
Value adjustment for depreciation of trade receivables	
Reversed provisions	-6,865,846
Exchange rate differences	11,351,791
<b>As at 31 December 2013</b>	<b>(48,248,846)</b>

## 9. PETTY CASH AND BANK ACCOUNTS

	<u>31 December 2013</u>	<u>31 December 2012</u>
Bank accounts	225,808,151	434,569,104
Cash	5,053	4,267
Amounts in transit	8	-
Other treasury values	734,100	1,158,275
<b>Total</b>	<b>226,547,312</b>	<b>435,731,646</b>

In the bank accounts there are included approximately RON 1.64 million at 31 December 2013 respectively RON 1.73 million at 31 December 2012 representing guaranteed cash. Other treasury values represent in the greatest part checks to be cashed.

## 10. SHARE CAPITAL

At 31 December 2013 and 2012, the share capital consists in 44,109,205,726 ordinary shares, authorized, wholly issued and paid up, with a nominal value of RON 0.1 each.

The shareholder structure at 31 December 2013:

<b>Shareholders</b>	<u>Percent held (%)</u>	<u>Statutory amounts in [RON]</u>
The Rompetrol Group NV	45.85%	2,022,604,013
The Romanian State represented by The Ministry of Economy, Trade and Business Environment	44.70%	1,971,500,905
Rompetrol Financial Group S.R.L.	6.47%	285,408,308
Rompetrol S.A.	2.26%	99,646,630
Rompetrol Well Services S.A.	0.05%	2,198,030
Rompetrol Rafinare S.A.	0.01%	613,470
Others (except the Romanian State)	0.66%	28,949,217
<b>Total</b>	<b>100%</b>	<b>4,410,920,573</b>

The shareholder structure at 31 December 2012:

<b>Shareholders</b>	<u>Percent held (%)</u>	<u>Statutory amounts in [RON]</u>
The Rompetrol Group NV	45.85%	2,022,604,013
The Romanian State represented by The Ministry of Economy, Trade and Business Environment	44.70%	1,971,500,905
Rompetrol Financial Group S.R.L.	6.47%	285,408,308
Rompetrol S.A.	2.26%	99,646,630
Rompetrol Well Services S.A.	0.05%	2,198,030
Rompetrol Rafinare S.A.	0.01%	613,470
Others (except the Romanian State)	0.66%	28,949,217
<b>Total</b>	<b>100%</b>	<b>4,410,920,573</b>

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Following the Extraordinary General Meeting of Shareholders of 30 June 2010, which approved the capital increase with up to RON 450 million, Rompetrol subscribed and paid a total of 3,294,914,165 shares (equivalent of USD 100,222,279), and minority shareholders have subscribed and paid a total number of 6,506 shares (USD 198). These shares have been registered with the Trade Register.

After the Extraordinary General Meeting of Shareholders on 30 September 2010, the Company converted the unredeemed bonds into shares in favour of the Romanian state, resulting a total of 19,715,009,053 shares amounting to RON 1,971,500,905 (USD 627,546,964).

Consequently, the Romanian state, through the Ministry of Finance owns 44.7% in the Company.

#### **The Share Premium**

The share premium is the result of conversion of bonds into ordinary shares on 30 September 2010, in favour of the Romanian State, represented by the Ministry of Finance, by the the Emergency Ordinance ("GEO") 118/2003 ratified by Law 89/2005.

#### **Other reserves**

During 2013, the value of the hybrid loan was recorded in Other reserves.

Since March 2013, USD 150,000,000 of the loan granted by TRG Group NV was converted into a hybrid loan, repayable in 51 years. The interest rate is 15% of the total value of the EBIT indicator (operating profit) and is recorded and becomes payable if the cumulative conditions below are met.

- The company records during the year, a net profit after tax
- The Company distributes dividends in accordance with the Romanian legislation

#### **Share capital related inflation**

According to the Romanian accounting standards, the Company has recorded the social capital under nominal historic value. However, Romania has been a hyperinflationary economy until 31 December 2003. Consequently, in accordance with IAS 29, the Company adjusted the social capital created before 31 December 2003 in order to reflect the impact of the adjustments in order to be accounted in a hyperinflationary economy.

Thus, the amount of the social capital has been increased to the amount of RON 5,734,750,095.

### **11. TRADE AND OTHER PAYABLES**

	<b><u>31 December 2013</u></b>	<b><u>31 December 2012</u></b>
Trade payables	3,473,889,061	3,001,403,609
Advances received from customers	17,993,972	21,451,546
VAT payable	150,841,562	134,378,354
Special fund for oil products (FSPP)	27,560,634	27,560,632
Taxes due	23,573	3,890,492
Debts with the personnel and social insurance	6,321,180	4,505,461
Other debts	15,192,672	43,260,931
<b>Total</b>	<b><u>3,691,822,654</u></b>	<b><u>3,236,451,025</u></b>

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**12. SHORT-TERM LOANS**

	<u>31 December 2013</u>	<u>31 December 2012</u>
<b>The Rompetrol Group</b>	642,611,761	1,274,228,002
Rompetrol Rafinare S.A.: Short-term facility for working capital needs in amount of up to USD 250 million, USD 25 million, with maturity date in 20 September 2014 and USD 200 million reimbursable on request; assignment of receivables, real movable security interest over movable assets, real movable security interest over the participations over Rompetrol Logistics SRL, Rompetrol Petrochemicals SRL, Rompetrol Downstream SRL, Romoil SA; real movable security interest over the bank accounts.		
<b>Rompetrol Well Services</b>	13,000,000	13,000,000
Rompetrol Rafinare S.A.: Short-term loan facility for working capital needs in amount of up to RON 13 million, maturity date - 10 January 2014. The loan is secured with a promissory note covering the debt.		
<b>Rompetrol Well Services</b>	7,000,000	7,000,000
Rompetrol Rafinare S.A.: Short-term loan facility for working capital needs in amount of up to RON 7 million, maturity date - 14 January 2014. The loan is secured with a promissory note covering the debt.		
<b>Rompetrol Well Services</b>	3,100,000	3,100,000
Rompetrol Rafinare S.A.: Short-term loan facility for working capital needs in amount of up to RON 3.1 million, maturity date - 3 January 2014. The loan is secured with a promissory note covering the debt.		
<b>Rompetrol Well Services</b>	1,500,000	1,500,000
Rompetrol Rafinare S.A.: Short-term facility for working capital needs in amount of up to RON 1.5 million, maturity date - 27 January 2014. The loan is secured with a promissory note covering the debt.		
<b>Midia Marine Terminal</b>	22,785,700	23,502,500
Rompetrol Rafinare S.A.: Short-term loan facility for working capital needs in amount of up to USD 7 million granted to Rompetrol Rafinare; bearing guarantees; maturity date - 01 November 2014.		
Interest due	406,070,719	388,946,074
	<u><b>1,096,068,180</b></u>	<u><b>1,711,276,576</b></u>

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**Short-term bank loans**

	<u>31 December 2013</u>	<u>31 December 2012</u>
<b>Bancpost</b>	43,699	43,931
<p>Revolving credit ceiling on short term of up to EUR 30 million for the current activity, issue of letters of credit and letters of guarantee; maturity: 30 January 2014; interest rate EURIBOR/LIBOR/ROBOR 3M+4.5%; a guarantee on all credit amounts of all the current accounts and lease of receivables agreement with Rompetrol Downstream 120%; promissory note in white; unconditional and irrevocable corporate guarantee issued by TRG; the mortgage on the delayed coking unit, fuel station; real pledge on machinery and equipment, real estate mortgage on the land area of 30,380,96 sqm.</p>		
	<u>43,699</u>	<u>43,931</u>

**13. PROVISIONS**

	<u>31 December 2013</u>	<u>31 December 2012</u>
Current provision	10,191,716	38,406,410
Non - current provision	233,695,537	228,590,403
<b>Total</b>	<u>243,887,253</u>	<u>266,996,813</u>

The movement of the provisions is displayed below.

	<u>As at 1 January 2013</u>	<u>Result carried forward</u>	<u>Founding in year</u>	<u>Amounts used</u>	<u>Amounts not used</u>	<u>As at 31 December 2013</u>
Retirement benefit provision	8,588,441	4,336,258	768,876		-	13,693,575
Fiscal provision	32,744,665		9,300,000		(32,744,665)	9,300,000
Provision for environment	225,663,707				(4,770,029)	220,893,678
<b>Total</b>	<b>266,996,813</b>	<b>4,336,258</b>	<b>10,068,876</b>		<b>(37,514,694)</b>	<b>243,887,253</b>

For 2013 and 2012, the current provision represents the environment provision of Petromidia refinery, as well as the tax provision.

In the category of provisions for other obligations, a provision delay penalties and VAT was recognized in the amount of RON 9.3 million, related to ANAF control performed during 2007-2010. The amount of RON 32,744,665 representing delay penalties and VAT related to Biodiesel import of Rompetrol Rafinare was paid according to an instalment plan concluded with ANAF and it was reversed.

The non-current provision is represented by the environment provision for Vega refinery, as well as by the provision for retirement benefits.

At 31 December 2011, an environmental provision has been recognised for The Vega Refinery, amounting to RON 47.34 million, related to the cleaning of the oil sludge pools and restoration of contaminated land. During 2012, an evaluation report was issued by an independent expert, estimating the costs associated to the technical methods to realize the remediation action. Based on these preliminary cost estimates and the estimated completion over a 10 year period, a discounted cash flow

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cost estimate of RON 220 million has been provided by the Company. Thus, at 31 December 2012, it was included an additional provision amounting to RON 172.66 million. A 10.1% discount factor was applied for the discounted cash flow calculation.

Under the collective labour agreements that certain Group's entities have in force provided that, employees are entitled to certain retirement benefits that are payable on retirement, if the employees are employed with the entities at the date of their retirement. These amounts are estimated as of the reporting date based on: the specific benefits provided in the agreement, the number of employees working within the company at date and actuarial assumptions on future liabilities. These liabilities are recorded at their fair values as of the reporting date. The related service cost and interest expense are charged to period profit and loss, while all the actuarial gains and losses are fully recognized in other comprehensive income in the period in which they occur.

The present value of this obligation and the related current and past service costs were measured using the Projected Unit Credit Method. The discount rates used were 5.23% (2012: 6.38%), with an expected rate of long-term salary increase of 3.15% (2012: 3.7%)

Amounts recognized in profit or loss in respect of this obligation are as follows:

	<u>31 December 2013</u>	<u>31 December 2012</u>
Interest	190,493	299,465
Services	578,383	510,165
<b>Total</b>	<b>768,876</b>	<b>809,630</b>

Amounts recognized in the financial position in respect of this obligation are as follows:

	<u>31 December 2013</u>	<u>31 December 2012</u>
The initial recognition of the obligations	<u>8,588,441</u>	<u>7,257,381</u>
Interest	190,493	299,465
Services	578,383	510,165
Actuarial losses / (gains) recorded in the year	<u>4,336,258</u>	<u>521,430</u>
<b>Final balance</b>	<b>13,693,575</b>	<b>8,588,441</b>

The charge for the year is included in the salaries expenses, respectively in the interest related to the profit and loss account.

It is considered that there are no significant liabilities relating to the provisions that will arise in the twelve months until 31 December 2014.



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**14. NET TURNOVER**

	<u>2013</u>	<u>2012</u>
Gross revenues related to the sale of finished oil products	14,498,121,251	14,690,043,096
Revenues from goods sold	8,139,117	17,936,208
Revenues from utilities sold	92,368,288	88,460,202
Revenues from rents and other services	24,239,539	16,053,151
<b>Gross turnover</b>	<b><u>14,622,868,195</u></b>	<b><u>14,812,492,657</u></b>
Less sale related tax	(2,874,201,215)	(2,489,379,318)
<b>Total</b>	<b><u>11,748,666,980</u></b>	<b><u>12,323,113,339</u></b>

**15. COST OF PRODUCTION SOLD**

	<u>2013</u>	<u>2012</u>
Crude oil and other feedstock materials	11,152,447,108	11,535,086,992
Consumables and other materials	32,174,615	41,580,827
Utilities	345,711,658	341,248,463
Personnel costs	50,092,294	50,677,459
Transport	419,968	506,522
Maintenance	42,232,957	47,038,938
Insurance	6,383,566	2,489,685
Environment	3,133,242	11,944,099
Other	27,085,915	32,499,963
<b>Cost of production - cash</b>	<b>11,659,681,323</b>	<b>12,063,072,949</b>
Depreciation	114,534,337	74,727,974
<b>Cost of production</b>	<b>11,774,215,660</b>	<b>12,137,800,923</b>
Less: the variation of inventories	31,265,733	(114,042,654)
Less: own production from assets	(2,091,292)	(7,705,179)
Cost of oil products resold		
Cost of petrochemical products resold		
Cost of other products sold	7,051,195	16,970,842
Cost of utilities resold	82,999,827	64,926,253
(Revenues) / losses from derivatives	(23,591,192)	59,046,092
Unrealized losses from derivatives	-	(2,950,799)
<b>Total</b>	<b><u>11,869,849,931</u></b>	<b><u>12,154,045,477</u></b>

**16. SALES COSTS AND GENERAL-ADMINISTRATIVE COSTS, INCLUDING LOGISTICS COST**

	<u>2013</u>	<u>2012</u>
Personnel costs	22,559,224	23,539,494
Utilities	17,569,279	605,907
Transport	17,715,319	15,224,854
Consultancy	26,249,198	34,163,302
Rents	2,764,115	2,432,880
Consumables	564,544	(1,202,305)
Marketing	31,254	228,441
Taxes	3,689,901	7,236,051
Telecommunications and mail services	68,186	-
Insurances	1,387,977	924,766
Expenses with computers	11,391,918	14,119,650
Expenses with environment	9,262,913	12,817,223
Repairs	9,210,149	9,581,825
Fees and penalties	708,545	19,784,869
Other expenses	11,032,472	11,922,388
<b>Expenses before amortization</b>	<b>134,204,994</b>	<b>151,379,345</b>
Amortization expenses	46,424,514	12,059,412
<b>Total</b>	<b><u>180,629,508</u></b>	<b><u>163,438,757</u></b>

The increase of the utilities cost is explained by the fact that a Revision was undertaken in 2013 within the Company. This activity caused an increased consumption of utilities which was not related to production.

**17. OTHER OPERATIONAL REVENUES / EXPENSES, NET**

	<u>2013</u>	<u>2012</u>
Net profit/loss from the sale of assets	(5,535)	18,645
Provisions for impairment of tangible assets, net	(20,528,884)	(4,104,596)
Provisions for depreciation of receivables, net	(3,034,803)	128,987,317
Provisions for depreciation of inventories, net	(31,470,289)	48,628,311
Operating expenses regarding depreciated inventories	47,468	-
Other provisions	(28,214,695)	186,400,687
Other expenses	121,827	(177,897,839)
<b>Total</b>	<b><u>(83,328,565)</u></b>	<b><u>182,032,525</u></b>

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The movement of the provision for inventories in 2013 includes a reversal of the provision set up in 2012 as the difference between cost and the net realizable value for crude oil and petroleum products as at 31 December 2012

In 2013, other provisions include the reversal of the provision set up for the environment and amounting to RON 4,770,029, related to Petromidia Refinery; reversal of the tax provision amounting to RON 32,744,665 and establishing an additional one in amount of RON 9,300,000 related to ANAF control performed during 2007-2010.

In 2012, the category "Other provisions" included the provisions for environment in amount of RON 167.37 million and the tax provisions in amount of RON 19.03 million.

In 2012, Rompetrol Rafinare S.A. reversed previously accrued tax charges in respect of penalties and interest for FSPP (Special Fund of Petroleum Products) in amount of RON 177.8 million, included in the caption "Other expenses / (revenues), based on management's assessment that this liability no longer exists.

**18. FINANCIAL COST, FINANCE INCOME AND FOREIGN EXCHANGE DIFFERENCES**

	<u>2013</u>	<u>2012</u>
<b>Financial expenses</b>		
Interest expenses	385,484	(18,923,984)
Expense on the shareholders' interest	32,177,630	84,968,355
Bank charges	78,538,425	55,404,683
	<b>111,101,539</b>	<b>121,449,054</b>
<b>Financial revenues</b>		
Interest income	(7,634,279)	(2,722,210)
	<b>(7,634,279)</b>	<b>(2,722,210)</b>
<b>Financial result, net:</b>	<b>103,467,260</b>	<b>118,726,844</b>
Unrealized foreign exchange (losses)/gains	21,295,293	(185,441,407)
Realized net foreign exchange (losses)/gains	(119,220,448)	187,964,643
<b>Foreign exchange gain/(loss), net</b>	<b>(97,925,155)</b>	<b>2,523,236</b>
<b>Total</b>	<b><u>5,542,105</u></b>	<b><u>121,250,080</u></b>

**19. INCOME TAX**

- a) Income tax was 16% in 2013 as in 2012.

As of 31 December 2013, the Company had the following unused fiscal losses:

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Entity	Fiscal loss 2013	Fiscal loss 2012
	Million RON	Million RON
Rompetrol Rafinare SA	(1,532.55)	(1,592.86)
<b>As at 31 December 2013</b>	<b>(1,532.55)</b>	<b>(1,592.86)</b>

As a result of the fiscal losses which can be recovered by 2019, it's not the probability to have a low taxable profit that is low, and therefore the Company did not compute any receivable in relation to the deferred tax related to the fiscal loss.

A breakdown of tax losses of the Company per year is displayed below:

Entity	Fiscal loss	Fiscal loss
Rompetrol Rafinare SA	Million	Expires in
	2009	2016
	(340.94)	
	2010	2017
	(482.96)	
	2011	2018
	(468.96)	
	2012	2019
	(339.08)	
<b>Tax loss carried forward in 2013</b>	<b>(1,631.94)</b>	<b>-</b>

The Romanian Government has a number of agencies that are authorized to conduct audits (controls) of Romanian companies as well as foreign companies doing business in Romania. These controls are similar in nature to tax audits performed by tax authorities in many countries, but may extend not only to tax matters but to other legal and regulatory matters in which the applicable agency may be interested. In addition, the agencies conducting these controls appear to be subject to significantly less regulation and the company under review appears to have less practically safeguards than is customary in many countries.

Management believes that it has adequately provided for tax liabilities in the accompanying financial statements.

- b) Below there is a reconciliation between the current income tax recorded in the profit and loss account and the whole expenses with the profit tax, based on the temporary differences and non-deductible items:

	2013	2012
<b>Net profit / Accounting (Net loss)</b>	<b>(224,025,999)</b>	<b>(297,653,500)</b>
Addition: Non-deductible expenses	257,171,726	551,768,189
Less: Non-taxable income	(424,028,567)	(593,196,459)
<b>Net profit / Fiscal (Net loss)</b>	<b>(390,882,840)</b>	<b>(339,081,770)</b>
Fiscal loss in the previous years	(1,631,931,206)	(1,592,860,403)
<b>Taxable base</b>	<b>(2,022,814,046)</b>	<b>(1,931,942,173)</b>
<b>Income tax (16%)</b>	<b>-</b>	<b>-</b>

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The following income was considered non-taxable when calculating tax loss:

- Tax provisions (income from reversal of provisions for which no deduction was allowed) RON 176.1 million;
- Fiscal depreciation calculated according to article 24 of Law no. 571/2003 of the Fiscal Code, amounting to RON 247.9 million.

The following were considered non-deductible expenses when determining tax loss:

- Expenses with accounting depreciation, amounting to RON 160.9 million;
- Expenses with provisions which exceed the limit stipulated by law, in the amount of RON 93.6 million.
- Other non-deductible expenses amounting to RON 2.7 million.

## 20. OPERATING SEGMENT INFORMATION

### Geographical segments

All the production facilities of the Company are located in Romania. The following chart provides an analysis of the net turnover of the Company depending on the geographical market:

	2013	2012
Romania	6,663,954,210	7,192,375,327
Export	5,084,712,770	5,130,738,012
<b>Total</b>	<b>11,748,666,980</b>	<b>12,323,113,339</b>

## 21. RELATED PARTIES

The ultimate parent of the Company is the company "State holding enterprise on assets management (Samruk)" JSC, an entity with its headquarters in Kazakhstan. The related parties and the nature of relationship is presented below:

Name of the affiliated entity	Nature of relation
The Rompetrol Group N.V.	Majority shareholder
Rompetrol S.A.	Company owned by The Rompetrol Group
Rominserv S.R.L.	Company owned by The Rompetrol Group
Ecomaster Services Ecologice S.A.	Company owned by The Rompetrol Group
KazMunayGas Trading AG	Company owned by The Rompetrol Group
Rompetrol Well Services S.A.	Company owned by The Rompetrol Group
Palplast S.A.	Company owned by The Rompetrol Group
Rompetrol Bulgaria JSC	Company owned by The Rompetrol Group
Rompetrol Moldova SA	Company owned by The Rompetrol Group
Rompetrol Georgia LTD	Company owned by The Rompetrol Group
Midia Marine Terminal S.R.L.	Company owned by The Rompetrol Group
Rompetrol Financial Group S.R.L.	Company owned by The Rompetrol Group
Dyneff SAS	Company owned by The Rompetrol Group
The Rompetrol Group Corporate Center S.R.L.	Company owned by The Rompetrol Group
Byron Shipping Ltd	Company owned by The Rompetrol Group
Byron Shipping S.R.L.	Company owned by The Rompetrol Group
Rompetrol Albania Wholesale Sh.A.	Company owned by The Rompetrol Group
Rompetrol Ukraine LTD	Company owned by The Rompetrol Group
Rominserv Valves Iaifo SRL	Company owned by The Rompetrol Group
Rominserv Kazakhstan Ltd	Company owned by The Rompetrol Group
Uzina Termoelectrica Midia S.A.	Associate of the Rompetrol Group
Global Security System S.A.	Company owned by The Rompetrol Group
Rompetrol Downstream S.R.L.	Company affiliated to the Company
Rompetrol Petrochemicals S.R.L.	Company affiliated to the Company
Rom Oil S.A.	Company affiliated to the Company
Rompetrol Logistics S.R.L.	Company affiliated to the Company
Rompetrol Quality Control S.R.L.	Company affiliated to the Company
Rompetrol Gas S.R.L.	Company owned by Rompetrol Logistics SRL
Dyneff Espagna SLU	Company owned by The Rompetrol Group
DPPLN SAS	Company owned by The Rompetrol Group
TMP SAS	Company owned by The Rompetrol Group
Dyneff Gas Station Network SL	Company owned by The Rompetrol Group
Rompetrol France SAS	Company owned by The Rompetrol Group
Bioneff SL	Company owned by The Rompetrol Group
Agat Ltd	Company owned by The Rompetrol Group

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Rompetrol Albania Downstream Sh.A. Company owned by The Rompetrol Group  
Rompetrol Albania Sh.A. Company owned by The Rompetrol Group

**21. RELATED PARTIES**

Name of related party	Nature of the relation
Rompetrol Distribution Albania Sh.A	Company owned by The Rompetrol Group
TRG Petrol Ticaret AS	Company owned by The Rompetrol Group
Rompetrol Energy S.A	Company owned by The Rompetrol Group
The Romanian State and the Romanian Authorities	

The sales to and purchases from related parties are made in the ordinary course of business and are undertaken on a basis that considers prevailing market terms and conditions as applicable to the nature of goods and services provided or received. Outstanding balances at the year-end are unsecured, interest free (except for shareholders loans) and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended at 31 December 2013, the Company did not record any depreciation of the receivables referring to the amounts due to the related parties (2012: zero). This assessment is performed every year, by analysing the financial position of the related party and the market in which it is carrying on its activity.

In 2013 and 2012, Rompetrol Rafinare has made the following transactions with the related parties:

	<b>Receivables</b>	
	<b>31 December 2013</b>	<b>31 December 2012</b>
KazMunayGas Trading AG	445,786,257	546,085,549
Rompetrol Downstream S.R.L.	360,629,330	264,358,526
Rompetrol Petrochemicals S.R.L.	80,180,747	148,831,228
The Rompetrol Group N.V.	217,125	618,074
Rompetrol Gas SRL	4,798,451	46,089,320
Rompetrol Moldova ICS	28,733,213	8,511,141
Rompetrol Bulgaria JSC		1,391
Rominserv S.R.L.	96,851,278	114,583,185
Ecomaster Servicii Ecologice S.A.	10,911	184,472
Rompetrol Quality Control S.R.L.	302,389	180,375
Rompetrol Logistics S.R.L.	338,878	9,072,087
Midia Marine Terminal S.R.L.	57,761	222,363
Rompetrol S.A.	-	92,681
Uzina Termoelectrica Midia S.A.	5,534,640	10,483,461
The Rompetrol Group Corporate Center S.R.L.	154,889	5,580
Global Security Systems S.A.	606,080	646,872
Rominserv Kazakhstan Ltd	547,400	564,621
Byron Shipping Ltd		1,458
Palplast S.A.	250,094	250,196
Byron Shipping S.R.L.	2,543	
Rompetrol Well Services S.A.	1,617	1,617
<b>Total</b>	<b>1,025,003,603</b>	<b>1,150,784,197</b>

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**21. RELATED PARTIES (continued)**

	<b>Payables</b>	
	<b>31 December 2013</b>	<b>31 December 2012</b>
KazMunayGas Trading AG	2,915,682,299	2,778,526,034
Rompetrol Downstream S.R.L.	26,950,436	38,233,275
Rompetrol Petrochemicals S.R.L.	346,326,523	4,392,011
The Rompetrol Group N.V.	1,048,477,962	1,666,378,469
Rompetrol Gas SRL	1,760,241	2,121,205
Rominserv S.R.L.	71,333,579	92,390,543
Ecomaster Servicii Ecologice S.A.	1,004,138	
Rompetrol Quality Control S.R.L.	4,185,164	4,206,893
Rompetrol Logistics S.R.L.	312,212	407,016
Midia Marine Terminal S.R.L.	66,507,541	24,335,108
Rompetrol Well Services S.A.	24,710,153	24,787,542
Uzina Termoelectrica Midia S.A.	20,008,306	22,896,246
The Rompetrol Group Corporate Center S.R.L.	3,432,671	6,851,230
Global Security Systems S.A.	1,477,522	1,631,805
Rompetrol S.A.	274,554	17,801,555
<b>Total</b>	<b>4,532,443,301</b>	<b>4,684,958,932</b>



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21. RELATED PARTIES (continued)	Name of related party	Nature of transaction	Sales		Purchases	
			2013	2012	2013	2012
	KazMunayGas Trading AG	Raw materials / Petroleum products	4,180,977,961	4,319,928,278	10,798,069,355	11,493,332,959
	Rompetyl Downstream S.R.L.	Fuel tickets / Petroleum products, rent, utilities and other	5,031,773,915	5,123,303,882	7,349,313	14,190,729
	Rompetyl Petrochemicals S.R.L.	Raw materials, energy, lab analyses / Raw materials, rent, utilities and other	473,999,135	522,217,075	530,587,044	88,238,362
	The Rompetrol Group N.V.	Management services, interest loan	-	-	30,912,915	87,723,181
	Rompetyl Gas SRL	Platform operation, propane / Petroleum products, rent, other	505,584,508	696,758,095	56,535	80,334
	Rompetyl Moldova ICS	Petroleum products	401,681,812	254,472,727	-	-
	Rompetyl Bulgaria JSC	Biodiesel / Petroleum products	15,123,455	73,361,205	-	-
	Rominserv S.R.L.	Maintenance, property acquisitions/Rent, utilities, reinvoices	7,910,528	16,003,843	239,954,798	403,133,322
	Ecomaster Servicii Ecologice S.A.	Ecology services / Rent, Service provision	90,523	91,839	4,892,182	2,886,317
	Rompetyl Quality Control S.R.L.	Lab analyses / Rent, utilities, other services	1,332,678	1,288,442	14,764,040	15,533,693
	Rompetyl Logistics S.R.L.	Transport, rents / Rent, utilities	11,157	12,325	112,131	290,782
	Midia Marine Terminal S.R.L.	Port provisions / Rent, utilities, bunkering, re-invoicing, other	1,718,338	2,046,127	43,487,069	19,912,685
	Rompetyl Well Services S.A.	Loan interest	7,825	7,825	1,723,334	1,974,280
	Uzina Termoelectrica Midia S.A.	Utilities / Petroleum products	55,628,844	80,577,695	85,015,638	106,596,691
	The Rompetrol Group Corporate Center S.R.L.	Management services	376,939	-	35,139,996	41,241,210
	Global Security Systems S.A.	Security, courier services, cleaning, fire prevention	-	-	7,936,711	8,063,161
	Rompetyl S.A.		40,347	-	-	-
	Byron Shipping S.R.L.	Demurrage /Rent, reinvoices of other services	19,379	20,518	6,245	4,164
			<u>10,676,277,344</u>	<u>11,090,089,876</u>	<u>11,800,007,306</u>	<u>12,283,201,870</u>

The Ministry of Public Finance of Romania ("MFPR") was the holder of 44.6959% of the share in Rompetrol Rafinare SA since September 2010 until July 2012. Starting July 2012, through a Government Ordinance, the share holder became Ministry of Economy Trade and Business Environment ("MECMA"). As a result MFPR, MECMA and Other Authorities are considered to be a related party of the Group. No entities in the Group have had any transactions during the period since MFPR and MECMA became a related party, or balances as of period end, other than those arising from Romanian fiscal and legislative requirements. The salaries paid to the Company directors in 2013 were RON 755,620 (RON 501.364 in 2012). The salaries and bonuses paid to the Company management in 2013 (in average 11 persons) was RON 1,476,534 (RON 2,141,688 in 2012, in average 14 persons).

## 22. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the ordinary equity holders of the parent is based on the following data:

	2013	2012
Loss	(224,025,999)	(297,653,500)
Average number of shares	44,109,205,726	44,109,205,726
Result per share - base (money/share)	(0.51)	(0.67)

## 23. CONTINGENT LIABILITIES

Related to the Parent's oil products technological lending practice to other refineries by the Company, D.G.F.P. Constanta claimed that the Company had unrecorded income, excise, VAT and related penalties totaling RON 47.7 million (USD 14.7 million). These claims (the legal effects) were suspended by the local court for admission. Subsequently, a second suspension has been issued by the fiscal authorities (D.G.S.C. – A.N.A.F.) until the final sentence regarding the criminal case, as the fiscal authority believes that this matter is now to be dealt as part of the criminal investigation started by the General Prosecutor Office (see Note 24). The management is confident that the Company is able to defend itself and the likelihood of a negative outcome is remote.

In 2001, the Company processed crude oil for another refinery for which it originally raised excise invoices. However due to the law prevailing at the time, such invoices raised by the Company were challenged by the respective refinery and the courts held at the time that the Company is not to issue the excise invoices and therefore the Company cancelled such invoices. The Company is now challenged for such reversals by D.G.F.P. Constanta, which concluded not to acknowledge the conclusions of the court decision and held the Company liable for paying such excises; the Company appealed the tax audit, which is now being suspended as described in the paragraph above. The amount noted in the minutes issued by D.G.F.P. Constanta is RON 9.5 Million (USD 2.9 million). The management is confident that the likelihood of reversal of the earlier court decision is very little. In 2013 no changes were incurred.

## 24. LEGAL MATTERS

### Litigation with the State involving criminal charges

Starting with 22 March 2005 and as of the date of this report, the investigations concerning current and past administrators, officers and external censors of S.C. Rompetrol Rafinare S.A. ("RRC") have been formally developing (despite certain discontinuities occurred from time in the course of the criminal investigation stage). At present, the Prosecutors' General Office attached to the High Court of Cassation and Justice ("PGO") is investigating only one of the current administrators.

The charges apprehended upon the initiation of the investigation were: a) failure to fulfill the investment commitments undertaken under the privatization contract concerning the Company; b) unlawful statement of excises and other debts to the state budget; c) incorrect maintenance of accounting registries regarding the transactions undertaken at the oil terminal owned by Oil Terminal. These charges concern events taken place during April 2001 – October 2002. The said charges have been split by the prosecutors' office from the initial file (which has been sent to trial following such split) and are subject to a separate file currently open before PGO - DIICOT.

For certain charges under investigation – charges not concerning the Company directly, that are part of the initial file open by the prosecutors' office, even after the split of the file – the PGO decided to send to trial certain officials of The Rompetrol Group N.V. ("TRG"), the controlling company of S.C. Rompetrol Rafinare S.A. Following intensive discussions on several procedural matters, the first competent court,

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the Bucharest Tribunal, initiated the inquiry on the merits (the factual background) by interviewing the accused persons. Following the hearing of 17 September 2010, the court decided to refer the file to the Constitutional Court for settlement of certain motions raised by the defence.

The Rompetrol Group N.V. and the Parent Company publicly stated and continues to consider, in relation with all charges, that it has provided clear, reasonable and legitimate explanations with respect to all the activities undertaken by the Parent and the related persons.

The Company finds all charges brought against it as legally ungrounded. The Parent's standing has been confirmed also by the court of law when ruling in favour of the motion submitted by The Rompetrol Group N.V. and S.C. Rompetrol Rafinare S.A. against the sequester that was established in relation with its assets and shares. The respective sequester, established unilaterally by the PGO, has been definitively and irrevocably annulled by the competent court of law.

Furthermore, on 15 December 2005, The Rompetrol Group N.V. submitted a request for arbitration before the International Centre for Settlement of Investment Disputes within the World Bank ("ICSID") of Washington DC against the Government of Romania whereby it requested compensation for the damages incurred. The request for arbitration emphasizes the breach by the Romanian State of The Rompetrol Group N.V.'s rights under the Agreement on Encouragement and Reciprocal Protection of Investments between the Government of the Kingdom of the Netherlands and the Government of Romania, in force as of 1 February 1995 (the "Dutch-Romanian BIT"). In May 2010, the debates on the merits of the dispute were closed (followed by two rounds of post-hearing briefs) On June 6, 2013 ICSID issued a decision in the above mentioned case. ICSID mentioned that the plaintiff's claims are admissible; it rejected the request for damages considering that even the evidences submitted showed a breach of the art. 3 (1) and (5) of the Treaty between Romania and The Netherlands the direct connection between this breach and the damages couldn't be provided. Finally, ICSID mentioned that each party will bear its own legal costs.

On July 18, 2012 the criminal charges against individuals was dismissed on merits. The prosecutor submitted the appeal, pending in front of the Court of Appeal. Based on the grounds submitted in the file and the recent court decision, the management consider that the allegations of PGO are ill founded even the case is still not settled. The prosecutor submitted the appeal against the decision issued by Bucharest Court. The first hearing will be on April 4, 2014.

**Litigations related to Hybrid Conversion**

- A) The Romanian Ministry of Public Finance (MFP) has initiated various litigations against Rompetrol Rafinare S.A. ("RRC") regarding the legality of combined redemption and conversion of bonds issued in 2003 into Rompetrol Rafinare shares.

Emergency Ordinance ("EGO") 118/2003, approved by Law 89/2005, and the Issuing Convention of December 5, 2003 ("Issuing Convention"), regulated the conversion of RON 2,177.7 million

of state budget liabilities, including penalties, into 22,812,098 Euro-denominated long-term reverse-convertible bonds with face value EUR 25 each (i.e. a total of EUR 570.3 million at the RON/EUR exchange rate as of September 30, 2003 of 3.8185 RON/EUR or USD 719.4 million at the same date), hereinafter referred to as "Hybrid Instruments" or "Bonds". The Bonds carried interest and were redeemable on or before maturity, whereas EGO 118/2003 specifically provided that bonds not redeemed by September 30, 2010 should be convertible, at a fixed conversion rate, into ordinary shares of Rompetrol Rafinare S.A., at the option of the Company.

In accordance with the requirements of EGO 118/2003 and the Issuing Convention, Rompetrol Rafinare S.A. undertook the following transactions in relations to bonds settlement during the period ended 30 September 2010:

- 1) The Extraordinary General Meeting of the Shareholders as of June 30, 2010 approved, among others, the increase of the Company's share capital by USD 100.2 million, for the purpose of raising financing to redeem part of the Bonds and to pay trade and other liabilities;
- 2) On August 9, 2010, RRC redeemed 2,160,000 Bonds in aggregate amount of EUR 54 million;

- 3) The Extraordinary General Meeting of the Shareholders on September 14, 2010 issued, among others, the preliminary approval of the conversion of the unredeemed Bonds into shares. Subsequently, on September 30, 2010, the Extraordinary General Meeting of the Shareholders of Rompetrol Rafinare S.A. approved the conversion of the unredeemed Bonds into shares, the corresponding share capital increase and the exact numbers of shares to be received by the Romanian Ministry of Public Finance for the Bonds it held. The number of shares was calculated based on the conversion rate of bonds into shares indicated by the EGO 118/2003 and the Issuing Convention.

The Ministry of Public Finance (MFP) has publicly taken an adverse position against such course of action and challenged it in various court procedures.

**B)** B) On September 10, 2010 the National Agency of Fiscal Administration ("ANAF") issued a decision for establishment of a precautionary seizure on all the participations held by Rompetrol Rafinare S.A. in its affiliates as well as on all movable and immovable assets of Rompetrol Rafinare S.A. except inventories. This measure is still in force and it is challenged by the Group. As of the date of these financial statements this seizure has not produced direct effects on the Company's recurring operations.

The Group has challenged this decision and requested the court to annul the seizure. The main ground the Group has taken is that starting October 1, 2010 no liability of RRC to MFP exists as the bonds were settled through conversion into share capital under the Issuance Convention. The case was dismissed at the first court hearing by Bucharest District 5 Court and Rompetrol Rafinare S.A. filed a final appeal. The hearing of the case had been suspended in June 2012 pursuant to the joint request of the Company and of the Ministry of Public Finances and can be resumed during one year period, until June 6, 2013.

On February 15, 2013, The Rompetrol Group NV and the Office of State Ownership and Privatisation in Industry ("OPSPI"), representing the Romanian State, concluded a memorandum of understanding aiming at the amiable settlement of the litigations. As a result of the memorandum, the parties agreed the suspension of the court proceedings, in order to allow the time to implement the memorandum, which was acknowledged by the court on February 18, 2013.

On 22 January 2014, the Memorandum of Understanding was approved by Government Decision no.35/2014 pursuant to which the Ministry of Public Finances has been authorized and mandated to pursue all procedural actions required for the withdrawal of the claims and the termination of all Litigations, including the Main Claim, without hearing of the merits thereof. The Memorandum of Understanding includes the following key aspects:

- OPSPI will sell and the The Rompetrol Group NV will acquire shares owned by OPSPI and representing 26.6959% of RRC's share capital for a cash consideration of USD 200 million;
- The Rompetrol Group NV will invest in energy project related to its core activities an amount estimated at USD 1 billion over 7 years;
- MFP will drop all cases against the GMS decisions related to the conversion and will cancel the forced execution title.

Following the hearing on March 24, 2014 it is confirmed that the court case is closed following the Ministry of Finance renouncing all the court actions that were in progress that are mentioned above.

#### **Litigation regarding the import of Biodiesel**

On June 20, 2012 the National Authority of Customs, the Excise Supervision and Customs Operations Department issued a Minute in which they assessed that Rompetrol Rafinare should pay an amount of RON 108 million for antidumping and countervailing duties, VAT and interests for late payment plus penalties related to imports of biodiesel made during 2009 and 2010.

During 2009 and 2010, Rompetrol Rafinare concluded a series of import operations of biodiesel origin from Canada according to the Certificate of origin issued by the relevant Canadian authorities in this respect.

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The investigation and related Minutes were issued by the Romanian Customs Authorities following contacts with OLAF (European Antifraud Office) which led an investigation in Canada in cooperation with Canadian Customs (CBSA) regarding the export of Canadian biodiesel into the European Union. OLAF issued its preliminary findings indicating a belief that biodiesel exported into the EU had an origin from the USA rather than Canada and was being imported by various means from the USA to Canada before being exported to the EU.

Romp petrol Rafinare considers that as no final report has been issued by OLAF that the Romanian Customs Authorities were premature in issuing its assessment minute. OLAF issued a final report.

Romp petrol Rafinare considers that it has acted in good faith and that documents received by it indicate that the biodiesel has a Canadian origin.

In the additional taxes imposed by the Romanian Customs Authorities it has included both duties (antidumping and countervailing), which under European and Romanian legislation such an approach can be done only in specific cases which must be very well grounded by the customs authorities. In the assessment minutes, there are no arguments and explanations as to why both duties were imposed.

Romp petrol Rafinare requested the competent Court to postpone (or suspend) the payment of the fine until the entire situation is finalised by a final and irrevocable Court decision. On July 5, 2012 the Court rejected this request.

On July 20, 2012 Rompetrol Rafinare submitted a contestation against the findings of the tax inspection for the entire amount of RON 108 million (equivalent to USD 32 million). As the National Agency for Fiscal Administration – General Directorate of Solving Contestations ("ANAF – DGSC) did not respond within the deadline provided by the law, a court proceeding was commenced by Rompetrol Rafinare to request a reply from ANAF. On February 20, 2013, the Court decided in favour of Rompetrol Rafinare SA. On February 22, 2013 Rompetrol Rafinare SA received a response from ANAF indicating that it would re-audit for an amount of approximately RON 14 million (USD 4.3 million) in relation to the assessment previously issued. No re-audit was carried on until the date of these financial statements.

Group Management proceeded with further legal action in this matter. On July 18 2013 Rompetrol Rafinare SA main court claim against the assessment was rejected by the first instance. The appeal against this first court decision was initially examined by the Supreme Court of Justice on February 13, 2014, having next hearing scheduled for April 2014.

To avoid triggering additional tax risks (i.e. cancellation of VAT deferment certificate, cancellation of reduction of the guarantee for tax warehouse, etc.) Rompetrol Rafinare has paid an amount of RON 58 million (USD 17.8 million) representing antidumping and countervailing taxes.

For the remaining amount of RON 50 million (USD 15.4 million), Rompetrol Rafinare initiated legal procedures to obtain an approval for reschedule of payment, which was granted by the competent authority and paid in 2013.

Romp petrol Rafinare considers that it has met all technical requirements in accordance with European and national legislation. Even so, there are frequent cases in practice when the tax authorities have an aggressive approach in interpreting national and European legislation, assessing and enforcing payment of additional tax liabilities, leaving the taxpayer the burden to prove the incorrect assessments and to recover the amounts through time long and costly contestation and appeal processes. Therefore a provision has been included for the amount of USD 28.8 million although Rompetrol Rafinare considers it has a supportable case and management believes that the amounts related to the matter will be cancelled or significantly reduced. The appeal submitted by Rompetrol Rafinare is pending in front of the Supreme Court of Justice.

Romp petrol Rafinare, through KazMunayGas Trading AG, started the recourse against the Canadian supplier of the biodiesel.

The first preliminary arbitration steps have been accomplished in front of the LCIA, a decision is expected to be released in September 2014.

**Litigation on Tax Assessments received by Rompetrol Rafinare S.A.**

In March 2012, the National Agency for Tax Administration sent to Rompetrol Rafinare SA a General Tax Audit Report covering the period 2007-2010 and an Assessment Decision for Payment of RON 48 million (equivalent USD 15 million), out of which half represents additional principal tax liabilities and the other half represents late payment interest and penalties.

The following has subsequently occurred relating to this matter:

- Both the Report and the Decision were challenged subject to a prior administrative appeal, which is currently still pending settlement by the National Agency for Tax Administration – General Division for Appeals Settlement. As ANAF did not respond within the deadline provided by the law, a court proceeding has been commenced by the Rompetrol Rafinare to request a reply from ANAF.

On February 20, 2013, the Court decided in the favour of the company. After being communicated to ANAF and becoming final the court decision is enforceable, meaning that any further failure of responding by ANAF may result in fines against those responsible. The company believes that once receiving this court decision ANAF should not go on challenging this necessity and solutions to the company's pending applications will soon be issued. As well, a payment suspension application for all the amounts additionally charged was filed, but it was rejected by the relevant Court.

The settlement term was set as May 31, 2012. The Court (Constanta Court of Appeal) dismissed the request of Rompetrol Rafinare for the rescheduling of the hearing term and for a more expedient settlement of the suspension application, Rompetrol Rafinare was requested to pay the additionally charged amounts on May 5, 2012.

- The main arguments put forward by Rompetrol Rafinare for its administrative appeal were: it had used and benefitted from the management and advertising service referred to; it has related justifying documents that were not taken into consideration by the tax authorities; and the Tax authorities did not consider the definition provided by the Fiscal Code and its Application Norms, as well as, applicable, Double Tax Treaties and Commentaries to the OECD model conventions as regards definition of royalties versus services.

Although Rompetrol Rafinare considers that all technical requirements have been met by it and it is challenging all the items included in the report issued by the National Agency for Tax Administration, there is a chance that Rompetrol Rafinare may not recover the amount in whole or part, based on the high ambiguity in respect of the legislation and the court practice in a similar cases in Romania. Therefore a provision has been recognized for an overall amount of USD 15 million, out of which USD 11 million was expensed during 2012.

The main court case started by Rompetrol Rafinare SA against the assessment is pending, the next hearing being set on April 3, 2014.

**Litigation regarding CO2 emission allowances**

On February 28, 2011 Rompetrol Rafinare S.A. won the court case against The Romanian Government and The Ministry of Environment which obliged the Romanian authorities to allocate to Rompetrol Rafinare an additional number of 2.577.938 CO2 emission certificates for the entire period 2008-2012. This first decision issued by the Constanta Court of Appeal was challenged by the The Ministry of Environment and The Romanian Government but the appeals were rejected by the Supreme Court of Justice on October 30, 2012 and the first court decision became final.

According to the current Romanian and European legislation, the certificates obtained for 2008 – 2012 period may be owned and used also for the next period of 2013–2020. The current market value for a CO2 emission certificate is Euro 4.5 per certificate.

Considering that the Ministry of Environment and the Romanian Government did not fulfill with the Court decision according to the deadline, Rompetrol Rafinare SA started a court claim against them, having as object damages in amount of Euro 36 million is pending, the next hearing being set on April 10, 2014.

## **25. OTHER LITIGATIONS**

### **Environmental commitments**

The principal activity of Rompetrol Rafinare SA (including Vega Refinery) of refinery petroleum products and Rompetrol Petrochemicals has inherent effects on the environment in term of emission into land, water and air. The environmental effects of the Group's activities are monitored by local authorities and the management of the Group.

As of December 31, 2013 Rompetrol Rafinare SA has environmental commitments amounting to USD 6.7 million (2012: USD 7.98 million) to conform to the Integrated Environmental Authorization.

### **Other commitments**

On 31 December 2013 Rompetrol Rafinare SA has contracted capital commitments in projects related to capacity increase and compliance with Euro standards at amounting to USD 12.54 million (2012: USD 19,63 million).

### **Sale and purchase commitments**

As of December 31, 2013 Rompetrol Rafinare S.A. has contracted purchase contracts for raw materials and utilities outside TRG group, amounting to USD 159.88 million (2012: USD 133.65 million) and commitments for petroleum products and utilities outside the group amounting to USD 502.01 million (2012: USD 198.37 million).

Due to the fact that, as from 1 January 2014, the activity of Rompetrol Petrochemicals will be transferred to Rompetrol Rafinare SA, the commitments related to the transferred contracts are displayed in cumulative manner in Rompetrol Rafinare SA.

## **26. FINANCIAL AND RISK MANAGEMENT INSTRUMENTS**

### **26.1 Capital risk**

The Company manages its capital to ensure that entities in the Company will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Company consists of bank debt and shareholder loans (see Notes 11 and 12), cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the "Consolidated Statement of Changes in the Shareholders' Equity".

### **26.2 Significant accounting policies**

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

**26. FINANCIAL AND RISK MANAGEMENT INSTRUMENTS (continued)**

**26.3 Financial instruments**

The estimated fair values of these instruments approximate their carrying amounts.

	<b>31 December 2013</b>	<b>31 December 2012</b>
Financial assets		
Commercial liabilities and other liabilities	1,285,215,166	1,348,696,440
Derivative financial instruments	-	-
Cash and bank accounts	226,547,312	435,731,646
<b>TOTAL FINANCIAL ASSETS</b>	<b>1,511,762,478</b>	<b>1,784,428,086</b>
Financial payables	31 December 2013	31 December 2012
Short-term borrowings from shareholders	1,096,068,180	1,711,276,576
Derivative financial instruments	119,701	8,289,422
Commercial liabilities and other liabilities	3,495,402,913	3,049,170,001
Short-term loans	43,699	43,931
<b>TOTAL FINANCIAL PAYABLES</b>	<b>4,591,634,493</b>	<b>4,768,779,930</b>

Trade and other receivables are at net recoverable value and the following categories are not considered as financial assets:

- Advances paid to the suppliers;
- VAT to be recovered
- Profit tax to be recovered
- Other taxes to be recovered

Similarly, for trade and other payables the following are not considered as financial liabilities:

- Advances paid from customers;
- Excises taxes
- FSPP
- VAT payable
- Profit tax payable
- Salary taxes payable
- Other taxes
- Deferred revenues

The estimated fair values of these instruments approximate their carrying amounts.

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments;
- Fair value of unquoted available-for-sale financial assets is estimated using appropriate valuation techniques.
- The Company enters into derivative financial instruments with various counterparties. As at 31 December 2013, the marked to market value of derivative position is for financial instruments recognised at fair value.



**26. FINANCIAL AND RISK MANAGEMENT INSTRUMENTS (continued)**

**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 based on observable market data, 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.

	<b>31 December 2013</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Financial assets</b>				
Commercial liabilities and other liabilities	1,285,215,166	-	-	1,285,215,166
Derivative financial instruments	-			
Cash and bank accounts	226,547,312	-	-	226,547,312
<b>TOTAL FINANCIAL ASSETS</b>	<b>1,511,762,478</b>	<b>-</b>	<b>-</b>	<b>1,511,762,478</b>
<b>Financial liabilities</b>				
Short-term borrowings from shareholders	1,096,068,180	-	-	1,096,068,180
Derivative financial instruments	119,701	-	119,701	-
Commercial liabilities and other liabilities	3,495,402,913	-	-	3,495,402,913
Short-term loans	43,699	-	-	43,699
<b>TOTAL FINANCIAL PAYABLES</b>	<b>4,591,634,493</b>	<b>-</b>	<b>119,701</b>	<b>4,591,514,792</b>
	<b>31 December 2012</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Financial assets</b>				
Commercial liabilities and other liabilities	1,348,696,440	-	-	1,348,696,440
Cash and bank accounts	435,731,646	-	-	435,731,646
<b>TOTAL FINANCIAL ASSETS</b>	<b>1,784,428,086</b>	<b>-</b>	<b>-</b>	<b>1,784,428,086</b>
<b>Financial liabilities</b>				
Short term borrowings from shareholders	1,711,276,576	-	-	1,711,276,576
Derivative financial instruments	8,289,422	-	8,289,422	-
Commercial liabilities and other liabilities	3,049,170,001	-	-	3,049,170,001
Short-term loans	43,931	-	-	43,931
<b>TOTAL FINANCIAL PAYABLES</b>	<b>4,768,779,930</b>	<b>-</b>	<b>8,289,422</b>	<b>4,760,490,508</b>

At 31 December 2013 there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

**26.4 Derivative financial instruments**

The Company uses different commodity derivatives as a part of price risk management in trading of crude oil and products. Generally the instruments are allocated to individual instruments.

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**26. FINANCIAL AND RISK MANAGEMENT INSTRUMENTS (continued)**

Following this approval, the Company started on January 2011 to hedge commodities held by Rompetrol Rafinare.

<b>Balance</b>	<u><b>31 December 2013</b></u>	<u><b>31 December 2012</b></u>
Derivative financial assets	0	
Derivative financial liabilities	(119,701)	(8,289,422)
<b>Net position - asset/(liability)</b>	<b>(119,701)</b>	<b>(8,289,422)</b>
<b>Profit or loss account</b>	<u><b>31 December 2013</b></u>	<u><b>31 December 2012</b></u>
Unrealised gains	0	(2,950,799)
Unrealised gains		
<b>Net position - (gain)/loss - in Cost of sales</b>	<b>0</b>	<b>(2,950,799)</b>
Realised losses - net	(23,591,192)	52,363,474
<b>Net position - (gain)/loss - in Cost of sales</b>	<b>(23,591,192)</b>	<b>49,412,675</b>
	<u><b>31 December 2013</b></u>	<u><b>31 December 2012</b></u>
<b>Derivative asset/(liability) 2012</b>	(8,289,422)	19,475,068
Unrealized derivative gains/(loss)		2,950,799
Forex unrealized (hedging of forex)	(5,788,410)	(46,974,130)
Cash payments	13,958,131	15,884,999
Translation adjustment		373,842
<b>Derivative asset/(liability) 2013</b>	<b>(119,701)</b>	<b>(8,289,422)</b>

Derivative financial instruments are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates. Changes in the fair value of derivative financial instruments are recognized in profit or loss as they arise.

**26.5 Market risk**

The Company'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 Company's overall risk management main objective is to minimize the potential adverse effects on the financial performance of the Group companies.

**26.6 FOREIGN CURRENCY RISK MANAGEMENT**

The Company's functional currency is the Romanian leu ("RON").

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Crude oil imports and a significant part of petroleum products are all denominated principally in US Dollars. Therefore, limited foreign currency exposure arises in this context. Certain assets and liabilities are denominated in foreign currencies, which are retranslated at the prevailing exchange rate at each balance sheet date. The resulting differences are charged or credited to the income statement but do not affect cash flows. Company Treasury is responsible for handling the Company foreign currency transactions.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Payables		Available-for-sale	
	2013	2012	2013	2012
USD currency	3,992,999,914	4,481,182,422	685,860,277	1,012,869,278
EUR currency	6,817,299	6,036,233	36,667,463	4,532,804

## 26.7 FOREIGN CURRENCY SENSITIVITY ANALYSIS

The Company is mainly exposed to the USD and EUR fluctuation risk.

The following table details the Company's sensitivity to a 5% increase and decrease in the RON exchange rate against the relevant foreign currencies. The sensitivity analysis includes only the foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in the exchange rates. A positive number below indicates an increase in profit and other equity here generated by a positive exchange rate course of 5%. For a 5% weakening of the RON against the main currencies, there would be a negative impact in the profit, with the same value.

RON		USD		EUR	
		2013	2012	2013	2012
	5%	(165,356,982)	(173,415,657)	1,492,508	(75,171)
	-5%	165,356,982	173,415,657	(1,492,508)	75,171

## 26.8 INTEREST RATE RISK MANAGEMENT

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. Details of the interest rate terms, which apply to the Company's borrowings, are provided in Note 12.

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The sensitivity analyses below have been determined based on the financial instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year.

If the interest rates had varied by + / - 50 points and all the other variables had remained constant, the net result of the Company as at December 2013 would increase / decrease by RON 170 million (2012: increase / decrease by RON 163 million).

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**26. FINANCIAL AND RISK MANAGEMENT INSTRUMENTS (continued)**

**26.9 Liquidity risk**

The tables below summarize the maturity profile of the Company's financial liabilities at 31 December 2013 and 31 December 2012 based on contractual undiscounted payments, including interest payable until the end of the contracts for finance leasing and loans.

	Balance at 31 December 2013					Total
	Less than 1 month or current	<3 months	3-12 months	1-5 years	>5 years	
Commercial liabilities and other liabilities	3,613,374,300	72,121,608	5,563	-	-	3,685,501,474
Derivative financial instruments	119,701	-	-	-	-	119,701
Short-term borrowings from shareholders	907,177,480	188,890,700	-	-	-	1,096,068,180
Short-term bank loans	43,699	-	-	-	-	43,699
Other long-term liabilities	4,520,595,482	72,241,309	188,896,263	-	-	4,781,733,054

	Balance at 31 December 2012					Total
	Less than 1 month or current	<3 months	3-12 months	1-5 years	>5 years	
Commercial liabilities and other liabilities	1,752,503,278	1,479,442,286	-	-	-	3,231,945,564
Derivative financial instruments	-	8,289,422	-	-	-	8,289,422
Leasing liabilities	-	-	-	-	-	-
Short-term borrowings from shareholders	-	24,911,271	1,686,365,305	-	-	1,711,276,576
Short-term bank loans	-	43,931	-	-	-	43,931
	<b>1,752,503,278</b>	<b>1,512,686,910</b>	<b>1,686,365,305</b>	<b>-</b>	<b>-</b>	<b>4,951,555,493</b>

## **26. FINANCIAL AND RISK MANAGEMENT INSTRUMENTS (continued)**

### **26.10 Commodity price risk**

The Company is affected by the volatility of crude oil, oil product and refinery margin prices.

Its operating activities of the Company require ongoing purchase of crude oil to be used in its production as well as supplies to its customers. Due to significantly increased volatility of crude oil, the management developed a hedge policy which was presented to the Company's Board of Directors and was approved in most significant aspects in 2010 and with some further amendments in February 2011. Following this approval, the Company started on January 2011 to hedge commodities held by Rompetrol Rafinare.

According to the hedge policy, on the commodity side, the flat price risk for priced inventories above a certain threshold (called base operating stock) is hedged using future contracts traded on ICE Exchange and some OTC instruments for the secondary risks. The base operating stock is the equivalent of priced stocks that are held at any moment in time in the Company; hence price fluctuations will not affect the cash-flow. The Company started a few transactions of refinery margin hedge during 2012 and the intention is to extend refinery margin hedge transactions in 2014. During 2013 there were no transactions of refinery margin hedge due to lack of opportunities.

Trading activities are separated into physical (purchase from third parties other than KazmunayGas Group, and sales to third parties or Intercompany) and paper trades (for economic hedging purposes). Each physical transaction is covered through a related futures position according to the exposure parameters set by management (i.e. based on physical quantities sold or purchased). The Company sells or buys the equivalent number of future contracts. This financial trade is done only to hedge the risk of the price risk and not to gain from the trading of these instruments.

### **26.11 Credit risk**

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or purchase contracts, which leads to a financial loss. The Company 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**

Outstanding customer receivables are regularly monitored. Sales to KazMunayGas Trading AG representing 39% of the Company's revenues. The requirement for impairment is analyzed on a regular basis, being undertaken on an individual basis as well as collectively on the basis of aging.

#### **Financial instruments and bank deposits**

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

## **27. EVENTS AFTER THE BALANCE SHEET DATE**

On January 30, 2014, the maturity date of loan given by Bancpost to Rompetrol Rafinare S.A. was prolonged up to April 30, 2014.

Rompetrol Rafinare S.A credit facility in amount of RON 13 million granted by Rompetrol Well Services S.A was prolonged until May 10, 2014.

Rompetrol Rafinare S.A credit facility in amount of RON 7 million granted by Rompetrol Well Services S.A was prolonged until April 14, 2014.

Rompetrol Rafinare S.A credit facility in amount of RON 3.1 million granted by Rompetrol Well Services S.A was prolonged until April 3, 2014.

Rompetrol Rafinare S.A credit facility in amount of RON 1.5 million granted by Rompetrol Well Services S.A was prolonged until April 28, 2014.

As from 1 January 2014, the activity of the company Rompetrol Petrochemicals SRL was taken over by Rompetrol Rafinare SA.

On 22 January 2014, the Memorandum of Understanding between The Rompetrol Group NV and the Romanian state was approved by Government Decision no. 35/2014, pursuant to which the Ministry of Public Finances has been authorized and mandated to pursue all procedural actions required for the withdrawal of the claims and the termination of all Litigations, including the Main Claim, without hearing of the merits thereof.

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**OTHER FINANCIAL INFORMATION**

Balance as at 31.12.2013

Code 10

	Line no.	Balance at the beginning of the period	Balance at the end of the period
A	B	1	2
<b>A. FIXED ASSETS</b>			
<b>I. INTANGIBLE ASSETS</b>			
1. Development expenses (acc. 203-2803-2903)	01	-	-
2. Rights, patents, licenses, trademarks, rights and other similar assets and intangible assets (acc. 205+208-2805-2808-2905-2906-2908)	02	6,466,548	16,148,665
3. Goodwill (acc. 2071)	03	152,720	152,720
4. Intangible assets in execution (acc. 233-2933)	04	-	1,004,982
5. Intangible assets for exploration and evaluation of mineral resources (206-2806-2907)	05	-	-
<b>TOTAL (lines 01 to 05)</b>	<b>06</b>	<b>6,619,268</b>	<b>17,306,367</b>
<b>II. PROPERTY, PLANT AND EQUIPMENT</b>			
1. Land and buildings (acc. 211+212-2811-2812-2911-2912)	07	847,132,061	1,177,153,796
2. Plant and machinery (acc. 213+223-2813-2913)	08	1,373,440,444	1,681,353,757
3. Other machinery and fixtures (acc. 214+224-2814-2914)	09	3,530,634	8,191,128
4. Real estate investments (acc. 215-2815-2915)	10	-	-
5. Property, plant and equipment in progress (acc. 231-2931)	11	273,501,315	129,990,185
6. Real estate investments in progress (acc. 235-2935)	12	-	-
7. Tangible assets for exploration and evaluation of mineral resources (216-2816-2916)	13	-	-
<b>TOTAL (lines 07 to 13)</b>	<b>14</b>	<b>2,497,604,454</b>	<b>2,996,688,866</b>
<b>III. BIOLOGIC ASSETS (acc. 241-284-294)</b>	<b>15</b>	<b>-</b>	<b>-</b>
<b>IV. FINANCIAL ASSETS</b>			
1. Shares held with subsidiaries (acc. 261-2961)	16	2,004,611,815	2,004,611,815
2. Loans to related parties (acc. 2671+2672-2964)	17	-	-
3. Shares held with related parties and mutually controlled entities (acc. 262+263-2962)	18	-	-
4. Loans granted to related parties to the mutually controlled entities (acc. 2673+2674-2965)	19	-	-
5. Other long term investments (265+266-2963)	20	926,154	926,154
6. Other loans (acc. 2675*+2676*+2677+2678+2679*-2966*-2968*)	21	-	-
<b>TOTAL (lines 16 to 21)</b>	<b>22</b>	<b>2,005,537,969</b>	<b>2,005,537,969</b>



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A	Line no.	Balance at the beginning of the period	Balance at the end of the period
B	1	2	2
<b>FIXED ASSETS - TOTAL (lines 06+14+15+22)</b>	23	4,509,761,691	5,019,533,202
<b>B. CURRENT ASSETS</b>			
<b>I. INVENTORIES</b>			
1. Raw materials and consumable materials (acc. 301+302+322+303+/-308+321+322+323+328+351+358+381+/-388-391-392-3951-3958-398)	24	638,634,955	609,456,448
2. Fixed assets held for sale (311)	25	-	-
3. Work in progress (acc. 331+341+/-348-393-3941-3952)	26	227,375,019	169,720,696
4. Finished products and commodities (acc. 327+345+346+347+/-348+354+357+371+/-378-3945-3946-3953-3954-3957-397-4428)	27	301,926,169	264,909,135
<b>TOTAL (lines 24 to 27)</b>	28	<b>1,167,936,143</b>	<b>1,044,086,279</b>
<b>II Receivables</b> (amounts to be received after a period longer than 1 year and which must be displayed separately for each item)			
1. Trade receivables (acc. 2675*+2676*+2678*+2679*-2966*-2968*+411+413+418-491)	29	1,007,661,796	971,011,418
2. Advances paid (acc. 409)	30	76,716,078	43,642,077
3. Amounts receivable from group companies (acc. 451*-495)	31	138,002,600	115,093,250
4. Receivables from affiliated undertakings and mutually controlled entities (acc. 453-495)	32	-	-
5. Receivables resulted from operations with derivative instruments (acc. 465)	33	-	-
6. Other receivables (acc. 425+4282+431+437+4382+441+4424+4428+444+445+446+447+4482+4582+461+473-496+5187)	34	28,406,487	28,666,558
7. Issued and unpaid share capital (acc. 456-4953)	35	-	-
<b>TOTAL (lines 29 to 35)</b>	36	<b>1,250,786,961</b>	<b>1,158,413,303</b>
<b>III. SHORT-TERM INVESTMENTS</b> (acc. 505+506+507+508-595-596-598+5113+5114)	37	-	-
<b>IV. PETTY CASH AND BANK ACCOUNTS</b> (acc. 5112+512+531+532+541+542)	38	435,731,646	226,547,312
<b>CURRENT ASSETS - TOTAL</b> (lines 28+36+37+38)	39	<b>2,854,454,750</b>	<b>2,429,046,894</b>
<b>C. ACCRUED EXPENSES</b> (acc. 471)	40	2,575,169	2,627,977

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	Line no.	Balance at the beginning of the period	Balance at the end of the period
A	B	1	2
<b>D. LIABILITIES: AMOUNTS PAYABLE IN MORE THAN A YEAR</b>			
1. Loans from the issue of debentures, with distinct indication of loans from the issue of convertible debentures (acc. 161+1681-169)	41	-	-
2. Amounts due to credit institutions (acc. 1621+1622+1624 +1625+1627+1682+ 5191+5192+5198)	42	43,931	43,699
3. Advances received for orders (acc. 419)	43	21,451,546	17,993,972
4. Trade payables to suppliers (acc. 401+404+408)	44	3,001,403,610	3,473,889,061
5. Bills of exchange payable (acc. 403+405)	45	-	-
6. Debts from financial leasing (acc. 406)	46	-	-
7. Amounts payable to related parties (acc. 1661+1685 +2691+451)	47	1,754,314,857	1,111,250,672
8. Loans payable to related entities and to the mutually controlled entities (acc. 1663+1686 +2692+453)	48	-	-
9. Debts resulted from operations with derivative instruments (acc. 465)	49	-	-
10. Other liabilities, including tax liabilities and social security liabilities (acc. 1623+1626+167+1687+2693+421+422+423+424+426 +427+4281+431+437+4381+441+4423+4428+444+446 +447+4481 +455+456+457+4581+ 462+473+509+5186+5193+5194 +5195+5196+5197)	50	178,847,010	184,876,830
<b>TOTAL (lines 41 to 50)</b>	<b>51</b>	<b>4,956,060,954</b>	<b>4,788,054,234</b>
<b>E. NET CURRENT ASSETS / NET CURRENT LIABILITIES</b> (lines 39+40-51-70)	52	<b>-2,099,031,035</b>	<b>-2,356,379,363</b>
<b>F. TOTAL ASSETS MINUS CURRENT LIABILITIES</b> (lines 23+52)	53	<b>2,410,730,656</b>	<b>2,663,153,839</b>
<b>G. DEBTS: AMOUNTS PAYABLE IN MORE THAN A YEAR</b>			
1. Loans from the issue of debentures, with distinct indication of loans from the issue of convertible debentures (acc. 161+1681-169)	54	-	-
2. Amounts owed to credit institutions (acc. 1621+1622+1624+1625+1627+1682+5191+5192 +5198)	55	-	-
3. Advances received for orders (acc. 419)	56	-	-
4. Trade debts - suppliers (acc. 401+404+408)	57	-	-
5. Bills of exchange payable (acc. 403+405)	58	-	-
6. Debts from financial leasing (acc. 406)	59	-	-

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	Line no.	Balance at the beginning of the period	Balance at the end of the period
A	B	1	2
7. Amounts payable to related parties (acc. 1661+1685 +2691+451)	60	-	-
8. Loans payable to related entities and to the mutually controlled entities (acc. 1663+1686 +2692+453)	61	-	-
9. Debts resulted from operations with derivative instruments (acc. 465)	62	-	-
10. Other liabilities, including tax liabilities and social security liabilities (acc. 1623+1626+167+1687+2693+421+422+423+424+426 +427+4281+431+437+4381+441+4423+4428+444+446 +447+4481 +455+456+457+4581+ 462+473+509+5186+5193+5194 +5195+5196+5197)	63	-	-
<b>TOTAL (lines 54 to 63)</b>	64	-	-
<b>H. PROVISIONS</b> 1. Provisions for employee benefits (acc. 1517)	65	8,588,442	13,693,576
3. Other provisions (acc. 1511+1512+1513+1514+1518)	66	258,408,371	230,193,677
<b>TOTAL (lines 65+66)</b>	67	<b>266,996,813</b>	<b>243,887,253</b>
<b>I. DEFERRED INCOME</b>			
1. Subsidies for investments (acc. 475)	68	-	-
2 - Deferred revenues (acc. 472) - total (lines 70+71), of which	69	-	-
Amounts to be carried in a period up to one year (acc. 472)	70	-	-
Amounts to be carried in more than one year (acc. 472)	71	-	-
3-Advance income related to assets received by transfer from the customers (acc. 478)	72	-	-
<b>TOTAL (lines 68+69+72)</b>	73	-	-
<b>J. CAPITAL AND RESERVES</b>			
<b>I. CAPITAL</b>			
1- Subscribed and paid in share capital (acc. 1012)	74	4,410,920,573	4,410,920,573
2- Subscribed and unpaid share capital (acc. 1011)	75	-	-
3-Subscribed capital representing financial liabilities (acc. 1027)	76	-	-
4-Adjustments of the share capital (acc. 1028)			
Credit balance	77	5,734,750,095	5,734,750,095
Debit balance	78	-	-
5-Other items of own equity (acc. 103)			
Credit balance	79	-	-
Debit balance	80	-	-
<b>TOTAL (lines 74+75+76+77-78+79-80)</b>	81	10,145,670,668	10,145,670,668
<b>II. EQUITY PREMIUMS (acc. 104)</b>	82	232,637,107	232,637,107
<b>III. REVALUATION RESERVES (acc. 105)</b>	83	-	-

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	Line no.	Balance at the beginning of the period	Balance at the end of the period
A	B	1	2
<b>IV. RESERVES</b>			
1. Legal reserves (acc. 1061)	84	10,882,193	10,882,193
2. Statutory or contractual reserves (acc. 1063)	85		
3. Other reserves (acc. 1068)	86	2,667,105,719	3,166,664,461
<b>TOTAL (lines 84 to 86)</b>	<b>87</b>	<b>2,677,987,912</b>	<b>3,177,546,654</b>
Exchange rate differences from conversion of the annual financial statements in a different currency than the functional currency (acc. 1072)			
Credit balance	88	-	-
Debit balance	89	-	-
Own shares (acc. 109)	90	-	-
Gains in respect of own capital instruments (acc. 141)	91	-	-
Losses in respect of own capital instruments (acc. 149)	92	-	-
<b>V. CARRIED RESULT, EXCEPTING THE CARRIED RESULT DERIVING FROM THE IMPLEMENTING IAS 29 FOR THE FIRST TIME (acc. 117)</b>			
Credit balance	93	-	-
Debit balance	94	4,852,834,241	5,150,487,741
<b>VI. CARRIED RESULT, DERIVING FROM THE IMPLEMENTING IAS 29 FOR THE FIRST TIME (acc. 118)</b>			
Credit balance	95	-	-
Debit balance	96	5,762,074,103	5,762,074,103
<b>VII. PROFIT OR LOSS AT THE END OF THE REPORTING PERIOD (acc. 121)</b>			
Credit balance	97	-	-
Debit balance	98	297,653,500	224,025,999
Profit distribution (acc. 129)	99	-	-
<b>TOTAL EQUITY</b> (lines 81+82+83+87+88-89-90+91-92+93-94+95-96+97-98-99)	100	<b>2,143,733,843</b>	<b>2,419,266,586</b>
The public patrimony (acc. 1026)	101		
<b>TOTAL EQUITY (lines 100+101)</b>	<b>102</b>	<b>2,143,733,843</b>	<b>2,419,266,586</b>

**AZAMAT ZHANGULOV**  
Chairman of the Board of Directors

**SORIN GRAURE**  
General Manager

**GIANI-IULIAN KACIC**  
Chief Financial Officer

Prepared by (Chief Accountant)  
Pasa Cherata

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**Profit and loss account as at 31.12.2013**

Code 20

Name of indicator	Line no.	Previous financial year	Current financial year
A	B	1	2
1. Net turnover			
(lines 02+03-04+05+06)	01	12,323,113,339	11,748,666,980
Production sold			
(acc. 701+702+703+704+705+706+708)	02	12,305,177,131	11,740,795,424
Income from sales of commodities (acc. 707)	03	17,936,208	8,139,117
Granted trade discount (709)	04	-	267,561
Income from operating subsidies relating to the net turnover (acc. 7411)	05	-	-
2. Income related to the cost of commodity inventory (acc. 711)			
Credit balance	06	113,994,081	-
Debit balance	07	-	131,355,964
3. Income from the production of assets and real estate investments (acc. 09+10)	08	7,705,179	2,091,292
4. Income from the production of tangible and intangible assets (acc. 721+722)	09	7,705,179	2,091,292
5. Income from production of real estate investments (acc. 725)	10	-	-
6. Income from fixed assets (or the groups designed to leasing) held for sale (acc. 752)	11	-	-
7. Income from the revaluation of tangible and intangible assets (acc. 755)	12	-	-
8. Income from real estate investments (acc. 756)	13	-	-
9. Income from biologic assets and agricultural products (acc. 757)	14	-	-
10. Income from operating subsidies in case of calamities and other similar events (acc. 7417)	15	-	-
11. Other operating income (acc. 758+7419)	16	178,367,269	7,461,283

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Name of indicator	Line no	Previous financial year	Current financial year
A	B	1	2
<b>OPERATING INCOME - TOTAL</b>	17	<b>12,623,179,868</b>	<b>11,626,863,591</b>
(lines 01+06-07+08+11+12+13+14+14+16)			
12. a) Expenses with raw materials and consumables (acc. 601+602-7412)	18	11,577,716,099	11,187,522,855
Other material expenses (acc. 603+604+608)	19	1,319,139	1,436,877
b) Other external expenses (energy and water) (acc. 605-7413)	20	406,780,624	346,190,532
c) Merchandise expenses (acc. 607)	21	16,982,861	7,051,195
Trade discounts received (acc. 609)	22	-	-
13. Staff costs (rows 24+25) including:	23	72,648,589	71,821,252
a) Salaries and indemnities (acc. 641+642+643+644-7414)	24	56,308,056	55,616,470
b) Social security contributions (acc. 645-7415)	25	16,340,533	16,204,782
14. a) Value adjustments concerning plant and equipment, real estate investments and biologic assets valued at cost (lines 27-28)	26	82,682,791	140,429,966
a.1) Expenses (acc. 6811+6813+6816+6817)	27	86,787,387	160,958,851
a.2) Revenues (acc. 7813+7816)	28	4,104,596	20,528,885
b) Current assets value adjustment (lines 30-31)	29	177,615,629	(34,457,623)
b.1) Expenses (acc. 654+6814)	30	191,822,209	83,592,562
b.2) Revenues (acc. 754+7814)	31	14,206,580	118,050,185
15. Other operating expenses (lines 33 to 41)	32	277,436,869	153,567,126
15.1. Expenses for external service provisions (acc. 611+612+613+614+621+622+623+624+625 +626+627+628-7416)	33	221,732,223	130,103,273
15.2. Taxes, duties and similar expenses (acc. 635)	34	18,009,316	9,486,122

**ROMPETROL RAFINARE S.A.**  
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Name of indicator	Li ne no .	Previous financial year	Current financial year
A	B	1	2
15.3. Expenses with environment protection (acc. 652)	35	24,786,625	12,441,608
15.4 - Expenses related to non-current assets (or groups designed for leasing) held for sale (acc. 653)	36	-	-
15.5. Expenses from the revaluation of tangible and intangible assets (acc. 655)	37	-	-
15.6 Expenses from real estate investments (acc. 656)	38	-	-
15.7. Income related to biologic assets and agricultural products (acc. 657)	39	-	-
15.8 Expenses related to calamities and other similar events (acc. 6587)	40	-	-
15.9 Other expenses (acc. 6581+6852+6583+6585+6588)	41	12,908,705	1,536,123
Provision adjustments (lines 43-44)	42	186,400,687	(28,214,695)
- Expenses (acc. 6812)	43	259,748,890	9,300,000
- Income (acc. 7812)	44	73,348,203	37,514,695
<b>OPERATING EXPENSES - TOTAL</b> (lines 18 to 21-22+23+26+29+32+42)	45	<b>12,799,583,288</b>	<b>11,845,347,485</b>
<b>OPERATING PROFIT (LOSS):</b>			
- Profit (lines 17-45)	46	-	-
- Loss (lines 45-17)	47	<b>176,403,420</b>	<b>218,483,894</b>
16. Income from shares held with subsidiaries (acc. 7611)	48	-	-
17. Income from shares held with related entities and mutually controlled entities (acc. 7613)	49	-	-
18. Income from operations with titles and other financial instruments (acc. 762)	50	-	-
19. Income from operations with derivative instruments (acc. 763)	51	-	-
20. Income from differences in the exchange rate (acc. 765)	52	1,208,165,865	189,476,925
21. Income from interests (acc. 766)	53	2,722,210	7,634,279
- of which, income from group entities	54	529,005	663,518
22. Other financial income	55	132,041	2,744

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Name of indicator	Line no	Previous financial year	Current financial year
A	B	1	2
(acc. 7615+764+767+768)			
<b>FINANCIAL INCOME – TOTAL</b>	56	<b>1,211,020,116</b>	<b>197,113,948</b>
(lines 48+49+50+51+52+53+55)			
23. Value adjustment in respect of financial assets and financial investments held as current assets (lines 58-59)	57	-	-
Expenses (acc. 686)	58	-	-
Revenues (acc. 786)	59	-	-
24. Expenses regarding operations with titles and other financial instruments (acc. 661)	60	-	-
25. Expenses related to operations with derivative instruments (acc. 662)	61	-	-
26. Interest related expenses (acc. 666 - 7418)	62	66,044,371	32,563,114
- of which, expenses in respect of affiliates	63	60,411,367	32,177,630
27. Other financial expenses (acc. 663+664+665+667+668)	64	1,266,225,825	170,092,939
<b>FINANCIAL EXPENSES – TOTAL</b>	65	<b>1,332,270,196</b>	<b>202,656,053</b>
(lines 57+60+61+62+64)			
<b>FINANCIAL PROFIT (LOSS):</b>			
- Profit (lines 56-65)	66	-	-
- Loss (lines 65-56)	67	121,250,080	5,542,105
<b>TOTAL REVENUES (lines 17+56)</b>	68	<b>13,834,199,984</b>	<b>11,823,977,539</b>
<b>TOTAL EXPENSES (lines 45+65)</b>	69	<b>14,131,853,484</b>	<b>12,048,003,538</b>
<b>28. GROSS PROFIT (LOSS):</b>			
- Profit (lines 68-69)	70	-	-
- Loss (lines 69-68)	71	297,653,500	224,025,999
29. Current income tax (acc. 691)	72	-	-
30. Deferred income tax (acc. 692)	73	-	-
31. Income from deferred tax (acc. 792)	74	-	-
32. Other tax not included in the items above (acc. 698)	75	-	-



**ROMPETROL RAFINARE S.A.**  
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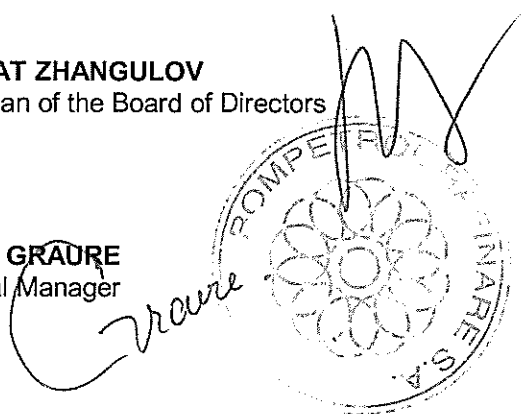
Name of indicator	Li ne no .	Previous financial year	Current financial year
A	B	1	2
<b>20. NET PROFIT OR LOSS AT THE END OF THE REPORTING PERIOD</b>			
- Profit (lines 70-72-73+74-75)	76	-	-
- Loss (lines 71+72+73-74+75) (lines 72+73+75-70-74)	77	297,653,500	224,025,999

**AZAMAT ZHANGULOV**  
Chairman of the Board of Directors

**GIANI-IULIAN KACIC\***  
Chief Financial Officer

**SORIN GRAURE**  
General Manager

**Prepared by (Chief Accountant)**  
Pasa Cherata



**ROMPETROL RAFINARE S.A.**  
**OTHER FINANCIAL INFORMATION**  
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Informative data as at 31.12.2013

Code 30

I. Data concerning profit or loss	Line no.	No. Units		Amounts	
		A	B	2	
Units which registered profit	01		1		
Units which registered loss	02		1	224,025,999	
Units that have registered neither profit, nor loss	03				
II. Data on overdue payments	Line no.	Total col. 2+3	Of which:		
A			B	1	2
<b>Overdue payments-total (lines 04+08+14 to 18+22) of which:</b>	<b>04</b>	<b>1,248,256,760</b>	<b>1,237,061,897</b>	<b>11,194,863</b>	
<b>Overdue suppliers-total (lines 06 to 08), of which</b>	<b>05</b>	<b>1,248,256,760</b>	<b>1,237,061,897</b>	<b>11,194,863</b>	
- over 30 days	06	1,213,462,303	1,203,099,664	10,362,639	
- over 90 days	07	31,146,994	30,395,295	751,699	
- over 1 year	08	3,647,463	3,566,938	80,525	
<b>Overdue payments to the social security budget – total (lines 10 to 14), out of which</b>	<b>09</b>	-	-	-	
- contributions to state social security payable by employers, employees and other assimilated entities	10	-	-	-	
- contributions payable by legal or natural entities hiring employees and contributions payable by persons insured with the health social insurance fund	11	-	-	-	
- contribution to additional pension scheme	12	-	-	-	
- contribution payable by legal entities or individuals that use salary work and contributions for the unemployment fund payable by employees	13	-	-	-	
Other social payments	14	-	-	-	
Overdue payments to the budgets of special funds	15	-	-	-	
Outstanding obligations to other creditors	16	-	-	-	
Taxes and fees not paid in due time to the state budget	17	-	-	-	

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Taxes and fees not paid in due time to local budgets	18	-	-	-
<b>Bank credits unpaid until the due date - total (lines 20 to 22) of which</b>	19	-	-	-
- overdue after 30 days	20	-	-	-
- overdue after 90 days	21	-	-	-
- overdue after 1 year	22	-	-	-
<b>Outstanding interest</b>	23	-	-	-
<b>III. Average number of employees</b>		<b>31.12.2012</b>	<b>31.12.2013</b>	
A	B	1	2	
Average number of employees	24	946	977	
The actual number of employees at the end of the fiscal year, namely on December 31st	25	926	986	

<b>IV Payments of interests and royalties</b>	Line no.	Amounts (RON)
	B	1
Gross income from interests paid to non-resident natural persons, of which:	26	-
- tax due to the state budget	27	-
Gross income from interests paid to natural persons not resident in the EU Member States, of which:	28	-
- tax due to the state budget	29	-
Gross income from interests paid to non-resident legal entities, of which:	30	86,391,717
- tax due to the state budget	31	-
Gross income from interests paid to affiliated legal entities*) not resident in the EU Member States, of which:	32	-
- tax due to the state budget	33	-
Gross income from dividends paid to non-resident persons, of which:	34	-
- tax due to the state budget	35	-
Gross income from dividends paid to non-resident legal entities under art. 117, letter h) of Law 571/2003 on the Tax Code, as further amended and completed, of which:	36	-
- tax due to the state budget	37	-
Gross income from royalties paid to non-resident legal entities, of which:	38	-
- tax due to the state budget	39	-
Income from royalties paid to affiliated legal persons*) not resident*) in the EU Member States, of which:	40	-
- tax due to the state budget	41	-

**ROMPETROL RAFINARE S.A.**  
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*(all the amounts are in new Lei ("Ron"), unless otherwise indicated)*

Royalties paid during the financial year for public interest goods, held in concession, of which:	42	-
- royalties for public interest goods paid to the state budget	43	-
Mining royalty paid to the state budget	44	-
Oil royalty paid to the state budget	45	-
Rents paid during the financial year for lands	46	-
Gross income from services paid to non-resident persons, of which:	47	3,461,011
- tax due to the state budget	48	-
Gross income from services paid to persons not resident in the EU Member States, of which:	49	6,087,900
- tax due to the state budget	50	-
Subsidies received during the financial year, of which:	51	-
- subsidies received during the financial year related to assets	52	-
- subsidies related to income, of which:	53	-
- Subsidies for stimulating the work force	54	-
Outstanding receivables which were not received on the due dates stipulated in the commercial agreements and/or regulations in force, of which:	55	319,892,902
- outstanding receivables from entities held in majority or totally by the state	56	14,310,951
- outstanding receivables from private entities	57	305,581,951

<b>V. Luncheon vouchers</b>	Line no.	Amounts (RON)
A	1	2
Value of luncheon vouchers given to the employees	58	1,870,570

<b>VI. Research and development expenses, of which:</b>		<b>31.12.2012</b>	<b>31.12.2013</b>
A	B	1	2
Research and development expenses, out of which:	59	-	-
- from public funds	60	-	-
- from private funds	61	-	-

<b>VII. Innovation expenses</b>	line no.	<b>31.12.2012</b>	<b>31.12.2013</b>
A	B	1	2
Innovation expenses – total (lines 57 to 55) of which:	62	-	-
- innovation expenses completed during the period	63	-	-
- innovation expenses to be completed during the period	64	-	-
- innovation expenses abandoned during the period	65	-	-

**ROMPETROL RAFINARE S.A.**  
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	line no.	31.12.2012	31.12.2013
<b>VIII. Other information</b>			
A	B	1	2
Down payments granted for intangible assets (acc. 4094)	66	-	-
Down payments granted for tangible assets (acc. 4093)	67	-	11,457,137
Financial assets in gross amounts (lines 61+69) 69+77), of which:	68	2,190,302,568	2,190,302,568
Shares in affiliates, investments, other long term investments and bonds, in gross amount (lines 62 to 68) 76 to 70) of which:	69	2,190,302,568	2,190,302,568
- listed shares issued by residents	70	-	-
- non-listed shares issued by residents	71	192,141,518	192,141,518
- shares issued by residents	72	1,998,161,050	1,998,161,050
- bonds issued by residents	73	-	-
- shares issued by collective investment institutions issued by residents	74	-	-
- shares and parts issued by non-residents	75	-	-
- bonds issued by non-residents	76	-	-
Long-term receivables in gross amounts (lines 78+79), of which:	77	-	-
- long-term receivables in RON and expressed in RON, the settlement of which will depend on a foreign exchange rate (acc. 267)	78	-	-
- long-term receivables in foreign currency (of acc. 267)	79	-	-
Trade receivables, advances paid to suppliers and other similar accounts, in gross amounts (acc. 4092 + 411 + 413 + 418) of which:	80	1,064,401,855	1,022,011,726
- external trade receivables, advances to external suppliers and other similar accounts in gross amounts (from acc. 4092 + from acc. 411 + from acc. 413 + from acc. 418)	81	556,593,825	534,715,755
Trade receivables not collected at due date from acc. 4092+from acc. 411+ from acc. 413	82	418,213,109	319,892,902
Personnel-related receivables and similar accounts (acc. 425 + 4282)	83	239,191	226,935
Receivables related to social security budget and state budget (acc. 431 + 437 +4382 + 441 + 4424 + 4428 + 444 + 445 + 446 + 447 + 4482) , (lines 85 la to 89) of which:	84	28,317,194	26,233,463
- receivables related to the social security budget (acc. 431+437+4382)	85	143,426	156,576
- fiscal receivables related to state budget (acc. 441+4424+4428+444+446)	86	27,667,245	25,556,739
- subsidies to receive (acc. 445)	87	-	-
- special funds - taxes and similar levies (acc. 447)	88	-	-
- other receivables related to the state budget (acc. 4482)	89	505,024	520,148
Receivables in connection with affiliates (acc. 451)	90	138,002,600	115,093,250

**ROMPETROL RAFINARE S.A.**  
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	line no.	31.12.2012	31.12.2013
VIII. Other information	B	1	2
A			
Receivables related to social security budget and state budget unpaid by the due date (from acc. 431+from acc. 437+from acc. 4382+from acc. 441+from acc. 4424+from acc. 4428+from acc. 444+from acc. 445+from acc. 446+from acc. 447+from acc. 4482)	91	-	-
Receivables resulted from operations with derivative instruments (acc. 4652)	92	-	-
Other receivables (acc. 453 + 456 + 4582 + 461 + 471 + 473) (rows 94 to 61) of which:	93	122,950,576	126,810,587
- settlements related to participating interests, settlements with shareholders/associates on the capital, settlements from shared operations (acc. 453+456+4582)	94	-	-
- other receivables related to individuals and legal entities other than receivables related to public institutions (state institutions) (from acc. 461 + from acc. 471 + from acc. 473)	95	122,950,576	126,810,587
- sums taken over from acc. 542 "Treasury advances" representing treasury advances, granted under law and not granted until the balance-sheet date (from acc. 461)	96	-	-
Interest receivable (acc. 5187), of which:	97	-	-
- from non-residents	98	-	-
Value of loans granted to economic operators	99	-	-
Short-term investments in gross amounts (acc. 501 + 505 + 506 + from acc. 508) (lines 101+107), of which:	100	-	-
- listed shares issued by residents	101	-	-
- non-listed shares issued by residents	102	-	-
- shares issued by residents	103	-	-
- bonds issued by residents	104	-	-
- shares issued by collective investment institutions	105	-	-
- shares issued by non-residents	106	-	-
- bonds issued by non-residents	107	-	-
Other amounts receivable (acc. 5113 + 5114)	108	-	-
Cash in lei and foreign currency (lines 101+102), of which:	109	4,267	5,053
- in RON (acc. 5311)	110	4,187	5,053
- in foreign currency (acc. 5314)	111	80	-
Current accounts in RON and foreign currency (lines 104+106)	112	434,569,104	225,808,159
- in RON (acc. 5121)	113	11,959,407	59,802,356
current accounts in lei open with non-resident banks	114	-	-
- in foreign currency (acc. 5124), of which:	115	422,609,697	166,005,803
current accounts in foreign currency open with non-resident banks	116	16,810	16,314
Other current accounts in banks and letters of credit (lines 118+119), of which:	117	1,152,800	733,480
- amounts under settlement, letters of credit and other amounts receivable, in RON (acc. 5112 +5125 + 5411)	118	1,152,800	733,480

**ROMPETROL RAFINARE S.A.**  
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	line no.	31.12.2012	31.12.2013
<b>VIII. Other information</b>			
A	B	1	2
- amounts under settlement and letters of credit in foreign currency (acc. 5125 + 5412)	119	-	-
Debts (lines 121+124+127+130+133+136+139+142+145+148+151+152+156+158+159+164+165+166+167+173) of which	120	4,956,060,954	4,788,054,234
Debtore loans in gross amounts (acc. 161) (line 122+123), of which	121	-	-
- in RON	122	-	-
- in foreign currency	123	-	-
Interest related to debtore loans in gross amounts (acc. 1681) (lines 125+126), of which:	124	-	-
- in lei	125	-	-
- in foreign currency	126	-	-
Short-term internal bank loans (acc. 5191 + 5192 + 5197), (lines 128+129), of which:	127	43,931	43,699
- in RON	128	5,000	5,000
- in foreign currency	129	38,931	38,699
Interests related to short-term internal bank loans (from acc. 5198), (line (131+132), of which:	130	-	-
- in RON	131	-	-
- in foreign currency	132	-	-
Short-term external bank loans (acc. 5193+5194+5195) lines (134+135) of which:	133	-	-
- in RON	134	-	-
- in foreign currency	135	-	-
Interests related to short-term external bank loans (from acc. 5198) (lines 137+138) of which:	136	-	-
- in RON	137	-	-
- in foreign currency	138	-	-
Long-term bank credits (acc. 1621 + 1622 + 1627 ), (lines 140+141) of which:	139	-	-
- in RON	140	-	-
- in foreign currency	141	-	-
Long-term bank loans and related interests (from acc. 1682) (lines 143+144), of which:	142	-	-
- in RON	143	-	-
- in foreign currency	144	-	-
Long-term external bank loans (acc. 1623 + 1624 + 1625 ) (lines 146+147) of which:	145	-	-
- in RON	146	-	-
- in foreign currency	147	-	-
Long-term bank external bank loans and related interests (from acc. 1682) (line 149+150) of which:	148	-	-
- in RON	149	-	-
- in foreign currency	150	-	-

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	line no.	31.12.2012	31.12.2013
<b>VIII. Other information</b>			
A	B	1	2
Loans from the State Treasury (acc. 1626 + from acc. 1682)	151	-	-
Other loans and related interests (acc. 166 + 167 + 1685 + 1686 + 1687) (lines 145+146), of which:	152	-	10,185
- in RON and expressed in RON, the settlement of which will depend on a foreign exchange rate	153	-	-
- in foreign currency	154	-	10,185
Value of concessions received (from acc. 167)	155	-	-
Trade payables, advances from customers and other similar accounts, in gross amounts (acc. 401 + 403 + 404 + 405 + 408 + 419) of which:	156	3,022,855,156	3,491,883,033
- external trade payables, advances from external customers and other similar accounts in gross amounts (from acc. 401+from acc. 403 +from acc. 404 + from acc. 405 +			
from acc. 408 + from acc. 419)	157	2,808,270,712	2,927,663,405
Personnel-related receivables and similar accounts (acc. 421 + 423 + 424 + 426 + 427 + 4281)	158	4,505,461	3,093,072
Payables related to the social insurance budget and State Budget (acc. 431 + 437 + 4381 + 441 + 4423 + 4428 + 444 + 446 + 447 + 4481) (lines 160 to 163) of which:	159	165,829,477	181,653,872
- debts related to the social security budget (acc. 431 +437+4381)	160	2,680,253	2,463,307
- fiscal receivables related to state budget (acc. 441+4423+4428+444+446)	161	135,424,616	151,603,438
- special funds - taxes and similar levies (acc. 447)	162	27,724,608	27,587,127
- other payables related to the state budget (acc. 4481	163	-	-
Debts of the entities in relation to the related entities (acc. 451)	164	1,754,314,857	1,111,250,672
Amounts due to shareholders / associates (acc. 455)	165	-	-
Debts resulted from operations with derivative instruments (acc. 4651)	166	-	-
Other debts (acc. 269+ 453 + 456 + 457 + 4581 + 462 + 472 + 473 + 509) lines (160 to 164) from which:	167	8,512,072	119,701
- settlements related to participating interests, settlements with shareholders/associates on the capital, settlements from shared operations (acc. 453+456+457+4581)	168	-	-
- other debts related to individuals and legal entities other than the debts related to public institutions (state institutions) 1		-	-
(from acc. 462+from acc. 472+from acc. 473)	169	8,512,072	119,701
- subsidies not carried as revenues (from acc. 472)	170	-	-
- payments to be made for financial assets and short-term investments (acc. 269 + 509)	171	-	-
- advance income related to assets received by transfer from the customers (acc. 478)	172	-	-
Interests payable (acc. 5186)	173	-	-
Value of loans received from the economic operators	174	-	-



**ROMPETROL RAFINARE S.A.**  
**OTHER FINANCIAL INFORMATION**  
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*(all the amounts are in new Lei ("Ron"), unless otherwise indicated)*

	line no.	31.12.2012	31.12.2013
<b>VIII. Other information</b>			
<b>A</b>	<b>B</b>	<b>1</b>	<b>2</b>
Subscribed and paid in share capital (acc. 1012), of which:	175	4,410,920,573	4,410,920,573
- listed shares 2)	176	4,410,920,573	4,410,920,573
- non-listed shares 3)	177	-	-
- social shares	178	-	-
- subscribed and paid in share capital by non-residents (from acc. 1012)	179	2,025,272,771	2,025,015,831
Patents and licenses (from acc. 205)	180	11,562,831	22,343,241

	line no.		
<b>IX. Information on the expenses made for externally-contracted manpower</b>			
<b>A</b>	<b>B</b>	<b>31.12.2012</b>	<b>31.12.2013</b>
Expenses with externally-contracted manpower (acc. 621	181	385,993	-

	line no.	31.12.2012	31.12.2013
<b>X Information related to goods on the public domain</b>			
value of the goods in the public domain of the state, in administration	182	-	-
Value of the goods in the public domain of the state, in concession	183	-	-
Value of the goods in the public domain of the state, in rental	184	-	-
<b>XI. Paid up share capital</b>			
Paid up share capital (acc. 1012), (lines 186+189+194+195+196), of which:	185	4,410,920,573	4,410,920,573
- held by public institutions (lines 187+188), of which:	186	1,971,500,905	1,971,500,905
- held by public institutions in central subordination (lines	187	1,971,500,905	1,971,500,905
- held by public institutions in local subordination	188	-	-
- held by companies with state capital, of which:	189	-	-
- integral state capital	190	-	-
- majority state capital	191	-	-
- minority state capital	192	-	-
- held by autonomous companies	193	-	-
- held by companies with private capital:	194	2,414,012,056	2,414,178,578
- held by natural persons	195	25,407,612	25,241,090
- held by other entities	196	-	-
<b>XII - Dividends / payments due to the state or local budget, to be distributed from the profit of the financial year by state owned enterprises and corporations and autonomous administrations, of which:</b>			
	197	-	-
- to public institutions in central subordination;	198	-	-
- to public institutions in local subordination;	199	-	-

**ROMPETROL RAFINARE S.A.**  
**OTHER FINANCIAL INFORMATION**  
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*(all the amounts are in new Lei ("Ron"), unless otherwise indicated)*

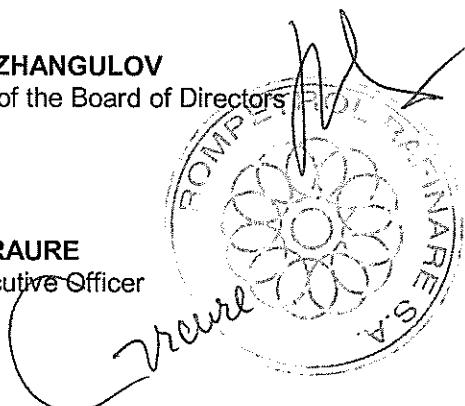
	line no.	31.12.2012	31.12.2013
<b>VIII. Other information</b>			
A	B	1	2
- to other shareholders in which the state / territorial and administrative units / public institutions hold shares or participations directly/indirectly, regardless of their weight	200	-	-
<b>XII - Dividends / payments due to the state or local budget, transferred during the reporting period from the profit of state owned enterprises and corporations and autonomous administrations, of which:</b>	201	-	-
- dividends / payments from the profit of the previous financial year, of which distributed:	202	-	-
- to public institutions in central subordination;	203	-	-
- to public institutions in local subordination;	204	-	-
- to other shareholders in which the state / territorial and administrative units / public institutions hold shares or participations directly/indirectly, regardless of their weight	205	-	-
- dividends / payments from the profit of the previous financial years, of which distributed:	206	-	-
- to public institutions in central subordination;	207	-	-
- to public institutions in local subordination;	208	-	-
- to other shareholders in which the state / territorial and administrative units / public institutions hold shares or participations directly/indirectly, regardless of their weight	209	-	-
<b>XIV. Receivables taken over by cession from legal entities</b>	Line no.	Amounts	
A	B	2012	2013
- Receivables taken over by cession from legal entities (at their nominal value), of which:	210	-	-
- Receivables taken over by cession from affiliated legal entities	211	-	-
- Receivables taken over by cession from legal entities (at their purchase value), of which:	212	-	-
- receivables taken over by cession from affiliated legal entities	213	-	-

**AZAMAT ZHANGULOV**

Chairman of the Board of Directors

**SORIN GRAURE**

Chief Executive Officer



**GIANI-IULIAN KACIC**

Chief Financial Officer

**Prepared by (Chief Accountant)**

Pasa Cherata

**ROMPETROL RAFINARE S.A.**  
**OTHER FINANCIAL INFORMATION**  
for the financial year ended as at 31 December 2013  
*(all the amounts are in new Lei ("Ron"), unless otherwise indicated)*

**Fixed assets statement as at 31.12.2013**

**Code 40**

Fixed asset items	Line no.	Gross amounts				Final balance (col. 5=1+2-3)
		Initial balance	Increases	Total	Decreases Of which - dismantling and cassation	
A	B	1(1)	2(2)	3(3)	4(4)	5(5)
<b>I. Intangible assets</b>						
Development costs	1	1,106,220	-	-	-	1,106,220
Other fixed assets	2	31,303,413	11,874,413	-	-	43,177,826
Property, plant and equipment in progress	3	-	1,004,982.0	-	-	1,004,982
Tangible assets for exploration and evaluation of mineral resources	4	-	-	-	-	-
<b>TOTAL (lines 01 la 04)</b>	<b>5</b>	<b>32,409,633</b>	<b>12,879,395</b>	<b>-</b>	<b>-</b>	<b>45,289,028</b>
<b>II. Tangible assets</b>						
Lands	6	182,306,810	3,484,958	304,463	-	185,487,305
Buildings	7	1,455,350,659	342,034,886	1,094,574	-	1,796,290,971
Plant and machinery	8	2,389,782,692	430,758,559	403,686	-	2,820,137,565
Other machinery and fixtures	9	6,758,080	5,537,216	123,659	-	12,171,637
Real estate investments	10	-	-	-	-	-
Tangible assets for exploration and evaluation of mineral resources	11	-	-	-	-	-
Intangible assets in execution	12	276,672,800	178,336,350	321,847,480	-	133,161,670
Real estate investments in execution	13	-	-	-	-	-
<b>TOTAL (lines 06 la 13)</b>	<b>14</b>	<b>4,310,871,041</b>	<b>960,151,969</b>	<b>323,773,862</b>	<b>-</b>	<b>4,947,249,148</b>
<b>III. Biologic assets</b>	<b>15</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>IV. Financial assets</b>	<b>16</b>	<b>2,190,302,568</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,190,302,568</b>
<b>NON-CURRENT ASSETS - TOTAL (lines 05+14+15+16)</b>	<b>17</b>	<b>6,533,583,242</b>	<b>973,031,364</b>	<b>323,773,862</b>	<b>-</b>	<b>7,182,840,744</b>

Statement of fixed assets amortization

Fixed asset items	Line no.	Amortizations			
		Initial balance	Amortization during the year	Amortization of fixed assets removed from the accounting records	Amortization at the end of the year (col. 9=6+7-8)
A	B	6(1)	7(2)	8(3)	9(4)
<b>I. Intangible assets</b>					
Development costs	18	1,106,220	-	-	1,106,220
Other fixed assets	19	24,684,145	2,192,296	-	26,876,441

**ROMPETROL RAFINARE S.A.**  
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Fixed asset items	Line no.	Amortizations			
		Initial balance	Amortization during the year	Amortization of fixed assets removed from the accounting records	Amortization at the end of the year (col. 9=6+7-8)
A	B	6(1)	7(2)	8(3)	9(4)
Tangible assets for exploration and evaluation of mineral resources	20	-	-	-	-
<b>Total (lines 18+19+20)</b>	<b>21</b>	<b>25,790,365</b>	<b>2,192,296</b>	<b>-</b>	<b>27,982,661</b>
<b>II. Tangible assets</b>					
Lands	22	18,466,533	1,058,361	-	19,524,894
Buildings	23	758,109,073	27,422,909	474,058	785,057,924
Plant and machinery	24	1,009,717,431	129,424,490	362,186	1,138,779,735
Other machinery and fixtures	25	3,227,446	864,451	111,388	3,980,509
Real estate investments	26	-	-	-	-
Tangible assets for exploration and evaluation of mineral resources	27	-	-	-	-
<b>TOTAL (lines 22 to 27)</b>	<b>28</b>	<b>1,789,520,483</b>	<b>158,770,211</b>	<b>947,632</b>	<b>1,947,343,062</b>
<b>II. Biologic assets</b>	<b>29</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL AMORTIZATIONS (lines 21+28+29)</b>	<b>30</b>	<b>1,815,310,848</b>	<b>160,962,507</b>	<b>947,632</b>	<b>1,975,325,723</b>

Depreciation adjustment

Fixed asset items	Line no.	Adjustments for impairment			
		Initial balance	Adjustments during the year	Adjustments carried from revenues	Final balance (col. 13=10+11-12)
A	B	10(1)	11(2)	12(3)	13(4)
<b>I. Intangible assets</b>					
Development costs	31	-	-	-	-
Other fixed assets	32	-	-	-	-
Intangible assets in execution	33	-	-	-	-
Intangible assets for exploration and evaluation of mineral resources, valued at cost	34	-	-	-	-
<b>Total (lines 31 to 34)</b>	<b>35</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>II. Tangible assets</b>					
Lands	36	-	-	-	-
Buildings	37	13,949,802	-	13,908,140	41,662
Plant and machinery	38	6,624,817	-	6,620,744	4,073
Other machinery and fixtures	39	-	-	-	-
Real estate investments	40	-	-	-	-
Tangible assets for exploration and evaluation of mineral resources valued at cost	41	-	-	-	-
Intangible assets in execution	42	3,171,485	-	-	3,171,485
Real estate investments in execution	43	-	-	-	-
<b>Total (lines 36 to 43)</b>	<b>44</b>	<b>23,746,104</b>	<b>0</b>	<b>20,528,884</b>	<b>3,217,220</b>
<b>III. Biologic assets</b>	<b>45</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**ROMPETROL RAFINARE S.A.**  
**OTHER FINANCIAL INFORMATION**  
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Fixed asset items	Line no.	Adjustments for impairment			
		Initial balance	Adjustments during the year	Adjustments carried from revenues	Final balance (col. 13=10+11-12)
A	B	10(1)	11(2)	12(3)	13(4)
IV. Financial assets	46	184,764,599	-	-	184,764,599
<b>NON-CURRENT ASSETS - TOTAL</b> (lines 35+44+45+46)	47	208,510,703	-	20,528,884	187,981,819

**AZAMAT ZHANGULOV**  
Chairman of the Board of Directors

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Chief Financial Officer

**SORIN GRAURE**  
Chief Executive Officer

Prepared by (Chief Accountant)  
Pasa Cherata

