

ROMPETROL RAFINARE S.A.
Financial Statements
Prepared in compliance with
Order of the Minister of Public Finance no. 1286/2012
at 31 December 2014

ROMPETROL RAFINARE S.A.

STAND ALONE 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 2014

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 individuale anexate ale societatii S.C. Rompetrol Rafinare S.A. ("Societatea") care cuprind situatia pozitiei financiare la data de 31 decembrie 2014, contul de profit si pierdere, alte elemente ale rezultatului global, situatia modificarilor capitalurilor proprii si situatia fluxurilor de trezorerie pentru exercitiul financiar incheiat la aceasta data si un sumar al politicilor contabile semnificative si alte note explicative. Situatiile financiare mentionate se refera la:

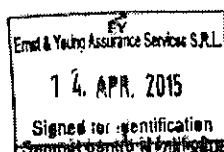
- Activ net / Total capitaluri: 1.176.802.233 lei
- Rezultat net al exercitiului financiar: 1.074.861.979 lei, pierdere

- 1 *We have audited the standalone accompanying financial statements of S.C. Rompetrol Rafinare S.A. ("the Company"), which comprise the statement of financial position as at 31 December 2014, and the income statement, other elements 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. The financial statements refer to:*

- *Net assets / Equity: lei 1,176,802,233*
- *Net loss for the period: lei 1,074,861,979*

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

- 2 Conducerea are responsabilitatea intocmirii si prezentarii fidele a acestor situatii financiare in conformitate cu Ordinul Ministrului Finantelor Publice nr. 1286/2012 pentru aprobarea Reglementarilor contabile conforme cu Standardele Internationale de Raportare Financiara, aplicabile societatilor comerciale ale caror valori mobiliare sunt admise la tranzactionare pe o piata reglementata, cu toate modificarile si clarificarile ulterioare, si pentru acel control intern pe care conducerea il considera necesar pentru a permite intocmirea si prezentarea fidela a situatiilor financiare care sunt lipsite de denaturari semnificative, cauzate fie de frauda, fie de eroare.



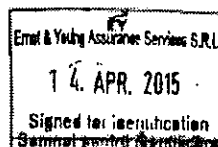


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- 2 *Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Order of the Minister of Public Finance no. 1286/2012 approving the accounting regulations compliant with the International 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.*

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.*





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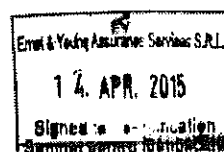
- 5 Consideram ca probele de audit pe care le-am obtinut sunt suficiente si adecvate pentru a constitui baza opiniei noastre de audit.
- 5 *We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.*

Opinia *Opinion*

- 6 In opinia noastra, situatiile financiare individuale ofera o imagine fidela si justa a pozitiei financiare a Societatii la data de 31 decembrie 2014, si a performantei financiare si a fluxurilor de numerar ale acesteia pentru exercitiul financiar incheiat la aceasta data, in conformitate cu Ordinul Ministrului Finantelor Publice nr. 1286/2012 pentru aprobarea Reglementărilor contabile conforme cu Standardele Internaționale de Raportare Financiara, aplicabile societătilor comerciale ale caror valori mobiliare sunt admise la tranzactionare pe o piata reglementata, cu toate modificarile si clarificarile ulterioare.
- 6 *In our opinion, the standalone financial statements give a true and fair view of the financial position of the Company as of 31 December 2014, 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.*

Evidentierea unor aspecte *Emphasis of matters*

- 7 Fara a exprima o opinie cu rezerve, atragem atentia asupra Notei 2b din situatiile financiare care indica faptul ca, la data de 31 decembrie 2014, Societatea avea un activ net de 1.177 milioane lei si un capital social de 4.411 milioane lei. In concordanta cu cerintele Legii societătilor comerciale (Legea nr. 31/1990 si modificarile ulterioare), daca societatea are un activ net mai mic de 50% din capitalul social, asa cum este cazul Societatii, administratorii si actionarii trebuie sa ia anumite masuri pentru a remedia situatia.
- 7 *Without qualifying our report, we draw attention to Note 2b to the financial statements, which indicates that, as of 31 December 2014, the Company had net assets of lei 1,177 million and share capital of lei 4,411 million. In accordance with the requirements of Romanian Company Law (Law 31/1990 and subsequent amendments) if a company has net assets less than 50% of its share capital, as the Company has, action should be taken by the directors and shareholders to rectify the situation.*





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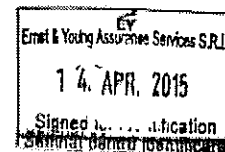
Raport asupra conformitatii raportului administratorilor cu situatiile financiare
Report on conformity of the Administrators' Report with the financial statements

In conformitate cu Ordinul Ministrului Finantelor Publice nr. 1286/2012, articolul nr. 16 punctul c) din capitolul II, noi am citit Raportul administratorilor. Raportul administratorilor nu face parte din situatiile financiare. In Raportul administratorilor noi nu am identificat informatii financiare care sa nu fie in mod semnificativ in conformitate cu informatiile prezentate în situatiile financiare la 31 decembrie 2014, atasate.

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 2014.

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*



Numele semnatarului: Alexandru Lupea
Name of signing person: Alexandru Lupea

| | |
|-------------------------------------------------------------------------|---------------------------|
| Inregistrat la Camera Auditorilor Financiari din Romania | Bucuresti, Romania |
| Cu nr. 273 / 1 martie 2001 | 14 aprilie 2015 |
| <i>Registered with the Chamber of Financial Auditors in Romania</i> | <i>Bucharest, Romania</i> |
| <i>Nr.273 / 1 March 2001</i> | <i>14 April 2015</i> |

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ROMPETROL RAFINARE S.A.
STATEMENT OF THE FINANCIAL POSITION
at 31 December 2014

(all amounts expressed in Lei ("RON"), unless otherwise specified)

| | Notes | 31 December 2014 | 31 December 2013 | 01 January 2013 |
|----------------------------------------------|-------|----------------------|----------------------|----------------------|
| Intangible assets | 3 | 16,483,262 | 17,153,647 | 6,466,548 |
| Goodwill | 4 | 152,720 | 152,720 | 152,720 |
| Tangible assets | 5 | 2,916,858,752 | 3,034,357,994 | 2,535,273,582 |
| Financial assets | 6 | 1,629,020,055 | 2,005,537,969 | 2,005,537,969 |
| Total fixed assets | | 4,562,514,789 | 5,057,202,330 | 4,547,430,819 |
| Net inventories | 7 | 776,190,757 | 850,210,844 | 974,060,708 |
| Receivables and accrued expenses, net | 8 | 909,185,096 | 1,161,041,280 | 1,253,362,130 |
| Derivative financial instruments | 26 | 197,164 | - | - |
| Cash and bank accounts | 9 | 13,902,875 | 226,547,312 | 435,731,646 |
| Current assets - total | | 1,699,475,892 | 2,237,799,436 | 2,663,154,484 |
| TOTAL ASSETS | | 6,261,990,681 | 7,295,001,766 | 7,210,585,303 |
| Subscribed share capital | 10 | 4,410,920,573 | 4,410,920,573 | 4,410,920,573 |
| Share capital related inflation | 10 | - | 5,734,750,095 | 5,734,750,095 |
| Share premiums | 10 | 232,637,107 | 232,637,107 | 232,637,107 |
| Other reserves | 10 | 3,166,150,587 | 3,177,546,654 | 2,677,987,912 |
| Loss carried forward | | (5,558,044,055) | (11,068,768,151) | (10,771,114,651) |
| Result of the current financial year | | (1,074,861,979) | (224,025,999) | (297,653,500) |
| Total shareholders' equity | | 1,176,802,233 | 2,263,060,279 | 1,987,527,536 |
| Non current lease liabilities | | - | - | - |
| Provisions | 13 | 245,382,943 | 233,695,537 | 228,590,403 |
| Non current liabilities - total | | 245,382,943 | 233,695,537 | 228,590,403 |
| Commercial liabilities and other liabilities | 11 | 3,595,085,286 | 3,691,822,654 | 3,236,451,025 |
| Short-term lease liabilities | | - | - | - |
| Derivative financial instruments | 26 | 914,252 | 119,701 | 8,289,422 |
| Short-term borrowings from related companies | 12 | 1,032,295,855 | 1,096,068,180 | 1,711,276,576 |
| Short-term bank loans | 12 | 211,510,112 | 43,699 | 43,931 |
| Current provisions | 13 | - | 10,191,716 | 38,406,410 |
| Current liabilities - total | | 4,839,805,505 | 4,798,245,950 | 4,994,467,364 |
| TOTAL LIABILITIES AND EQUITY | | 6,261,990,681 | 7,295,001,766 | 7,210,585,303 |

AZAMAT ZHANGULOV
Chairman of the Board of Directors

GIANI-IULIAN KACIC
Finance Manager

YEDIL UTEKOV
Chief Executive Officer

Prepared by (Chief Accountant)
Pasa Cherata

ROMPETROL RAFINARE S.A.
PROFIT AND LOSS STATEMENT
for the financial year ended as at 31 December 2014
(all amounts expressed in Lei ("RON"), unless otherwise specified)

| | Notes | 2014 | 2013 |
|------------------------------------------------------------------|-------|------------------------|----------------------|
| Net turnover | 14 | 13,490,672,651 | 11,748,666,980 |
| Cost of production sold | 15 | (13,405,551,055) | (11,869,849,931) |
| Gross profit / (loss) | | 85,121,596 | (121,182,951) |
| Sales costs and general-administrative costs | 16 | (190,901,883) | (180,629,508) |
| Other revenues / (operational) expenses | 17 | (44,754,870) | 83,328,565 |
| Operational profit / (loss) | | (150,535,157) | (218,483,894) |
| Financial expenses | 18 | (487,321,136) | (111,101,539) |
| Financial revenues | 18 | 1,797,457 | 7,634,279 |
| (Loss) / gain deriving from difference in the exchange rate, net | 18 | (438,803,143) | 97,925,155 |
| Gross loss | | (1,074,861,979) | (224,025,999) |
| Income tax | 19 | | |
| Loss of the financial year | | (1,074,861,979) | (224,025,999) |
| Result per share (money / share) Basis | 22 | -2.44 | -0.51 |

AZAMAT ZHANGULOV
Chairman of the Board of Directors

YEDIL UTEKOV
Chief Executive Officer

GIANI-IULIAN KACIC
Finance Manager

Prepared by (Chief Accountant)
Pasa Cherata

ROMPETROL RAFINARE S.A.
STATEMENT OF COMPREHENSIVE INCOME
for the financial year ended as at 31 December 2014
(all amounts expressed in Lei ("RON"), unless otherwise specified)

| | 2014 | 2013 |
|------------------------------------------------------------|------------------------|----------------------|
| Net loss | <u>(1,074,861,979)</u> | <u>(224,025,999)</u> |
| Other elements of the global earnings | | |
| Actuarial gains / losses related to retirement benefits | (10,689,183) | (4,336,258) |
| Gains / losses from derivative financial instruments | <u>(706,884)</u> | - |
| Other comprehensive income for the year, net of tax | <u>(11,396,067)</u> | <u>(4,336,258)</u> |
| Total comprehensive income for the year, net of tax | <u>(1,086,258,046)</u> | <u>(228,362,257)</u> |

AZAMAT ZHANGULOV
Chairman of the Board of Directors

YEDIL UTEKOV
Chief Executive Officer

GIANI-IULIAN KACIC
Finance Manager

Prepared by (Chief Accountant)
Pasa Cherata

ROMPETROL RAFINARE S.A.
STATEMENT OF TREASURY FLOWS
for the financial year ended as at 31 December 2014
(all amounts expressed in Lei ("RON"), unless otherwise specified)

| | <u>31 December 2014</u> | <u>31 December 2013</u> |
|-------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Net profit before tax | (1,074,861,979) | (224,025,999) |
| <i>Adjustments for:</i> | | |
| Depreciation and amortization | 200,210,984 | 160,958,851 |
| Expenses from adjustments for depreciation of receivables and inventories (including write-off) | 38,101,587 | (34,505,090) |
| Provisions for impairment of tangible assets | - | (20,528,885) |
| Provision for environment and other liabilities | (10,191,716) | (27,445,818) |
| Adjustments for impairment of financial assets | 375,591,760 | - |
| Late payment expenses | 21,969,167 | 1,057,914 |
| Interest expense, net | 32,622,099 | 24,928,835 |
| Revenues / expenses from derivatives | (119,701) | (8,289,422) |
| Net Gain / (Loss) on sale or disposal of assets | 907,519 | (5,535) |
| Unrealised foreign exchange (gain) / loss | 206,864,680 | 21,295,293 |
| Cash used in/from operations before working capital changes | (208,905,600) | (106,559,856) |
| <i>Net working capital changes:</i> | | |
| Receivables and prepayments | 374,672,466 | 9,319,533 |
| Inventories | 9,447,169 | 155,320,152 |
| Trade and other payables, excluding payables for investments | (372,132,458) | 116,157,378 |
| Net working capital changes: | 11,987,177 | 280,797,063 |
| Corporate tax paid | - | - |
| Net cash payments/receipts for derivatives | 100,653,505 | (13,958,131) |
| Net cash provided by/(used in) operating activities | (96,264,918) | 160,279,076 |
| Net cash used in investing activities | | |
| Purchase of tangible assets | (108,715,120) | (343,102,099) |
| Purchase of intangible assets | (2,637,604) | (12,879,395) |
| Proceeds from sales of tangible assets | - | 984,285 |
| Net cash used in investing activities | (111,352,724) | (354,997,209) |
| Net cash flow used in financing activities | | |
| Loans received | 250,400,779 | - |
| Loans repaid | - | (10,501,900) |
| Interest and bank charges paid, net | (255,427,574) | (3,964,301) |
| Net cash from financing activities | (5,026,795) | (14,466,201) |
| Net (Increase) / Decrease in cash | (212,644,437) | (209,184,334) |
| Cash at the beginning of the period | 226,547,312 | 435,731,646 |
| Cash at the end of the period | 13,902,875 | 226,547,312 |

AZAMAT ZHANGULOV
Chairman of the Board of Directors



YEDIL UTEKOV
Chief Executive Officer

GIANI-IULIAN KACIC
Finance Manager

Prepared by (Chief Accountant)
Pasa Cherata

ROMPETROL RAFINARE S.A.
STATEMENT OF CHANGES IN EQUITY
as at 31 December 2014 and 31 December 2013
(all amounts expressed in Lei ("RON"), unless otherwise specified)

| | <u>Subscribed capital</u> | <u>Share capital related inflation</u> | <u>Share premium</u> | <u>Loss carried forward</u> | <u>Other reserves</u> | <u>Total capitals</u> |
|------------------------------------------------------------|---------------------------|----------------------------------------|----------------------|-----------------------------|-----------------------|-----------------------|
| 1 January 2013 | 4,410,920,573 | 5,734,750,095 | 232,637,107 | (10,912,561,844) | 2,677,987,912 | 2,143,733,842 |
| Adjustment for restarting un-pumpable stock | - | - | - | (156,206,307) | - | (156,206,307) |
| 1 January 2013 | 4,410,920,573 | 5,734,750,095 | 232,637,107 | (11,068,768,151) | 2,677,987,912 | 1,987,527,536 |
| Net loss for 2013 | - | - | - | (224,025,999) | - | (224,025,999) |
| Reserves - Hybrid Instrument | - | - | - | - | 503,895,000 | 503,895,000 |
| Actuarial gains / losses related to retirement benefits | - | - | - | - | (4,336,258) | (4,336,258) |
| 31 December 2013 | 4,410,920,573 | 5,734,750,095 | 232,637,107 | (11,292,794,150) | 3,177,546,654 | 2,263,060,279 |
| Net loss for 2014 | - | - | - | 1,074,861,979 | - | (1,074,861,979) |
| Loss coverage from share capital related inflation | - | (5,734,750,095) | - | 5,734,750,095 | - | - |
| Actuarial gains / losses related to retirement benefits | - | - | - | - | (10,689,183) | (10,689,183) |
| Gains / losses related to derivative financial instruments | - | - | - | - | (706,884) | (706,884) |
| 31 December 2014 | 4,410,920,573 | - | 232,637,107 | (6,632,906,034) | 3,166,150,587 | 1,176,802,233 |

AZAMAT ZHANGULOV
Chairman of the Board of Directors



GIANI-IULIAN KACIC
Finance Manager

YEDIL UTEKOV
Chief Executive Officer

Prepared by (Chief Accountant)
Pasa Cherata

1. GENERAL

Rompetrol Rafinare S.A. (hereinafter referred to as "the Company" is a company incorporated under Romanian laws. The Company operates two oil refineries: Petromidia and Vega. Petromidia Refinery is 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.

Rompetrol Rafinare S.A. carries on refining activities and all its production facilities are located in Romania. The headcount of the Company at 31 December 2014 is 1,223, respectively 986 at 31 December 2013.

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

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

The Company is part of the KMG International N.V. Group. 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, Strawinskylaan 807, Tower A, 8th Floor, 1077 XX, Amsterdam, The Netherlands. These annual financial statements are public.

The ultimate parent of KMG International N.V. 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, 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 exchange on a regulated market, as amended and completed. These provisions are compliant 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 these Financial Statements, in accordance with the requirements of the Romanian law, the Company's functional currency is the Romanian leu (RON).

The financial statements were prepared based on the historical cost, least the financial instruments which share presented at the fair value in the account and loss, respectively in other elements of the global earnings.

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 2014 and 31 December 2013, the Company net assets amounted to RON 1,177 million and respectively RON 2,263 million. For the years ended at 31 December 2014 and 2013, the Company reported losses of RON 1,075 million and RON 224 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.

The strategy for the years 2014-2018 is a mix of projects optimization of production costs and expansion of the retail network. The main objective for the years 2014-2018 is the extension of the distribution operations in the Black Sea countries, to benefit from a vertical integration with the refinery operations in order to improve the financial performance through :

- Reducing the refinery costs for the purpose of rendering the processes efficient and increasing profitability.

The management supports that these developments will lead to an improvement of the Group capacity to support its continuous operations.

The company's net assets decreased to less than half the value of the subscribed share capital. The Company's management intends to regulate this situation of the ratio between the net assets of the Company and its share capital, within the term provided by law, according to article 153.24 of Law no. 31/1990 regarding the trade companies, as amended.

The Company has completed during 2014 additional bank borrowings and facilities that have provided additional funding for investments and operations. The Company has received confirmation of its ultimate parents continuing support during the next twelve months should the need arise for additional funding to what is or will be available from its own operations and/or third party sources.

Also, considering the Company's plans for 2015, it is considered that the preparation of the financial statements is based on the going concern principle.

Shareholders intending to monitor this situation and appeal General Meeting of Shareholders (AGA), after current financial statements approval, to confirm the continuation of the company's activities and taking measures required by law to do so , if in this period the net assets will not be restored until the level required by law.

c) Changes in accounting policies

The Company changed its accounting policy for the un-pumpable stock from the refinery, treating it as part of the equipment to whose functionality it contributes, instead of the stocks, as it was treated in the past. The management believes that such representation ensures the provision of relevant and reliable information in the financial statements, being also in accordance with industry practice. This change shows the true nature of the un-pumpable stock, taking into account that it is used over several periods. The change has been implemented in compliance with IAS 8.14.b and it will be applied retroactively, according to IAS 8.22.

As a result of a voluntary change in the accounting policy, the following adjustments were made to the financial statements:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

| | 2012 | | 2012 | | 2013 | | 2013 | |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | Previously reported | Adjustments | Retreated | Retreated | Previously reported | Adjustments | Retreated | Retreated |
| Tangible assets | 2,497,604,454 | 37,669,128 | 2,535,273,582 | 2,535,273,582 | 2,996,688,866 | 37,669,128 | 3,034,357,994 | 3,034,357,994 |
| Net inventories | 1,167,936,143 | (193,875,435) | 974,060,708 | 974,060,708 | 1,044,086,279 | (193,875,435) | 850,210,844 | 850,210,844 |
| Loss carried forward | (10,614,908,345) | (156,206,307) | (10,771,114,651) | (10,771,114,651) | (10,912,561,844) | (156,206,307) | (11,068,768,151) | (11,068,768,151) |
| Result of the current financial year | (297,653,500) | - | (297,653,500) | (297,653,500) | (224,025,999) | - | (224,025,999) | (224,025,999) |
| Total assets | 7,366,791,610 | (156,206,307) | 7,210,585,303 | 7,210,585,303 | 7,451,208,073 | (156,206,307) | 7,295,001,766 | 7,295,001,766 |
| Total equity | 2,143,733,843 | (156,206,307) | 1,987,527,536 | 1,987,527,536 | 2,419,266,586 | (156,206,307) | 2,263,060,279 | 2,263,060,279 |
| Total payables | 5,223,057,767 | - | 5,223,057,767 | 5,223,057,767 | 5,031,941,487 | - | 5,031,941,487 | 5,031,941,487 |
| Total liabilities and equity | 7,366,791,610 | (156,206,307) | 7,210,585,303 | 7,210,585,303 | 7,451,208,073 | (156,206,307) | 7,295,001,766 | 7,295,001,766 |

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 2014:

-
- **IAS 28 Investments in associated entities and in joint ventures**
- **IAS 32 Financial Instruments: Presentation (Amended) - Offsetting Financial Assets and Financial Liabilities**
- **IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements**
- **IFRS 11 Joint Arrangements**
- **IFRS 12 Disclosures of Interests in Other Entities**
- **IAS 39 Financial Instruments (Amended): Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting**
- **IAS 36 Impairment of Assets (Amended) – Recoverable Amount Disclosures for Non-Financial Assets**
- **IFRIC Interpretation 21: Levies**

The adoption of the standards or interpretations is described below:

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

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, additional to the investments in associates. 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**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 amendments affect only the presentation and do not impact the financial position or performance of the Group.

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

- 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.

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and therefore are required to be consolidated by a parent-company, as compared with the requirements of IAS 27. This standard has no impact on the Company.

- **IFRS 11 Joint Arrangements**

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 eliminates the option to account for jointly controlled entities (JCE's) using proportionate consolidation. Instead, JCE's that meet the definition of a joint venture must be accounted for using the equity method. This standard has no impact on the Company.

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

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. The company has reached the conclusion that this amendment has no impact over the financial position and performance, because the Company doesn't have this type of transactions.

- **IFRIC Interpretation 21: Levies**

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. This standard has no material impact on the Group.

- **d) Accounting for business combinations under common control**

Business combination involving entities under common control are those transactions in which all combined businesses are controlled by the same party or parties, before and after the transaction, and that control is not transitory. Such transactions are outside the scope of IFRS 3 "Business Combinations" and were accounted for in accordance with the policy described below, which has been developed in accordance with the requirements of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

When there is a business combination involving entities or businesses under common control, the previous carrying amounts are used (the fair values will not be used) in the financial statements. Therefore, the previous values from individual accounts of the entities are adopted in IFRS financial statements of Rompetrol Rafinare.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

No new goodwill is recognized or any excess of interest of the acquirer in the net fair value of assets, liabilities and contingent liabilities of the one acquired.

e) 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. 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.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

- Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be provisioned. 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 petrochemical activities. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Further details on the provisions for environmental liability are provided in Note 13.

- *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.

Further details on the deferred tax are provided in Note 19.

- *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 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 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*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

f) Standards issued but not yet effective

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

- **IAS 16 Intangible assets and IAS 38 Intangible assets (amended): Classification of the methods accepted for depreciation and amortization**

The standard is effective for annual periods beginning on or after 1 January 2016. This amendment clarifies the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible that the revenues reflect a pattern of economic benefits generated by operating the business (to which the asset belongs) rather than the economic benefits which are consumed by using the asset. As a result, the ratio between the generated revenues and the total revenues expected to be generated cannot be used for depreciation of tangible assets and it can be used for amortization of intangible assets in very limited cases. 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 financial position or performance of the Company.

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

The standard is effective for annual periods beginning on or after 1 February 2015. 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. The Company is in the process of assessing the impact of this amendment on the disclosure requirements.

- **IFRS 9 Financial Instruments: Classification and Measurement**

The standard is effective for the annual periods beginning on or after 1 January 2018, being allowed a temporary enactment. The last phase of IFRS 9 reflects all the phases referring to the project for the financial instruments and replaces IAS 39 *Financial instruments: recognition and measurement* and all previous versions of IFRS 9. The standard introduces new requirements regarding classification and measurement, impairment and hedge accounting. This standard has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the new standard on the financial position or performance of the Group.

- **IFRS 11 Joint arrangements (Amendment): Accounting for Acquisitions of Interests in Joint Operations**

The amendment is effective for annual periods beginning on or after 1 January 2016. IFRS 11 addresses the accounting for interests in joint ventures and joint operations. The amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business in accordance with IFRS and specifies the appropriate accounting treatment for such acquisitions. The amendment has not yet been endorsed by the EU. The Group already applies equity method to account for investment in joint venture, therefore the Group does not expect that this change will have an impact on the financial position or performance of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- **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 new standard does not impact the Company because it already prepares the financial statements according to IFRS.

- **IFRS 15 Revenues from contracts with customers**

The standard is effective for annual periods beginning on or after 1 January 2017. IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles). Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates. This standard has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the new standard on the financial position or performance of the Group.

- **IAS 27 Separate Financial Statements (amended)**

The amendment is effective from 1 January 2016. This amendment will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements and will help some jurisdictions move to IFRS for separate financial statements, reducing compliance costs without reducing the information available to investors. This amendment has not yet been endorsed by the EU. The Company is in the process of assessing the impact of the new standard on the financial position or performance of the Company.

- **Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The standard is effective for annual periods beginning on or after 1 January 2016. These amendments have not yet been endorsed by the EU. The Group is in the process of assessing the impact of the new standard on the financial position or performance of the Group.

- **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 February 2015. The Company has assessed the impact of these amendments on its financial position or on the Company performance and is complying with these disclosures.

- **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').

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- **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.
- **The IASB has issued the Annual Improvements to IFRS's 2011 – 2013 Cycle**, which is a collection of amendments to IFRS's. The amendments is effective for annual periods beginning on or after 1 January 2015. The Company has assessed the impact of these amendments on its financial position or on the Company performance and is complying with these disclosures.
 - **The IASB has issued the Annual Improvements to IFRS's 2012 – 2014 Cycle**, which is a collection of amendments to IFRS's. The amendments is effective for annual periods beginning on or after 1 January 2016. These amendments have not yet been endorsed by the EU. The Group has assessed the impact of these amendments on its financial position or on the Group performance and is complying with these disclosures.
 - **IFRS 5 Non-current Assets Held for Sale and Discontinued Operations:** The amendment clarifies that changing from one of the disposal methods to the other (through sale or through distribution to the owners) should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.
 - **IFRS 7, Financial Instruments: Disclosures** The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. Also, the amendment clarifies that the IFRS 7 disclosures relating to the offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- **IAS 19 Employee Benefits:** The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.
- **IAS 34 Interim Financial Reporting:** The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The Board specified that the other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.
- **IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception (Amendments)**

The amendments address three issues arising in practice in the application of the investment entities consolidation exception. The amendments is effective for annual periods beginning on or after 1 January 2016. The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Also, the amendments clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. Finally, the amendments to *IAS 28 Investments in Associates and Joint Ventures* allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

- **IAS 1: Disclosure Initiative (Amendment)**

The amendments to *IAS 1 Presentation of Financial Statements* further encourage companies to apply professional judgment in determining what information to disclose and how to structure it in their financial statements. The amendments are effective for annual periods beginning on or after 1 January 2016. The narrow-focus amendments to *IAS* clarify, rather than significantly change, existing *IAS 1* requirements. The amendments relate to materiality, order of the notes, subtotals and disaggregation, accounting policies and presentation of items of other comprehensive income (OCI) arising from equity accounted through the equity method.

g) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

h) 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 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.

i) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 o be used for the activity they are intended.

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 |
| 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.

j) 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 - 5 years, respectively 24-25 years for the licenses for transmission of technological data from the plant to the Refinery command centre.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

k) 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.

Further details on financial assets are provided in Note 6.

l) 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 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.

m) Provisions

Provisions are recognized when the Group 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. Where the Group 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.

n) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o) 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 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.

p) 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.

q) 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.

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.

r) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Under collective labour agreements, the employees are entitled to specified retirement benefits, payable on retirement, if they are employed with the Company 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:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 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.

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 recognized 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.

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:

| Currency | 31 December 2014 | 31 December 2013 |
|-----------------|-----------------------------|-------------------------|
| RON/USD | 3.6868 | 3.2551 |
| RON/EUR | 4.4821 | 4.4847 |

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 Group 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 a finished product, by KazMunayGas Trading AG, a company affiliated to The Rompetrol Group N.V. KazMunayGas Trading AG, being registered as a broker for transactions with derivatives buys / sells futures instruments as directed by Rompetrol Rafinare. 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 as well as in Gains / losses from derivative financial instruments in the global profit and loss account statement.

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.

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 in progress | Total |
|------------------------------------------------------------------|--------------------------------|--------------------|--------------------------------------------|---------------------|
| Cost | | | | |
| Initial balance as at 1 January 2013 | 31,150,693 | 1,106,220 | - | 32,256,913 |
| Increases | 7,773,056 | - | 1,004,982 | 8,778,038 |
| Transfers* | 4,101,357 | - | - | 4,101,357 |
| Final balance as at 31 December 2013 | 43,025,106 | 1,106,220 | 1,004,982 | 45,136,308 |
| Increases | 980,326 | - | 1,108,916 | 2,089,242 |
| Decreases | (776,364) | - | - | (776,364) |
| Transfers* | 1,528,688 | - | (980,326) | 548,362 |
| Final balance as at 31 December 2014 | 44,757,756 | 1,106,220 | 1,133,572 | 46,997,548 |
| Accumulated amortization | | | | |
| Initial balance as at 1 January 2013 | (24,684,145) | (1,106,220) | - | (25,790,365) |
| Amortization recorded during the year | (2,192,296) | - | - | (2,192,296) |
| Final balance as at 31 December 2013 | (26,876,441) | (1,106,220) | - | (27,982,661) |
| Amortization recorded during the year | (3,307,989) | - | - | (3,307,989) |
| Amortization of fixed assets removed from the accounting records | 776,364 | - | - | 776,364 |
| Final balance as at 31 December 2014 | (29,408,066) | (1,106,220) | - | (30,514,286) |
| Net carrying amount | | | | |
| As at 31 December 2013 | 16,148,665 | - | 1,004,982 | 17,153,647 |
| As at 31 December 2014 | 15,349,690 | - | 1,133,572 | 16,483,262 |

*) Includes transfers from tangible assets in progress, transfers in tangible assets, reclassifications to other categories and other adjustments.
The greatest part of „Other“ intangible assets refers to licenses.

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Transfers and reclassifications amounting to RON 1.5 million represent transfers from 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 from these companies in Rom Oil S.A.

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 or valuation</i> | | | | | - |
| At 1 January 2013 | 1,637,657,467 | 2,427,967,094 | 6,758,079 | 276,672,800 | 4,349,055,440 |
| 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) |
| At 31 December 2013 | 1,981,778,276 | 2,858,321,966 | 12,171,637 | 133,161,670 | 4,985,433,549 |
| Acquisitions | 5,131,906 | 5,957,656 | 5,902 | 69,842,808 | 80,938,272 |
| Transfers from tangible assets in progress | 20,513,130 | 69,968,386 | 12,097 | (90,493,613) | - |
| Outflows | (433,216) | (18,164,275) | (96,156) | - | (18,693,647) |
| Transfers and reclassifications* | - | 1,430 | - | (1,528,688) | (1,527,258) |
| At 31 December 2014 | 2,006,990,096 | 2,916,085,163 | 12,093,480 | 110,982,177 | 5,046,150,916 |
| <i>Cumulated depreciation & Depreciation adjustments</i> | | | | | |
| At 1 January 2013 | (790,525,406) | (1,016,857,522) | (3,227,445) | (3,171,485) | (1,813,781,858) |
| 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) |
| At 31 December 2013 | (804,624,480) | (1,139,299,081) | (3,980,509) | (3,171,485) | (1,951,075,555) |
| Amortization recorded during the year | (47,101,533) | (148,976,110) | (825,352) | - | (196,902,995) |
| Depreciation related to the leased assets | 431,004 | 18,163,952 | 95,116 | - | 18,690,072 |
| Depreciation adjustment | - | - | - | - | - |
| Transfers and reclassifications* | - | (1,430) | (2,256) | - | (3,686) |
| At 31 December 2014 | (851,295,009) | (1,270,112,669) | (4,713,001) | (3,171,485) | (2,129,292,164) |
| The net accounting value as at 31 December 2013 | 1,177,153,796 | 1,719,022,885 | 8,191,128 | 129,990,185 | 3,034,357,994 |
| The net accounting value as at 31 December 2014 | 1,155,695,087 | 1,645,972,494 | 7,380,479 | 107,810,692 | 2,916,858,752 |

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

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- Impairment of assets

No significant depreciation was recorded in 2014.

- Assets in progress

During 2014, the Company transferred in tangible assets a significant part of tangible assets in progress. Expenditures amounting to RON 34.5 million incurred for static equipment authorizations have been transferred to property, plant and equipment, as well as the expenditures for the rehabilitation of the coking plant amounting to RON 25.3 million.

In 2014, the main projects remaining in the assets in progress refer to the costs for purchase of the rotors necessary for the Catalytic Reforming equipment amounting to RON 18.7, costs for the installation of the system for reduction of the particles in the stack gas generated by the Catalytic Cracking plant amounting to RON 37.4 million.

Also in 2014, fixed assets and ongoing investments were acquired from Rompetrol Petrochemicals SRL, amounting to RON 10.6 million.

- 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. In Year ended as at 31 December 2014 the interest was not capitalized.

- Fixed assets pledged

The company pledged assets in amount of RON 866,011,102 (RON 870,962,892 in 2013), as follows:

- guarantees in favour of banks: 688,664,072 RON (2013: 682,041,626 RON);
- guarantees in favour of ANAF: 177,347,030 RON (2013: 188,921,266 RON).

It was established a distraint on all fixed assets and investments and on the equity as well as on the equity investments, amounting to RON 1,595,020,055 in favour of the Romanian state. On these titles there was set up a rank 2 guarantee in favour of KMG International N.V.

On the guarantees in favour 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 2014 and was contested by the Company in court. The distraint is not enforceable since ANAF has not initiated any enforcement procedure.

6. FINANCIAL ASSETS

| | <u>31 December 2014</u> | <u>31 December 2013</u> |
|-----------------------------|-----------------------------|-----------------------------|
| Investments in subsidiaries | 1,629,020,055 | 2,004,611,815 |
| Other financial assets | - | 926,154 |
| Total | <u>1,629,020,055</u> | <u>2,005,537,969</u> |

a) Investments in subsidiaries

Details regarding subsidiaries at 31 December 2014 and 31 December 2013 are as follows:

| | <u>Object of activity</u> | <u>Participation 2014</u> | <u>Participation 2013</u> | <u>Balance at 31 December 2014</u> | <u>Balance at 31 December 2013</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. | Manufacture of petrochemicals | 100.00% | 100.00% | 311,698,294 | 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 | 70.91% | 70.91% | 11,349,910 | 11,349,910 |
| Total of equity investments | | | | <u>1,629,020,055</u> | <u>2,004,611,815</u> |

Starting with 1st of January 2014, Rompetrol Petrochemicals's activity has been taken over by Rompetrol Rafinare SA. This transaction has been accounted in accordance to the accounting policy presented in Note 2d.

In 2014 there was an adjustment in amount of EUR 375.6 million for the shares held in Rompetrol Petrochemicals S.R.L. due to the decrease if the net assets of this company, its activity being taken over by Rompetrol Rafinare S.A. from 1 January 2014.

b) Other financial assets

| | <u>31 December 2014</u> | <u>31 December 2013</u> |
|-----------------------------------|-----------------------------|-----------------------------|
| Ecomaster Servicii Ecologice S.A. | - | 3,340 |
| Rominserv S.A. | - | 1,296 |
| Other receivables | - | 921,518 |
| Total other fixed equity | <u>-</u> | <u>926,154</u> |

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

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7. NET INVENTORIES

| | <u>31 December</u> <u>2014</u> | <u>31 December</u> <u>2013</u> | <u>01 January</u> <u>2013</u> |
|--------------------------------------------|-----------------------------------|-----------------------------------|----------------------------------|
| Crude oil and other feedstock materials | 459,769,718 | 420,406,946 | 470,542,160 |
| Finished products | 320,978,745 | 339,640,427 | 409,627,665 |
| Production in progress | 110,505,494 | 169,720,696 | 227,375,019 |
| Spare parts | 61,185,699 | 40,493,388 | 13,833,458 |
| Other consumables | 20,026,635 | 14,130,660 | 18,253,905 |
| Goods | 1,189,839 | 233,897 | 244,739 |
| Other inventories | 3,352,256 | 1,827,286 | 1,896,506 |
| Provisions for depreciation of inventories | -200,817,629 | -136,242,456 | -167,712,744 |
| Total | 776,190,757 | 850,210,844 | 974,060,708 |

The inventories of finished goods comprise mainly oil finished products.

At 31 December 2014, the Company has under pledge crude oil stocks and oil products amounting to RON 782,647,338 and respectively RON 626,606,750 at 31 December 2013.

The movement of the provision for inventories in 2014 and 2013 is displayed below:

| | <u>31 December</u> <u>2014</u> | <u>31 December</u> <u>2013</u> |
|----------------------------------------------------------------|-----------------------------------|-----------------------------------|
| Provision at the beginning of the year | (136,242,456) | (167,712,744) |
| Recorded provision | (110,767,552) | (51,068,826) |
| Registration as expenses | - | - |
| Reconsidering the provision on the depreciation of inventories | 46,192,379 | 82,539,114 |
| Provisions at the end of the period | (200,817,629) | (136,242,456) |

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

Setting up the provision is due to the significant decrease in the price of the products on the market in the last quarter of 2014.

8. TRADE AND OTHER RECEIVABLES

| | <u>31 December 2014</u> | <u>31 December 2013</u> |
|--------------------------------------------------------|-------------------------|-------------------------|
| Trade receivables | 794,671,055 | 1,019,260,264 |
| Advances paid to suppliers | 29,759,064 | 43,642,077 |
| Sundry debtors | 121,386,298 | 124,182,610 |
| Recoverable VAT | 6,040,633 | 2,409,332 |
| Other receivables | 102,624,235 | 141,772,292 |
| Provisions for depreciation of receivables - customers | (145,296,189) | (170,225,295) |
| Total | 909,185,096 | 1,161,041,280 |

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 at 31 December 2014 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 11.85 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.

8. TRADE AND OTHER RECEIVABLES (CONTINUED)

In "Other receivables" is included the VAT to receive from the members of the fiscal group of VAT (RON 49.900.000) and also the prepayments made for excises for energy products, by customers in the state budget account for excises.

Trade receivables totalling RON 182.4 million (EUR 40.7 million) at 31 December 2014, respectively totalling RON 193.74 million (EUR 43,2 million) at 31 December 2013 are pledged in order to obtain credit facilities (see Note 12).

The movement of adjustments for depreciation of trade receivables is as follows:

| | <u>31 December 2014</u> | <u>31 December 2013</u> |
|--------------------------------------------------------|-------------------------|-------------------------|
| Balance at the beginning of the period | (170,225,295) | (173,626,261) |
| Value adjustment for depreciation of trade receivables | (4,416,446) | (32,476,268) |
| Reversed provisions | 30,890,032 | 35,511,070 |
| Exchange rate differences | (1,544,480) | 366,164 |
| Provisions for guarantees the end of the period | (145,296,189) | (170,225,295) |

At 31 December 2014 the analysis of receivables maturity dates is as follows:

| | Total | Current, non- impaired | Mature but not provisioned | | | | |
|------|-------------|---------------------------|----------------------------|------------|------------|-------------|-------------|
| | | | 1-30 days | 30-60 days | 60-90 days | 90-120 days | >120 days |
| 2014 | 740,831,920 | 384,372,989 | 59,548,657 | 30,686,340 | 17,442,222 | 53,519,960 | 195,261,752 |
| 2013 | 971,011,418 | 700,175,650 | 161,381,800 | 48,694,138 | 7,194,112 | 52,340 | 53,513,378 |

Trade receivables are not bearing interest and become mature from 30 to 90 days.

At 31 December 2014, the trade receivables at the initial value of RON 53.8 million (2013: RON 48.2 million) have been considered uncertain and provisioned. The movement of the receivable provision is to be found below:

| | <u>Provisioned collectively</u> |
|--------------------------------------------------------|-------------------------------------|
| At 1 January 2013 | (53,100,955) |
| Value adjustment for depreciation of trade receivables | (6,865,846) |
| Reversed provisions | 11,351,791 |
| Exchange rate differences | 366,164 |
| At 31 December 2013 | (48,248,846) |
| Value adjustment for depreciation of trade receivables | (4,416,446) |
| Reversed provisions | 370,637 |
| Exchange rate differences | (1,544,480) |
| At 31 December 2014 | (53,839,135) |

9. PETTY CASH AND BANK ACCOUNTS

| | <u>31 December 2014</u> | <u>31 December 2013</u> |
|-----------------------|-------------------------|-------------------------|
| Bank accounts | 13,395,103 | 225,808,151 |
| Cash | 5,216 | 5,053 |
| Amounts in transit | - | 8 |
| Other treasury values | 502,556 | 734,100 |
| Total | 13,902,875 | 226,547,312 |

In the bank accounts there are included approximately RON 1.62 million at 31 December 2014 respectively RON 1.64 million at 31 December 2013 representing guaranteed cash. Other treasury values represent in the greatest part checks to be cashed.

10. OWN CAPITALS

10.1 SHARE CAPITAL

At 31 December 2014 and 31 December 2013, 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 shareholding structure at 31 December 2014:

| Shareholders | <u>Percent held (%)</u> | <u>Statutory amounts in [RON]</u> |
|-----------------------------------------------------------|-----------------------------|-------------------------------------------|
| KMG International N.V. | 48.11% | 2,122,250,643 |
| The Romanian State represented by The Ministry of Economy | 44.70% | 1,971,500,905 |
| Romp petrol Financial Group S.R.L. | 6.47% | 285,408,308 |
| Romp petrol Well Services S.A. | 0.05% | 2,198,030 |
| Romp petrol Rafinare S.A. | 0.01% | 613,470 |
| Others (except the Romanian State) | 0.66% | 28,949,217 |
| Total | 100% | 4,410,920,573 |

The shareholder structure at 31 December 2013:

| Shareholders | <u>Percent held (%)</u> | <u>Statutory amounts in [RON]</u> |
|----------------------------------------------------------------------------------------------|-----------------------------|-------------------------------------------|
| KMG International N.V. | 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 |
| Romp petrol Financial Group S.R.L. | 6.47% | 285,408,308 |
| Romp petrol S.A. | 2.26% | 99,646,630 |
| Romp petrol Well Services S.A. | 0.05% | 2,198,030 |
| Romp petrol Rafinare S.A. | 0.01% | 613,470 |
| Others (except the Romanian State) | 0.66% | 28,949,217 |
| Total | 100% | 4,410,920,573 |

In the year 2014, The Rompetrol Group NV changed its name into KMG International NV.

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.

10. OWN CAPITALS (CONTINUED)

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.

10.2 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, according to the Emergency Ordinance ("GEO") 118/2003 ratified by Law 89/2005.

10.3 OTHER RESERVES

In the line "Other reserves" was recorded the value of the hybrid loan in amount of RON 3.163 million (USD 950 million). From the loan granted by TRG N.V. (actual KMG International N.V.) the amount of USD 950 million 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.

In the course of 2014, "Other reserves" recorded the value of the interest rate related to derivative instruments, as well as the actuarial gains / losses relating to retirement benefits.

10.4 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 share capital has been increased to the amount of RON 5,734,750,095.

On 29 April 2014, the Annual General Meeting of Shareholders approved the coverage of the accounting loss carried forward in amount of RON 5,734,750,095, derived from adjustments of the share capital, as result of implementation for the first time of IAS 29 "Financial reporting in hyperinflationary economies", from equity and namely from "Capital adjustments".

11. COMMERCIAL LIABILITIES AND OTHER LIABILITIES

| | <u>31 December 2014</u> | <u>31 December 2013</u> |
|-----------------------------------------------|-----------------------------|-----------------------------|
| Trade payables | 3,272,440,179 | 3,473,889,061 |
| Advances received from customers | 59,835,083 | 17,993,972 |
| VAT payable | 135,208,497 | 150,841,562 |
| Special fund for oil products | 27,560,634 | 27,560,634 |
| Taxes due | 38,480 | 23,573 |
| Debts with the personnel and social insurance | 8,773,608 | 6,321,180 |
| Deferred revenues | - | - |
| Other debts | 91,228,805 | 15,192,672 |
| Total | <u>3,595,085,286</u> | <u>3,691,822,654</u> |

In the "Other debts" is recorded the Cash pooling debt – RON 90,48 million (see Note 21).

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12.SHORT-TERM LOANS

| | <u>31 December 2014</u> | <u>31 December 2013</u> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| KMG International N.V. | 722,859,458 | 642,611,761 |
| Romp petrol Rafinare S.A.: Short-term loan facility for ensuring working capital needs in amount of up to USD 250 million. Out of this amount, USD 50 million matures on 31 December 2015 and USD 200 million is repaid upon request; the interest rate is LIBOR+2.8203% per annum; 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. | | |
| Romp petrol Well Services | 13,000,000 | 13,000,000 |
| Romp petrol Rafinare S.A.: Short-term loan facility for working capital needs in amount of up to RON 13 million, maturity date - 10 January 2015. The loan is secured with a promissory note covering the debt. Interest rate is ROBOR 3M+ 2.5%. | | |
| Romp petrol Well Services | 7,000,000 | 7,000,000 |
| Romp petrol Rafinare S.A.: Short-term loan facility for working capital needs in amount of up to RON 7 million, maturity date - 14 January 2015. The loan is secured with a promissory note covering the debt. Interest rate is ROBOR 3M+ 2.5%. | | |
| Romp petrol Well Services | 3,100,000 | 3,100,000 |
| Romp petrol Rafinare S.A.: Short-term facility for working capital needs in amount of up to RON 3.1 million, maturity date - 3 January 2015. The loan is secured with a promissory note covering the debt. Interest rate is ROBOR 3M+ 2.5% . | | |
| Romp petrol Well Services | 11,200,000 | 1,500,000 |
| Romp petrol Rafinare S.A.: Short-term facility for working capital needs in amount of up to RON 11.2 million, maturity date - 28 January 2015. The loan is secured with a promissory note covering the debt. Interest rate is ROBOR 3M+ 2.5% . | | |
| Midia Marine Terminal | 25,807,600 | 22,785,700 |
| Romp petrol 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 - 31 November 2015. Interest rate LIBOR 1M+ 4%. | | |
| Romp petrol Financial Group | - | - |
| Short-term loan facility for ensuring working capital needs in amount of up to USD 29,215,000 million. Interest rate is LIBOR 3M+4,0649%. | | |
| Interest due | 249,328,797 | 406,070,719 |
| | <u>1,032,295,855</u> | <u>1,096,068,180</u> |

12.SHORT-TERM LOANS (CONTINUED)

Short-term bank loans

| | <u>31 December 2014</u> | <u>31 December 2013</u> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Bancpost | 97,781,845 | 43,699 |
| 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: 31 July 2015; interest rate EURIBOR/LIBOR/ROBOR 3.3%; a guarantee on all credit amounts of all the current accounts and lease of receivables agreement with Rompetrol Downstream 120%; unconditional and irrevocable corporate guarantee issued by KMG International (former The Rompetrol Group NV); the mortgage on the delayed coking unit; real pledge on machinery and equipment, real estate mortgage on the land area of 30,380,96 sqm; assignment of rights from insurance compensation. | | |
| Bancpost | 33,181,200 | - |
| Cash and non-cash credit on short term amounting to EUR 27,961,890 for current activity; issue of letters of credit and letters of guarantee; maturity on 31 July 2015; interest rate EURIBOR / LIBOR / ROBOR 3 months +3.3%; a guarantee on all credit amounts of all the current accounts and lease of receivables agreement with Rompetrol Downstream EUR 5 million / month; unconditional and irrevocable corporate guarantee issued by KMG International (the former Rompetrol Group NV); assignment of rights from insurance compensation; KMG comfort letter; 1st rank pledge on plants: HDV = EUR 9,300,000; DAV = EUR 14,300,000; DGRS = EUR 7,300,000; AFPE = EUR 16,080,000; GA (G1+G3) = EUR 5,200,000; ON202 = EUR 5,700,000; pledge on land and buildings - EUR 181,000; pledge on equipment; security on production movable properties EUR 10.9 million. | | |
| Raiffeisen Bank | | |
| Short-term overdraft facility amounting to EUR 30 million for the current activity; issuing of letters of credit and letters of guarantee; maturity on 28 February 2015. Interest rate: EURIBOR 1M 2.5%; ROBOR 1M 2.3%; 1st rank mortgage on credit balances of all the current accounts of all present and future accounts; 1st rank mortgage on the rights of insurance compensation; 1st rank mortgage on stocks (PP.HDPE.LDPE.P and PET) + assignment of receivables from commercial contracts - 120%; 1st rank mortgage on the future availability in the future special purpose accounts; | 80,547,067 | - |
| Unicredit Tiriac Bank | | |
| Cash and non-cash short-term credit facility in amount of EUR 30 million for working capital, issuing of letters of credit and guarantee, with maturity on 20 June 2015, interest: Robor +1.75% / EUR Libor +2.75% / USD Libor +2.75%. The facility is signed together with KMG International NV, Rompetrol Petrochemicals SRL, Rompetrol Downstream SRL, Rom Oil SA, Palplast SA, Rominserv SRL, Rompetrol Gas SRL, KMG Rompetrol SRL; | | |
| | 211,510,112 | 43,699 |

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13. PROVISIONS

| | <u>31 December 2014</u> | <u>31 December 2013</u> |
|-------------------------|-------------------------|-------------------------|
| Current provision | - | 10,191,716 |
| Non - current provision | 245,382,943 | 233,695,537 |
| Total | 245,382,943 | 243,887,253 |

The movement of the provisions is displayed below.

| | <u>At 1 January 2014</u> | <u>Result carried forward</u> | <u>Founding in year</u> | <u>Amounts used</u> | <u>Amounts not used</u> | <u>At 31 December 2014</u> |
|------------------------------|------------------------------|---------------------------------------|-----------------------------|-------------------------|-----------------------------|------------------------------------|
| Retirement benefit provision | 13,693,575 | 10,689,183 | 998,224 | - | - | 25,380,982 |
| Fiscal provision | 9,300,000 | - | - | - | (9,300,000) | - |
| Provision for environment | 220,893,678 | - | - | - | (891,717) | 220,001,961 |
| Total | 243,887,253 | 10,689,183 | 998,224 | (10,191,717) | (10,191,717) | 245,382,943 |

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

The environmental provision for the Vega Refinery in amount of RON 220 million represents obligations related to 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 5 year period, a discounted cash flow cost estimate of RON 220 million has been provided by the Company. A 10.1% discount factor was applied for the discounted cash flow calculation.

Retirement benefit provision - 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 3.6% in 2014 (2013: 5.23%), with an expected rate of long-term salary increase of 2.01% in 2014 (3.15% in 2013).

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

| | <u>31 December 2014</u> | <u>31 December 2013</u> |
|--------------|-------------------------|-------------------------|
| Interest | 171,099 | 190,493 |
| Services | 827,125 | 578,383 |
| Total | 998,224 | 768,876 |

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 following twelve months.

14.NET TURNOVER

| | <u>2014</u> | <u>2013</u> |
|-------------------------------------------------------------|------------------------------|------------------------------|
| Gross revenues related to the sale of finished oil products | 17,110,802,584 | 14,498,121,251 |
| Revenues from goods sold | 52,454,259 | 8,139,117 |
| Revenues from utilities sold | 8,948,090 | 92,368,288 |
| Revenues from other products | 1,889,014 | - |
| Revenues from rents and other services | 9,998,624 | 24,239,539 |
| Gross turnover | 17,184,092,571 | 14,622,868,195 |
| Less sale related tax | (3,693,419,920) | (2,874,201,215) |
| Total | <u>13,490,672,651</u> | <u>11,748,666,980</u> |

The growth of sales is due to the increase in the quantity of refinery finished products sold but also due to the takeover of the activity of Rompetrol Petrochemicals SRL. The takeover of Rompetrol Petrochemicals SRL led to increased revenues from the sale of goods and reducing the sales from utilities and rent, the latter decreasing due to the termination of contracts with Rompetrol Petrochemicals SRL.

15.COST OF PRODUCTION SOLD

| | <u>2014</u> | <u>2013</u> |
|-----------------------------------------------|------------------------------|------------------------------|
| Crude oil and other feedstock materials | 12,554,394,868 | 11,152,447,108 |
| Consumables and other materials | 54,930,272 | 32,174,615 |
| Utilities | 346,588,534 | 345,711,658 |
| Personnel costs | 75,279,979 | 50,092,294 |
| Transport | 528,347 | 419,968 |
| Maintenance | 66,870,969 | 42,232,957 |
| Insurance | 8,792,359 | 6,383,566 |
| Environment | 3,695,540 | 3,133,242 |
| Other | 52,086,040 | 27,085,915 |
| Cost of production - cash | 13,163,166,908 | 11,659,681,323 |
| Depreciation | 174,455,506 | 114,534,337 |
| Cost of production | 13,337,622,414 | 11,774,215,660 |
| Variation of inventories | 117,442,301 | 31,265,733 |
| Own production from assets | (1,561,279) | (2,091,292) |
| Cost of other products sold | 50,988,411 | 7,051,195 |
| Cost of utilities resold | 7,281,397 | 82,999,827 |
| (Revenues) / losses realized from derivatives | (106,222,189) | (23,591,192) |
| Total | <u>13,405,551,055</u> | <u>11,869,849,931</u> |

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

| | <u>2014</u> | <u>2013</u> |
|--------------------------------------|---------------------------|---------------------------|
| Personnel costs | 24,478,313 | 22,559,224 |
| Utilities | 9,576,461 | 17,569,279 |
| Transport | 26,662,800 | 17,715,319 |
| Consultancy | 39,494,457 | 26,249,198 |
| Consumables | 3,507,100 | 564,544 |
| Marketing | 170,768 | 31,254 |
| Taxes | 7,822,151 | 3,689,901 |
| Telecommunications and mail services | 86,189 | 68,186 |
| Insurance | 2,845,636 | 1,387,977 |
| IT Expenses | 13,507,620 | 11,391,918 |
| Expenses with environment | 10,340,972 | 9,262,913 |
| Repairs | 8,454,151 | 9,210,149 |
| Fees and penalties | 6,681,388 | 708,545 |
| Other expenses | 11,518,399 | 13,796,587 |
| Expenses before amortization | 165,146,405 | 134,204,994 |
| Amortization expenses | 25,755,478 | 46,424,514 |
| Total | <u>190,901,883</u> | <u>180,629,508</u> |

In 2014, the period in which the facilities did not operate was diminished and therefore the utilities consumed for these periods decreased, as compared to 2013.

The „Other expenses” raw also recorded the fees due to the auditor.

The auditor's fees for auditing the individual and consolidated financial statements is RON 694,725 equivalent of EUR 155,000 in 2014 being also taken over the activity carried on by Rompetrol Petrochemicals S.R.L. (in 2013: RON 627,858, equivalent of EUR 140,000).

17. OTHER OPERATIONAL REVENUES / EXPENSES, NET

| | <u>2014</u> | <u>2013</u> |
|------------------------------------------------------|--------------------------|----------------------------|
| Revenues from sale of tangible assets | - | (5,535) |
| Provisions for impairment of tangible assets, net | - | (20,528,884) |
| Provisions for depreciation of receivables, net | (26,473,586) | (3,034,803) |
| Provisions for depreciation of inventories, net | 64,575,174 | (31,470,289) |
| Operating expenses regarding depreciated inventories | - | 47,468 |
| Other provisions | (10,191,717) | (28,214,695) |
| Other expenses | 16,844,999 | (121,827) |
| Total | <u>44,754,870</u> | <u>(83,328,565)</u> |

Reversal of the 2013 provision to tangible assets was determined by recording the depreciation for inoperable facilities, due to the decrease in their operation period.

As a result of enforcing the Civil Sentence no. 187CA/27 October 2014 referring to File no. 346/2013, issued by Constanta Court of Appeal on the cancellation of Ruling no. 33/2013 for settlement of the appeal and admission of RRC appeal to Ruling no. 1 of ANAF/ March 2012, the previously set up provisions for impairment of receivables, in amount of RON 30.3 million were reversed and penalties of EUR 18.5 million were recorded (amount included in line "Other expenses").

In 20104, a provision for impairment of inventories, as the difference between cost and the net realizable value for crude oil and petroleum products as at 31 December 2014 was set up.

The category "Other provisions" includes reversal of the provision of RON 9.300,000 million, set up in relation to ANAF control performed for the period from 2007 to 2010 and reversal of the environmental provision for the Petromidia refinery in amount of RON 891,717.

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.

18. FINANCIAL COST, FINANCE INCOME AND FOREIGN EXCHANGE DIFFERENCES

| | <u>2014</u> | <u>2013</u> |
|--------------------------------------------------------|---------------------------|-------------------------|
| Financial expenses | | |
| Interest expenses | 2,032,641 | 385,484 |
| Expense on the shareholders' interest | 31,691,600 | 32,177,630 |
| Bank charges | 77,083,617 | 78,538,425 |
| Adjustments for value loss related to financial assets | 375,591,760 | - |
| Other financial expenses | 921,518 | - |
| | 487,321,136 | 111,101,539 |
| Financial revenues | | |
| Interest income | (1,157,898) | (7,634,279) |
| Other financial income | (639,559) | - |
| | (1,797,457) | (7,634,279) |
| Financial result, net | 485,523,679 | 103,467,260 |
| Unrealized foreign exchange losses/(gains) | 206,864,680 | 21,295,293 |
| Realized net foreign exchange losses/(gains) | 231,938,463 | (119,220,448) |
| Foreign exchange (gain)/loss, net | 438,803,143 | (97,925,155) |
| Total | <u>924,326,822</u> | <u>5,542,105</u> |

Adjustments for loss in the value of financial assets in amount of RON 375.6 million are determined by the decrease in the net assets of the subsidiary Rompetrol Petrochemicals S.R.L. and the latter's activity was taken over by Rompetrol Rafinare S.A. from 1 January 2014.

19. INCOME TAX

The income tax rate was 16% in 2014 and 2013.

As of 31 December 2014, the Company had the following unused fiscal losses:

| Entity | <u>Fiscal loss 2014</u> | <u>Fiscal loss 2013</u> |
|----------------------------|-----------------------------|-----------------------------|
| | Million RON | Million RON |
| Rompetrol Rafinare SA | (2,763.03) | (2,021.8) |
| At 31 December 2014 | <u>(2,763.03)</u> | <u>(2,021.8)</u> |

Given the large amount of accumulated tax losses and the fact that the company had tax losses which expired before they could be recovered, the Company's management considered it prudent not to record a deferred tax asset related to tax loss.

19. INCOME TAX (CONTINUED)

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

| Entity | Fiscal loss | Fiscal loss |
|-----------------------------------------|-------------------|-------------|
| Rompetro Rafinare SA | Million RON | Expires in |
| 2009 | (340,94) | 2016 |
| 2010 | (482.55) | 2017 |
| 2011 | (468.29) | 2018 |
| 2012 | (339.14) | 2019 |
| 2013 | (390.88) | 2020 |
| 2014 | (741.23) | 2021 |
| Tax loss carried forward in 2013 | (2,763.03) | |

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.

- a) 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:

| | 2014 | 2013 |
|-------------------------------------------|------------------------|------------------------|
| Net profit / Accounting (Net loss) | (1,074,861,979) | (224,025,999) |
| Addition: Non-deductible expenses | 712,084,333 | 257,171,726 |
| Non-taxable income | (378,453,736) | (424,028,567) |
| Net profit / Fiscal (Net loss) | (741,231,382) | (390,882,840) |
| Fiscal loss in the previous years | (2,021,804,302) | (1,630,921,462) |
| Taxable base (cumulated loss) | (2,763,035,684) | (2,021,804,302) |
| Income tax (16%) | - | - |

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 77.1 million;
- Fiscal depreciation calculated according to article 24 of Law no. 571/2003 of the Fiscal Code, amounting to RON 300.8 million.
- The dividends collected in amount of RON 0.6 million.

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

- Expenses with accounting depreciation, amounting to RON 200.2 million;
- Expenses with provisions which exceed the limit stipulated by law, in the amount of RON 490.8 million.
- Expenses with accounting depreciation, amounting to RON 18.5 million;
- Other non-deductible expenses amounting to RON 2.6 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:

| | 2014 | 2013 |
|---------------|-----------------------|-----------------------|
| Romania | 6,329,005,702 | 6,663,954,210 |
| Europe | 3,191,766,367 | 2,683,251,863 |
| Asia | 3,545,698,537 | 2,049,142,317 |
| Africa | 415,358,801 | 352,318,590 |
| United States | 8,843,244 | - |
| Total | 13,490,672,651 | 11,748,666,980 |

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 the relation |
|---------------------------------------------|-----------------------------------------|
| KMG International N.V. | Majority shareholder |
| Romp petrol S.A. | Company held by KMG International N.V. |
| Rominserv S.R.L. | Company held by KMG International N.V. |
| KazMunayGas Trading AG | Company held by KMG International N.V. |
| Romp petrol Well Services S.A. | Company held by KMG International N.V. |
| Palplast S.A. | Company held by KMG International N.V. |
| Romp petrol Bulgaria JSC | Company held by KMG International N.V. |
| Întreprinderea Mixta Rompetrol Moldova S.A. | Company held by KMG International N.V. |
| Romp petrol Georgia LTD | Company held by KMG International N.V. |
| Midia Marine Terminal S.R.L. | Company held by KMG International N.V. |
| Romp petrol Financial Group S.R.L. | Company held by KMG International N.V. |
| Dyneff SAS | Company held by KMG International N.V. |
| KMG Rompetrol SRL | Company held by KMG International N.V. |
| Byron Shipping Ltd | Company held by KMG International N.V. |
| Byron Shipping S.R.L. | Company held by KMG International N.V. |
| Romp petrol Albania Wholesale Sh.A. | Company held by KMG International N.V. |
| Romp petrol Ukraine LTD | Company held by KMG International N.V. |
| Rominserv Valves Iaifo SRL | Company held by KMG International N.V. |
| Rominserv Kazakhstan LLC | Company held by KMG International N.V. |
| Uzina Termoelectrica Midia S.A. | Associate of the Rompetrol Group |
| Global Security System S.A. | Company held by KMG International N.V. |
| Romp petrol Downstream S.R.L. | Company affiliated to the Company |
| Romp petrol Petrochemicals S.R.L. | Company affiliated to the Company |
| Rom Oil S.A. | Company affiliated to the Company |
| Romp petrol Logistics S.R.L. | Company affiliated to the Company |
| Romp petrol Quality Control S.R.L. | Company affiliated to the Company |
| Romp petrol Gas S.R.L. | Company held by Rompetrol Logistics SRL |
| Dyneff Espagna SLU | Company held by KMG International N.V. |
| DPPLN SAS | Company held by KMG International N.V. |
| TMP SAS | Company held by KMG International N.V. |
| Dyneff Gas Stations Network SL | Company held by KMG International N.V. |
| Romp petrol France SAS | Company held by KMG International N.V. |
| Bioneff SL | Company held by KMG International N.V. |

ROMPETROL RAFINARE S.A.
NOTES TO THE FINANCIAL STATEMENTS
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| | |
|-------------------------------------------------|-----------------------------------------------|
| Agat Ltd | Company held by KMG International N.V. |
| Romp petrol Albania Downstream Sh.A. | Company held by KMG International N.V. |
| Romp petrol Albania Sh.A. | Company held by KMG International N.V. |
| Romp petrol Distribution Albania Sh.A | Company held by KMG International N.V. |
| TRG Petrol Ticaret AS | Company held by KMG International N.V. |
| Romp petrol Energy S.A | Company held by KMG International N.V. |
| KazMunayGas Engineering B.V. | Company held by KMG International N.V. |
| KMG Investments BV | Company held by Cooperatieve KazMunaiGaz U.K. |
| EPPLN SAS | Company held by KMG International N.V. |
| KazMunayGas Trading Singapore | Company held by KMG International N.V. |
| Romp petrol Exploration & Production SRL | Company held by KMG International N.V. |
| Romp petrol Drilling | Company held by KMG International N.V. |
| Benon Rom petrol LLC | Company held by KMG International N.V. |
| The Romanian State and the Romanian Authorities | Significant shareholder |

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 2014, the Company did not record any depreciation of the receivables referring to the amounts due to the related parties (2013: 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 2014 and 2013, Rom petrol Rafinare has made the following transactions with the related parties:

| | Receivables | |
|------------------------------------|-------------------------|-------------------------|
| | 31 December 2014 | 31 December 2013 |
| KazMunayGas Trading AG | 431,760,618 | 445,786,257 |
| Romp petrol Downstream S.R.L | 179,578,971 | 360,629,330 |
| Romp petrol Petrochemicals S.R.L. | 6,363,185 | 80,180,747 |
| KMG International N.V. | 4,424,160 | 217,125 |
| Romp petrol Gas SRL | 4,471,166 | 4,798,451 |
| Romp petrol Moldova ICS | 3,260,183 | 28,733,213 |
| Romp petrol Bulgaria JSC | 5,275,828 | - |
| Rominserv S.R.L. | 9,236,772 | 96,851,278 |
| Ecomaster Servicii Ecologice S.A. | - | 10,911 |
| Romp petrol Quality Control S.R.L. | 907,662 | 302,389 |
| Romp petrol Logistics S.R.L | 346,488 | 338,878 |
| Midia Marine Terminal S.R.L. | 919,128 | 57,761 |
| Uzina Termoelectrica Midia S.A. | 7,906,658 | 5,534,640 |
| KMG Rom petrol SRL | 2,867,175 | 154,889 |
| Global Security Systems S.A. | 607,212 | 606,080 |
| Rominserv Kazakhstan Ltd | 619,998 | 547,400 |
| Romp petrol Energy S.A. | - | - |
| Palplast S.A. | 9,336,820 | 250,094 |
| Byron Shipping Navodari | 4,924 | 2,543 |
| Romp petrol Well Services S.A. | 809 | 1,617 |
| Romp petrol Ukraine | 13,961 | - |
| Romp petrol S.A. | 433,259 | - |
| KazMunayGas Engineering | 13,172 | - |
| Romp petrol Financial Group SRL | 9,920 | - |
| Total | 668,358,069 | 1,025,003,603 |

The receivables from Rom petrol Downstream SRL have decreased as a result of an improved debt collection activity and due to decreasing prices of the oil products in the 4th quarter of 2014.

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| | Debts | |
|-----------------------------------------------|-------------------------|-------------------------|
| | 31 December 2014 | 31 December 2013 |
| KazMunayGas Trading AG | 2,670,327,017 | 2,915,682,299 |
| Rompetrol Downstream S.R.L | 36,141,838 | 26,950,436 |
| Rompetrol Petrochemicals S.R.L. | 302,162,658 | 346,326,523 |
| KMG International N.V.- loans(note 12) | 722,859,458 | 642,611,761 |
| KMG International N.V.- interest | 248,049,356 | 405,900,632 |
| KMG International N.V.- trade debts | 8,506,784 | -34,431 |
| Rompetrol Gas SRL | 19,037,205 | 1,760,241 |
| Rominserv S.R.L. | 45,878,353 | 71,333,579 |
| Ecomaster Servicii Ecologice S.A. | - | 1,004,138 |
| Rompetrol Quality Control S.R.L. | 12,023,929 | 4,185,164 |
| Rompetrol Logistics S.R.L | 448,266 | 312,212 |
| Midia Marine Terminal S.R.L. – loan(note 12) | 25,807,600 | 22,785,700 |
| Midia Marine Terminal S.R.L - interest | 1,155,094 | 59,934 |
| Midia Marine Terminal S.R.L - trade debts | 75,929,211 | 43,661,907 |
| Rompetrol Well Services S.A. – loans(note 12) | 34,300,000 | 24,600,000 |
| Rompetrol Well Services S.A - interest | 124,347 | 110,153 |
| Uzina Termoelectrica Midia S.A. | 12,975,321 | 20,008,306 |
| KMG Rompetrol SRL- debt cash pooling | 90,466,761 | - |
| KMG Rompetrol SRL- interest cash pooling | 18,156 | - |
| KMG Rompetrol SRL- trade debts | 8,013,608 | 3,432,671 |
| Global Security Systems S.A. | 1,102,787 | 1,477,522 |
| Rompetrol S.A. | - | 274,554 |
| Byron Shipping Navodari | 340,400 | - |
| Rompetrol Exploration & Production S.R.L. | 66 | - |
| Total | 4,315,668,215 | 4,532,443,301 |

The company concluded a Cash Pooling agreement for implementing a cash balance optimization system, in which KMG Rompetrol SRL is the "coordinating company" and RRC SA is a participating company; maturity on 4 August 2015; interest: ROBOR O/N 1.75% + interest O/N depo; LIBOR O/N + 2.75% + interest O/N depo - for the cash pooling agreement implemented with Unicredit Tirioc Bank.

ROMPETROL RAFINARE S.A.
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21. RELATED PARTIES (CONTINUED)

| Name of related party | Nature of transaction | Sales | | Purchases | |
|------------------------------------|--------------------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | 2014 | 2013 | 2014 | 2013 |
| KazMunayGas Trading AG | Raw materials / Petroleum products | 5,222,175,887 | 4,180,977,961 | 11,871,353,995 | 10,798,069,355 |
| Romp petrol Downstream S.R.L. | Petroleum products, rent, utilities and other | 4,887,978,847 | 5,031,773,915 | 4,781,837 | 7,349,313 |
| Romp petrol Petrochemicals S.R.L. | Raw materials, energy, lab analyses / Raw materials, rent, utilities and other | 6,740 | 473,999,135 | 128,164,758 | 530,587,044 |
| KMG International N.V. | Loan interest | - | - | 33,254,082 | 30,912,915 |
| Romp petrol Gas SRL | Platform operation, propane / Petroleum products, rent, other | 545,165,898 | 505,584,508 | 534,060 | 56,535 |
| Romp petrol Moldova ICS | Petroleum products | 516,260,953 | 401,681,812 | - | - |
| Romp petrol Bulgaria JSC | Biodiesel / Petroleum products | 84,620,100 | 15,123,455 | - | - |
| Rominserv S.R.L. | Maintenance, property acquisitions/Rent, utilities, reinvoices | 4,330,411 | 7,910,528 | 152,574,409 | 239,954,798 |
| Ecomaster Servicii Ecologie S.A. | Ecology services / Rent, Service provision | - | 90,523 | - | 4,892,182 |
| Romp petrol Quality Control S.R.L. | Lab analyses / Rent, utilities, other services | 1,230,767 | 1,332,678 | 19,235,254 | 14,764,040 |
| Romp petrol Logistics S.R.L. | Transport, rents / Rent, utilities | 10,267 | 11,157 | 109,503 | 112,131 |
| Midia Marine Terminal S.R.L. | Port provisions / Rent, utilities, bunkering, invoicing, interest, other | 1,380,822 | 1,718,338 | 55,214,157 | 43,487,069 |
| Romp petrol Well Services S.A. | Loan interest | 7,825 | 7,825 | 1,639,368 | 1,723,334 |
| Uzina Termoelectrica Midia S.A. | Utilities / Petroleum products | 58,155,001 | 55,628,844 | 88,970,222 | 85,015,638 |
| KMG Rompetrol S.R.L. | Management services, cash pooling interest | 572,632 | 376,939 | 47,091,646 | 35,139,996 |
| Global Security Systems S.A. | Security, courier services, cleaning, fire prevention | 913 | - | 9,539,889 | 7,936,711 |
| Palplast S.A. | Petrochemicals | 8,639,438 | - | - | - |
| Romp petrol S.A. | Miscellaneous | - | 40,347 | - | - |
| Byron Shipping S.R.L. | Demurrage /Rent, reinvoices of other services | 32,037 | 19,379 | 408,063 | 6,245 |
| Romp petrol Financial Group SRL | financial investments sales | 9,750 | - | - | - |
| | | 11,330,578,288 | 10,676,277,344 | 12,412,871,243 | 11,800,007,306 |

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 2014 were RON 756,908 (RON 755,620 in 2013). The salaries and bonuses paid to the Company management in 2014 (in average 13 persons) amounted to RON 1,393,796 (RON 1,476,534 in 2014, in average 11 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:

| | <u>2014</u> | <u>2013</u> |
|---------------------------------------|-----------------|----------------|
| Net profit (+), loss (-) | (1,074,861,979) | (224,025,999) |
| Average number of shares | 44,109,205,726 | 44,109,205,726 |
| Result per share - base (money/share) | -2.44 | -0.51 |

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 totalling RON 47.7 million (USD 12.9 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 2,6 million). The management is confident that the likelihood of reversal of the earlier court decision is very little.

24. LEGAL MATTERS

Litigation with the State involving criminal charges

Starting with 22 March 2005 the criminal investigations concerning current and past administrators, officers and external censors of S.C. Rompetrol Rafinare S.A. ("RRC") have formally developed and materialized in various activities specific to criminal proceedings (including legal expert appraisals), currently being in criminal investigation phase. At present, only one of the current Company directors is part of the initial investigation initiated by the Prosecutors' General Office attached to the High Court of Cassation and Justice (PICCJ - DIICOT)

The charges apprehended upon the initiation of the investigation were: a) failure to fulfil the investment commitments undertaken under the privatization contract concerning the Parent 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, charges which concern events taking place from April 2001 to October 2002; d) the status of implementing GEO 118/2003.

The said charges have been split by the prosecutors' office from the initial 2004 file (which has been sent to trial following such split and which has currently been finally settled) and are subject to a separate file currently on the dockets of (PICCJ – DIICOT).

24. LEGAL MATTERS (CONTINUED)

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.

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.

Rompetrol 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.

Rompetrol 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.

Rompetrol 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 3.8 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 decision was dismissed irrevocably by the Supreme Court on 4 December 2014, so all the means of appeal by the company are thus ended.

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.

24. LEGAL MATTERS (CONTINUED)

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.

Rompetrol 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.

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 13 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.
- As well, a payment suspension application for all the amounts additionally charged was filed, but it was rejected by the relevant Court.
- 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.

24. LEGAL MATTERS (CONTINUED)

By the Sentence issued on 27.10.2014, Constanta Court of Appeal partially accepted the action of Rompetrol Rafinare and ordered the partial cancellation of Decision no. 33 and of the request for an additional payment of RON 49,000,000, also ordering the return of the approximate amount of RON 21,131,343 to Rompetrol Rafinare (the equivalent of USD 6,215,200) maintaining the decision of cancellation, with review of the approximate amount of RON 9,760,896.

The sentence is not final, both parties have filed an appeal to the High Court of Cassation and Justice; the appeals shall most likely be settled in 2015.

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 the refusal of the Ministry of Environment and of the Romanian Government to issue the certificates according to the Court deadline, Rompetrol Rafinare SA started a court claim against them, having as object damages in amount of EUR 36 million.

During the meeting of 24 April 2014, Constanta Court of Appeal rejected the request filed by Rompetrol Rafinare and accepted the exception of the lack of purpose in the case. Rompetrol Rafinare filed an appeal with the High Court of Cassation and Justice. The first term of meeting has not been settled yet; the file is currently in the administrative procedure of judging the appeal and a decision shall be most likely be issued in 2015.

In parallel, Rompetrol Rafinare filed a new procedure for enforcement and compensation, based on new legal provisions; hence, File no. 726/36/2014 with Constanta Court of Appeal was set up, with the first term of meeting on 2 March 2015.

25. COMMITMENTS

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 31 December 2014, Rompetrol Rafinare SA has environmental commitments amounting to USD 0.08 million (2013: USD 6.7 million) to conform to the Integrated Environmental Authorization.

Other commitments

As of 31 December 2014, Rompetrol Rafinare SA has commitments related to investment projects in amount of USD 52.76 million (USD 12.54 million).

25. COMMITMENTS (CONTINUED)
Sale and purchase commitments

As of 31 December 2014 Rompetrol Rafinare S.A. has other commitments for purchasing raw materials and utilities outside the group, amounting to USD 265.72 million (2013: USD 159.88 million) and commitments for sale of petroleum and petrochemical products and utilities outside the group amounting to USD 316.68 million (2013: USD 502.01 million).

26. FINANCIAL AND RISK MANAGEMENT INSTRUMENTS

A) CAPITAL RISK

The Company manages its capital to ensure that it will be able to continue its activity on a going concern basis 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".

B) FINANCIAL INSTRUMENTS

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

| | <u>31 December 2014</u> | <u>31 December 2013</u> |
|----------------------------------------------|-------------------------|-------------------------|
| Financial assets | | |
| Commercial liabilities and other liabilities | 1,018,681,588 | 1,285,215,166 |
| Derivative financial instruments | 197,164 | - |
| Cash and bank accounts | 13,902,875 | 226,547,312 |
| TOTAL FINANCIAL ASSETS | 1,032,781,627 | 1,511,762,478 |
| Financial liabilities | | |
| | <u>31 December 2014</u> | <u>31 December 2013</u> |
| Short-term borrowings from shareholders | 1,032,295,855 | 1,096,068,180 |
| Derivative financial instruments | 914,252 | 119,701 |
| Commercial liabilities and other liabilities | 3,372,442,592 | 3,495,402,913 |
| Short-term bank loans | 211,510,112 | 43,699 |
| TOTAL FINANCIAL PAYABLES | 4,617,162,811 | 4,591,634,493 |

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

26. FINANCIAL AND RISK MANAGEMENT INSTRUMENTS (CONTINUED)

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

- Advances paid from customers;
- Excise duty;
- Special fund for oil products;
- 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 2014, the marked to market value of derivative position is for financial instruments recognised at fair value.

Fair value hierarchy

The Group 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.

| | <u>31 December</u> <u>2014</u> | Level 1 | Level 2 | Level 3 |
|----------------------------------------------|-------------------------------------------------|-------------------|----------------|----------------------|
| Financial assets | | | | |
| Commercial liabilities and other liabilities | 1,018,681,588 | - | - | 1,018,681,588 |
| Derivative financial instruments | 197,164 | - | 197,164 | - |
| Cash and bank accounts | 13,902,875 | 13,902,875 | - | - |
| TOTAL FINANCIAL ASSETS | 1,032,781,627 | 13,902,875 | 197,164 | 1,018,681,588 |
| Financial liabilities | | | | |
| Short-term borrowings from related companies | 1,032,295,855 | - | - | 1,032,295,855 |
| Derivative financial instruments | 914,252 | - | 914,252 | - |
| Commercial liabilities and other liabilities | 3,372,442,592 | - | - | 3,372,442,592 |
| Short-term bank loans | 211,510,112 | - | - | 211,510,112 |
| TOTAL FINANCIAL PAYABLES | 4,617,162,811 | - | 914,252 | 4,616,248,559 |

26. FINANCIAL AND RISK MANAGEMENT INSTRUMENTS (continued)

| | <u>31 December</u> <u>2013</u> | Level 1 | Level 2 | Level 3 |
|----------------------------------------------|-----------------------------------|--------------------|----------------|----------------------|
| Financial assets | | | | |
| 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 | - | - |
| TOTAL FINANCIAL ASSETS | 1,511,762,478 | 226,547,312 | - | 1,285,215,166 |
| Financial liabilities | | | | |
| Short-term borrowings from related companies | 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 bank loans | 43,699 | - | - | 43,699 |
| TOTAL FINANCIAL PAYABLES | 4,591,634,493 | - | 119,701 | 4,591,514,792 |

At 31 December 2014 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.

D) 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.

It also performs hedging transactions regarding the risk of increasing USD interest rates.

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

Balance

| | <u>31 December 2014</u> | <u>31 December 2013</u> |
|-----------------------------------------|-------------------------|-------------------------|
| Derivative financial assets | 197,164 | - |
| Derivative financial liabilities | (914,252) | (119,701) |
| Net position - asset/(liability) | (717,088) | (119,701) |

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.

E) MARKET RISK

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

F) FOREIGN CURRENCY RISK MANAGEMENT

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).

26. FINANCIAL AND RISK MANAGEMENT INSTRUMENTS (CONTINUED)

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. Moreover, 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 Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

| | Payables | | Assets | |
|--------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | <u>31 December 2014</u> | <u>31 December 2013</u> | <u>31 December 2014</u> | <u>31 December 2013</u> |
| USD Currency | 3,854,407,305 | 3,992,999,914 | 457,248,151 | 685,860,277 |
| Currency EUR | 15,012,861 | 6,817,299 | 64,150,110 | 36,667,463 |

G) 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 | |
|-----|-----|-------------------------|-------------------------|-------------------------|-------------------------|
| | | <u>31 December 2014</u> | <u>31 December 2013</u> | <u>31 December 2014</u> | <u>31 December 2013</u> |
| | 5% | (169,857,958) | (165,356,982) | 2,456,862 | 1,492,508 |
| | -5% | 169,857,958 | 165,356,982 | (2,456,862) | (1,492,508) |

H) 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.

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 2014 would increase / decrease by RON 195,8 million (2013: increase / decrease by RON 170 million).

ROMPETROL RAFINARE S.A.
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(all amounts are expressed in Lei ("RON"), unless otherwise specified)

26. FINANCIAL AND RISK MANAGEMENT INSTRUMENTS (CONTINUED)

I) LIQUIDITY RISK

The tables below summarize the maturity profile of the Group's financial liabilities at 31 December 2014 and 31 December 2013 based on contractual undiscounted payments, including interest payable until the end of the contracts for finance leasing and loans.

| Balance as at 31 December 2014 | Less than 1 month or current | <3 months | 3-12 months | 1-5 years | >5 years | Total |
|----------------------------------------------|-------------------------------------|---------------------|--------------------|------------------|--------------------|---------------|
| Commercial liabilities and other liabilities | 3,566,114,703 | 19,926,804 | 270,171 | - | - | 3,586,311,678 |
| Derivative financial instruments | 21,240 | - | 893,012 | - | - | 914,252 |
| Short-term borrowings from shareholders | 822,148,255 | - | 210,147,600 | - | - | 1,032,295,855 |
| Short-term bank loans | - | 80,547,067 | 130,963,045 | - | - | 211,510,112 |
| Other long-term liabilities | 4,388,284,198 | 100,473,871 | 342,273,828 | - | - | 4,831,031,897 |
| Balance as at 31 December 2013 | Less than 1 month or current | <3 months | 3-12 months | 1-5 years | >5 years | Total |
| Commercial liabilities and other liabilities | 3,613,374,303 | 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 | 0 | 0 | 4,781,733,054 |

26. FINANCIAL AND RISK MANAGEMENT INSTRUMENTS (CONTINUED)

J) 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. In 2012, the Company started a few transactions of refinery margin hedge.

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.

K) CREDIT RISK

Credit risk is the risk that 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. 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. EVENIMENTE ULTERIOARE DATEI BILANTULUI

Rompetrol Rafinare S.A credit facility in amount of RON 7 million granted by Rompetrol Well Services S.A was prolonged until April 14, 2015.

Rompetrol Rafinare S.A credit facility in amount of RON 11.2 million granted by Rompetrol Well Services S.A was prolonged until April 28, 2015.

Rompetrol Rafinare S.A credit facility in amount of RON 13 million granted by Rompetrol Well Services S.A was prolonged until May 10, 2015.

Rompetrol Rafinare S.A credit facility in amount of RON 3.1 million granted by Rompetrol Well Services S.A was prolonged until May 3, 2015.

Rompetrol Rafinare S.A credit facility in amount of USD 7 million granted by Midia Marine Terminal S.R.L. was prolonged until December 31, 2015.

Rompetrol Rafinare S.A credit facility in amount of EUR 30 million granted by Raiffeisen Bank was prolonged until May 30, 2015.

On 19 March 2015, the facility granted by Rompetrol Financial Group S.R.L. was completely used.

OTHER FINANCIAL INFORMATION

Balance as at 31.12.2014

Code 10

| | Row no. | Balance at the beginning of the period | Provisions for guarantees the end of the period |
|-----------------------------------------------------------------------------------------------------------------------------------------|---------|----------------------------------------|-------------------------------------------------|
| A | B | 1 | 2 |
| A. FIXED ASSETS | | | |
| I. INTANGIBLE ASSETS | | | |
| 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 | 16,148,665 | 15,349,690 |
| 3. Goodwill (acc. 2071) | 03 | 152,720 | 152,720 |
| 4. Intangible assets in execution (acc. 233-2933) | 04 | 1,004,982 | 1,133,572 |
| 5. Intangible assets for exploration and evaluation of mineral resources (206-2806-2907) | 05 | - | - |
| TOTAL (lines 01 to 05) | 06 | 17,306,367 | 16,635,982 |
| II. PROPERTY, PLANT AND EQUIPMENT | | | |
| 1. Land and buildings (acc. 211+212-2811-2812-2911-2912) | 07 | 1,177,153,796 | 1,155,695,087 |
| 2. Plant and machinery (acc. 213+223-2813-2913) | 08 | 1,719,022,885 | 1,645,972,494 |
| 3. Other machinery and fixtures (acc. 214+224-2814-2914) | 09 | 8,191,128 | 7,380,479 |
| 4. Real estate investments (acc 215-2815-2915) | 10 | | |
| 5. Intangible assets in execution (acc. 231-2931) | 11 | 129,990,185 | 107,810,692 |
| 6. Real estate investments in progress (acc. 235-2935) | 12 | - | - |
| 7. Tangible assets for exploration and evaluation of mineral resources (216-2816-2916) | 13 | - | - |
| TOTAL (lines 07 to 13) | 14 | 3,034,357,994 | 2,916,858,752 |
| III. BIOLOGIC ASSETS (acc. 241-284-294) | 15 | - | - |
| IV. FINANCIAL ASSETS | | | |
| 1. Shares held with subsidiaries (acc. 261-2961) | 16 | 2,004,611,815 | 1,629,020,055 |
| 2. Loans to related parties (acc. 2671+2672-2964) | 17 | - | - |
| 3. Shares held with the 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 | - |
| 6. Other loans (acc. 2675*+2676*+2677+2678+2679*-2966*-2968*) | 21 | - | - |
| TOTAL (lines 16 to 21) | 22 | 2,005,537,969 | 1,629,020,055 |
| FIXED ASSETS - TOTAL (lines 06+14+15+22) | 23 | 5,057,202,330 | 4,562,514,789 |
| B. CURRENT ASSETS | | | |
| I. INVENTORIES | | | |
| 1. Raw materials and consumable materials (acc. 301+302+322+303+/-308+321+322+323+328+351+358+381+/-388-391-392- | 24 | 415,581,013 | 405,778,256 |

ROMPETROL RAFINARE S.A.
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for the financial year ended as at 31 December 2014
(all amounts expressed in Lei ("RON"), unless otherwise specified)

| | Ro w no. | Balance at the beginning of the period | Provisions for guarantees the end of the period |
|---------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------------------------------------|----------------------------------------------------------|
| A | B | 1 | 2 |
| 3951-3958-398) | | | |
| 2. Fixed assets held for sale (311) | 25 | - | - |
| 3. Work in progress (acc. 331+341+/-348-393-3941-3952) | 26 | 169,720,696 | 110,505,494 |
| 4. Finished products and commodities (acc. 327+345+346+347+/-348+354+357+371+/-378-3945-3946-3953-3954-3957-397-4428) | 27 | 264,909,135 | 259,907,007 |
| TOTAL (lines 24 to 27) | 28 | 850,210,844 | 776,190,757 |
| II Receivables (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 | 971,011,418 | 740,831,920 |
| 2. Advances paid (acc. 409) | 30 | 43,642,077 | 29,759,064 |
| 3. Amounts receivable from group entities (acc. 451*-495) | 31 | 115,093,250 | 50,537,766 |
| 4. Receivables from affiliated undertakings and mutually controlled entities (acc. 453-495) | 32 | - | - |
| 5. Receivables resulted from operations with derivative instruments (acc. 465) | 33 | - | 197,164 |
| 6. Other receivables (acc. 425+4282+431+437+4382+441+4424+4428+444+445+446+447+4482+4582+461+473-496+5187) | 34 | 28,666,558 | 85,040,134 |
| 7. Issued and unpaid share capital (acc. 456-4953) | 35 | - | - |
| TOTAL (lines 29 to 35) | 36 | 1,158,413,303 | 906,366,048 |
| III. SHORT-TERM INVESTMENTS (acc. 505 +506+507+508-595-596-598+5113+5114) | 37 | - | - |
| IV. PETTY CASH AND BANK ACCOUNTS . 5112+512+531+532+541+542) | 38 | 226,547,312 | 13,902,875 |
| CURRENT ASSETS - TOTAL (lines 28+36+37+38) | 39 | 2,235,171,459 | 1,696,459,680 |
| C. ACCRUED EXPENSES (acc. 471) | 40 | 2,627,977 | 3,016,212 |
| D. DEBTS: AMOUNTS PAYABLE IN MORE THAN A YEAR | | | |
| 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 | 43,699 | 211,510,112 |
| 3. Advances received for orders (acc. 419) | 43 | 17,993,972 | 59,835,083 |
| 4. Trade payables to suppliers (acc. 401+404+408) | 44 | 3,473,889,061 | 3,272,440,179 |
| 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 | 1,111,250,672 | 1,123,288,431 |
| 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 | - | 914,252 |

ROMPETROL RAFINARE S.A.
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for the financial year ended as at 31 December 2014
(all amounts expressed in Lei ("RON"), unless otherwise specified)

| | Ro w no. | Balance at the beginning of the period | Provisions for guarantees the end of the period |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------------------------------------|----------------------------------------------------------|
| A | B | 1 | 2 |
| 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 | 184,876,830 | 171,817,448 |
| TOTAL (lines 41 to 50) | 51 | 4,788,054,234 | 4,839,805,505 |
| E. NET CURRENT ASSETS / NET CURRENT LIABILITIES (lines 39+40-51-70) | 52 | -2,550,254,798 | -3,140,329,613 |
| F. TOTAL ASSETS MINUS CURRENT LIABILITIES (lines 23+52) | 53 | 2,506,947,532 | 1,422,185,176 |
| G. DEBTS: AMOUNTS PAYABLE IN MORE THAN A YEAR | | | |
| 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 | - | - |
| 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 | - | - |
| TOTAL (lines 54 to 63) | 64 | - | - |
| H. PROVISIONS 1. Provisions for employee benefits (acc. 1517) | 65 | 13,693,576 | 25,380,984 |
| 3. Other provisions (acc. 1511+1512+1513+1514+1518) | 66 | 230,193,677 | 220,001,959 |
| TOTAL (lines 65+66) | 67 | 243,887,253 | 245,382,943 |
| I. DEFERRED INCOME | | | |
| 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. | 71 | - | - |

ROMPETROL RAFINARE S.A.
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| | Row no. | Balance at the beginning of the period | Provisions for guarantees the end of the period |
|-----------------------------------------------------------------------------------------------------------------------------------------------|-----------|----------------------------------------|-------------------------------------------------|
| A | B | 1 | 2 |
| 472) | | | |
| 3-Advance income related to assets received by transfer from the customers (acc. 478) | 72 | - | - |
| TOTAL (lines 68+69+72) | 73 | - | - |
| J. CAPITAL AND RESERVES | | | |
| I. CAPITAL | | | |
| 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 social capital (acc. 1028) | | | |
| Credit balance | 77 | 5,734,750,095 | - |
| Debit balance | 78 | - | - |
| 5-Other items of own equity (acc. 103) | | | |
| Credit balance | 79 | - | - |
| Debit balance | 80 | - | - |
| TOTAL (lines 74+75+76+77-78+79-80) | 81 | 10,145,670,668 | 4,410,920,573 |
| II. EQUITY PREMIUMS (acc. 104) | 82 | 232,637,107 | 232,637,107 |
| III. REVALUATION RESERVES (acc. 105) | 83 | - | - |
| IV. RESERVES | | | |
| 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 | 3,166,664,461 | 3,155,268,394 |
| TOTAL (lines 84 to 86) | 87 | 3,177,546,654 | 3,166,150,587 |
| 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 | - | - |
| V. CARRIED RESULT, EXCEPTING THE CARRIED RESULT DERIVING FROM THE IMPLEMENTING IAS 29 FOR THE FIRST TIME (acc. 117) | | | |
| Credit balance | 93 | - | - |
| Debit balance | 94 | 5,306,694,048 | 5,530,720,047 |
| VI. CARRIED RESULT, DERIVING FROM THE IMPLEMENTING IAS 29 FOR THE FIRST TIME (acc. 118) | | | |
| Credit balance | 95 | - | - |
| Debit balance | 96 | 5,762,074,103 | 27,324,008 |
| VII. PROFIT OR LOSS AT THE END OF THE REPORTING PERIOD (acc. 121) | | | |
| Credit balance | 97 | - | - |
| Debit balance | 98 | 224,025,999 | 1,074,861,979 |
| Profit distribution (acc. 129) | 99 | - | - |

ROMPETROL RAFINARE S.A.
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| | Row no. | Balance at the beginning of the period | Provisions for guarantees the end of the period |
|--------------------------------------------------------------------------------|---------|----------------------------------------|-------------------------------------------------|
| A | B | 1 | 2 |
| TOTAL EQUITY (lines 81+82+83+87+88-89-90+91-92+93-94+95-96+97-98-99) | 100 | 2,263,060,279 | 1,176,802,233 |
| The public patrimony (acc. 1026) | 101 | | |
| TOTAL EQUITY (lines 100+101) | 102 | 2,263,060,279 | 1,176,802,233 |

AZAMAT ZHANGULOV
 Chairman of the Board of Directors

YEDIL UTEKOV
 Chief Executive Officer

GIANI-IULIAN KACIC
 Finance Manager

Prepared by (Chief Accountant)
 Pasa Cherata

ROMPETROL RAFINARE S.A.
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(all amounts expressed in Lei ("RON"), unless otherwise specified)

Profit and loss account as at 31.12.2014

Code 20

| Name of indicator | Row no. | Previous financial year | Current financial year |
|------------------------------------------------------------------------------------------------|---------|-------------------------|------------------------|
| A | B | 1 | 2 |
| 1. Net turnover | | | |
| (lines 02+03-04+05+06) | 01 | 11,748,666,980 | 13,490,672,651 |
| Production sold | | | |
| (acc. 701+702+703+704+705+706+708) | 02 | 11,740,795,424 | 13,442,003,721 |
| Income from sales of commodities (acc. 707) | 03 | 8,139,117 | 52,454,259 |
| Granted trade discount (709) | 04 | 267,561 | 3,785,329 |
| 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 | - | - |
| Debit balance | 07 | 131,355,964 | 135,011,136 |
| 3. Income from the production of assets and real estate investments (acc. 09+10) | 08 | 2,091,292 | 1,561,279 |
| 4. Income from the production of tangible and intangible assets (acc. 721+722) | 09 | 2,091,292 | 1,561,279 |
| 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. 753) | 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 | 7,461,283 | 3,355,000 |
| OPERATING INCOME - TOTAL | 17 | 11,626,863,591 | 13,360,577,794 |
| (lines 01+06-07+08+11+12+13+14+14+16) | | | |
| 12. a) Expenses with raw materials and consumables | 18 | 11,187,522,855 | 12,614,399,471 |
| . 601+602-7412) | | | |
| Other material expenses | 19 | 1,436,877 | 1,793,356 |
| . 603+604+608) | | | |
| b) Other external expenses (energy and water) | 20 | 346,190,532 | 347,023,338 |
| . 605-7413) | | | |
| c) Merchandise expenses (acc. 607) | 21 | 7,051,195 | 50,988,411 |
| Trade discounts received (acc. 609) | 22 | - | - |
| 13. Staff costs (lines 24+25) including: | 23 | 71,821,252 | 98,472,669 |
| a) Salaries and indemnities (acc. 641+642+643+644-7414) | 24 | 55,616,470 | 76,575,456 |

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| Name of indicator | Row no. | Previous financial year | Current financial year |
|-----------------------------------------------------------------------------------------------------------------------------------|---------|-------------------------|------------------------|
| A | B | 1 | 2 |
| b) Social security contributions (acc. 645-7415) | 25 | 16,204,782 | 21,897,213 |
| 14. a) Value adjustments concerning plant and equipment, real estate investments and biologic assets valued at cost (lines 27-28) | 26 | 140,429,966 | 200,210,984 |
| a.1) Expenses (acc. 6811+6813+6816+6817) | 27 | 160,958,851 | 200,210,984 |
| a.2) Revenues (acc. 7813+7816) | 28 | 20,528,885 | - |
| b) Value adjustments concerning current assets 30-31) | 29 | (34,457,623) | 38,101,588 |
| b.1) Expenses (acc. 654+6814) | 30 | 83,592,562 | 115,183,999 |
| b.2) Revenues (acc. 754+7814) | 31 | 118,050,185 | 77,082,411 |
| 15. Other operating expenses (lines 33 to 41) | 32 | 153,567,126 | 170,314,850 |
| 15.1. Expenses for external service provisions (acc. 611+612+613+614+621+622+623+624+625+626+627+628-7416) | 33 | 130,103,273 | 103,125,213 |
| 15.2. Taxes, duties and similar expenses (acc. 635) | 34 | 9,486,122 | 30,271,313 |
| 15.3. Expenses with environment protection (acc. 652) | 35 | 12,441,608 | 14,047,329 |
| 15.4 - Expenses related to non-current assets (or groups designed for leasing) held for sale (acc. 653) | 36 | - | - |
| 15.5. Income from the revaluation of tangible and intangible assets (acc. 655) | 37 | - | - |
| 15.6 Expenses related to real estate services (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 | 1,536,123 | 22,870,995 |
| Provision adjustments (lines 43-44) | 42 | (28,214,695) | (10,191,716) |
| Expenses (acc. 6812) | 43 | 9,300,000 | - |
| Income (acc. 7812) | 44 | 37,514,695 | 10,191,716 |
| OPERATING EXPENSES - TOTAL (lines 18 to 21-22+23+26+29+32+42) | 45 | 11,845,347,485 | 13,511,112,951 |
| OPERATING RESULT | | | |
| - Profit (lines 17-45) | 46 | - | - |
| - Loss (lines 45-17) | 47 | 218,483,894 | 150,535,157 |
| 16. Income from shares held with subsidiaries (acc 7611) | 48 | - | 621,985 |
| 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 | 51 | - | - |

ROMPETROL RAFINARE S.A.
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended as at 31 December 2014
(all amounts expressed in Lei ("RON"), unless otherwise specified)

| Name of indicator | Row no. | Previous financial year | Current financial year |
|--------------------------------------------------------------------------------------------------------------------|---------|-------------------------|------------------------|
| A | B | 1 | 2 |
| instruments (acc. 763) | | | |
| 20. Income from differences in the exchange rate (acc. 765) | 52 | 189,476,925 | 82,418,990 |
| 21. Income from interests (acc. 766) | 53 | 7,634,279 | 1,102,141 |
| - of which, income from group entities | 54 | 663,518 | |
| 22. Other financial income (acc. 7615+764+767+768) | 55 | 2,744 | 899,760 |
| FINANCIAL INCOME – TOTAL | 56 | 197,113,948 | 85,042,876 |
| (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 | - | 375,591,760 |
| Expenses (acc. 686) | 58 | - | 375,591,760 |
| 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 | 32,563,114 | 33,724,240 |
| - of which, expenses in respect of related parties | 63 | 32,177,630 | 31,691,600 |
| 27. Other financial expenses (acc. 663+664+665+667+668) | 64 | 170,092,939 | 600,053,698 |
| FINANCIAL EXPENSES – TOTAL | 65 | 202,656,053 | 1,009,369,698 |
| (lines 57+60+61+62+64) | | | |
| FINANCIAL RESULT: | | | |
| - Profit (lines 56-65) | 66 | - | - |
| - Loss (lines 65-56) | 67 | 5,542,105 | 924,326,822 |
| TOTAL REVENUES (lines 17+56) | 68 | 11,823,977,539 | 13,445,620,670 |
| TOTAL EXPENSES (lines 45+65) | 69 | 12,048,003,538 | 14,520,482,649 |
| 28. GROSS RESULT: | | | |
| - Profit (lines 68-69) | 70 | - | - |
| - Loss (lines 69-68) | 71 | 224,025,999 | 1,074,861,979 |
| 29. Current income tax (acc. 691) | 72 | - | - |
| 30. Deferred income tax (acc. 692) | 73 | - | - |
| 31. Income from deferred tax (acc. 792) | 74 | - | - |
| 32. Other taxes not included above (acc. 698) | 75 | - | - |

ROMPETROL RAFINARE S.A.
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(all amounts expressed in Lei ("RON"), unless otherwise specified)

| Name of indicator | Row no. | Previous financial year | Current financial year |
|------------------------------------------------------------------|---------|-------------------------|------------------------|
| A | B | 1 | 2 |
| 20. NET PROFIT OR LOSS AT THE END OF THE REPORTING PERIOD | | | |
| - Profit (lines 70-72-73+74-75) | 76 | - | - |
| - Loss (lines 71+72+73-74+75) (lines 72+73+75-70-74) | 77 | 224,025,999 | 1,074,861,979 |

AZAMAT ZHANGULOV
 Chairman of the Board of Directors

YEDIL UTEKOV
 Chief Executive Officer

GIANI-IULIAN KACIC
 Finance Manager

Prepared by (Chief Accountant)
 Pasa Cherata

ROMPETROL RAFINARE S.A.
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended as at 31 December 2014
(all amounts expressed in Lei ("RON"), unless otherwise specified)

Informative data as at 31.12.2014
Code 30

| I. Data about the recorded retained earnings | Row no. | No. Units | Amounts | |
|---------------------------------------------------------------------------------------------------------|-----------------|-----------------------|---------------------------|----------------------|
| A | B | 1 | 2 | |
| Profit-making units | 01 | | | |
| Units which registered loss | 02 | 1 | 1,074,861,979 | |
| 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 | For current activity 2 | For investments 3 |
| Overdue payments-total (lines 05+09+15 la 19+23) of which: | 04 | 2,267,074,962 | 1,972,447,870 | 294,627,092 |
| Overdue suppliers-total (lines 06 to 08), of which | 05 | 2,267,074,962 | 1,972,447,870 | 294,627,092 |
| - over 30 days | 06 | 1,816,886,277 | 1,816,859,683 | 26,594 |
| - over 90 days | 07 | 142,029,149 | 142,027,816 | 1,333 |
| - over 1 year | 08 | 308,159,536 | 13,560,371 | 294,599,165 |
| Overdue payments to the social security budget – total (lines 10 to 14), out of which | 09 | - | - | - |
| - contributions to state social security payable by employers, employees and other assimilated entities | 10 | - | - | - |
| - contributions to the health insurance fund | 11 | - | - | - |
| - contribution to additional pension scheme | 12 | - | - | - |
| - contributions to the unemployment fund | 13 | - | - | - |
| - other social contributions | 14 | | | |
| Outstanding obligations to the special funds and other funds | 15 | - | - | - |
| Outstanding obligations to other creditors | 16 | - | - | - |
| Taxes and fees not paid in due time to the state budget | 17 | - | - | - |
| Taxes and fees not paid in due time to local budgets | 18 | - | - | - |
| Bank credits unpaid until the due date - total (lines 20 to 22) of which | 19 | - | - | - |
| - overdue after 30 days | 20 | - | - | - |
| - overdue after 90 days | 21 | - | - | - |
| - overdue after 1 year | 22 | - | - | - |
| Outstanding interest | 23 | - | - | - |

ROMPETROL RAFINARE S.A.
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(all amounts expressed in Lei ("RON"), unless otherwise specified)

| III. Average headcount | | 31 December previous year | 31 December current year |
|---------------------------------------------------------------------------------------|----|------------------------------|-----------------------------|
| A | B | 1 | 2 |
| Average headcount | 24 | 977 | 1,272 |
| The actual number of employees at the end of the fiscal year, namely on December 31st | 25 | 986 | 1,223 |

| | Li ne no | Amounts (RON) |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|---------------|
| IV Interests, dividends and royalties paid during the financial year. | | |
| Subsidies cashed and outstanding receivables | | |
| A | 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 | 71,741,869 |
| - 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 | 226,138,400 |
| - 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 persons from the EU Member States, of which: | 36 | - |
| - tax due to the state budget | 37 | - |
| Gross income from dividends paid to non-resident legal entities from the EU member states, under art. 117, letter h) of Law 571/2003 on the Tax Code, as further amended and completed, of which: | 38 | - |
| - tax due to the state budget | 39 | - |
| Gross income from royalties paid to non-resident legal entities, of which: | 40 | - |
| - tax due to the state budget | 41 | - |
| Gross income from royalties paid to not-resident natural persons from the EU Member States, of which: | 42 | - |
| - tax due to the state budget | 43 | - |
| Gross income from royalties paid to not-resident legal entities from the EU Member States, of which: | 44 | - |
| - tax due to the state budget | 45 | - |
| Gross income from royalties paid to associated legal entities from the EU Member States, of which: | 46 | - |
| - tax due to the state budget | 47 | - |
| Royalties paid during the financial year for public interest goods, held in concession, of which: | 48 | - |
| - royalties for public interest goods paid to the state budget | 49 | - |
| Mining royalty paid to the state budget | 50 | - |
| Oil royalty paid to the state budget | 51 | - |
| Rents paid during the financial year for lands | 52 | - |
| Gross income from services paid to non-resident persons, of which: | 53 | 44,177,880 |
| - tax due to the state budget | 54 | - |
| Gross income from services paid to not-resident persons in the EU Member States, of which: | 55 | 8,299,818 |
| - tax due to the state budget | 56 | - |
| Subsidies received during the financial year, of which: | 57 | - |
| - subsidies received during the financial year related to assets | 58 | - |
| - subsidies related to income, of which: | 59 | - |

ROMPETROL RAFINARE S.A.
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended as at 31 December 2014
(all amounts expressed in Lei ("RON"), unless otherwise specified)

| | Line no. | Amounts (RON) |
|------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------------|
| IV Interests, dividends and royalties paid during the financial year. | | |
| Subsidies cashed and outstanding receivables | | |
| A | B | 1 |
| - Subsidies for stimulating the employment | 60 | - |
| Outstanding receivables, which were not received by the deadlines stipulated in the commercial agreements and/or regulations in force, out of which: | 61 | 410,075,294 |
| - outstanding receivables from entities held in majority or totally by the state | 62 | 11,811,560 |
| - outstanding receivables from entities from the private sector | 63 | 398,263,734 |

| | Line no. | Amounts (RON) |
|---------------------------------------------------|----------|---------------|
| V. Luncheon vouchers | | |
| A | 1 | 2 |
| Value of luncheon vouchers given to the employees | 64 | 2,649,061 |

| | | 31 December previous year | 31 December current year |
|--------------------------------------------------|----|---------------------------|--------------------------|
| VI. Research and development expenses | | | |
| A | B | 1 | 2 |
| Research and development expenses, out of which: | 65 | - | - |
| - according to financing sources, out of which | 66 | - | - |
| - from public funds | 67 | - | - |
| - from private funds | 68 | - | - |
| - according to the nature of expenses, of which | 69 | - | - |
| - current expenses | 70 | - | - |
| - capital expenditure | 71 | - | - |

| | line no. | 31 December previous year | 31 December current year |
|---------------------------------|----------|---------------------------|--------------------------|
| VII. Innovation expenses | | | |
| A | B | 1 | 2 |
| Innovation expenses | 72 | - | - |

| | row no. | 31 December previous year | 31 December current year |
|----------------------------------------------------------------------------------------------------------------------|---------|---------------------------|--------------------------|
| VIII. Other information | | | |
| A | B | 1 | 2 |
| Advance payments for intangible non-current assets (acc. 4094) | 73 | - | - |
| Down payments granted for tangible assets (acc. 4093) | 74 | 11,457,137 | 3,928,655 |
| Financial assets, in gross amounts (acc. 76+84), of which: | 75 | 2,190,302,568 | 2,189,376,414 |
| Shares in affiliates, investments, other long term investments and bonds in gross amounts (rows 77 to 83), of which: | 76 | 2,190,302,568 | 2,189,376,414 |
| - listed shares issued by residents | 77 | | |
| - non-listed shares issued by residents | 78 | 192,141,518 | 191,216,660 |
| - shares issued by residents | 79 | 1,998,161,050 | 1,998,159,754 |
| - bonds issued by residents | 80 | - | - |
| - shares issued by collective investment institutions issued by residents | 81 | - | - |
| - shares and parts issued by non-residents | 82 | - | - |
| - bonds issued by non-residents | 83 | - | - |
| Long-term receivables in gross amounts (lines 85+86), of which: | 84 | - | - |

ROMPETROL RAFINARE S.A.
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended as at 31 December 2014
(all amounts expressed in Lei ("RON"), unless otherwise specified)

| VIII. Other information | row no. | 31 December previous year | 31 December current year |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------------------------|--------------------------|
| A | B | 1 | 2 |
| - long-term receivables in RON and expressed in RON, the settlement of which will depend on a foreign exchange rate (acc. 267) | 85 | - | - |
| - long-term receivables in foreign currency (from acc. 267) | 86 | - | - |
| Trade receivables, advances paid to suppliers and other similar accounts, in gross amounts (acc. 4092 + 411 + 413 + 418) of which: | 87 | 1,022,011,726 | 799,310,086 |
| - 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) | 88 | 534,715,755 | 492,569,588 |
| Trade receivables unpaid on due date from acc. 4092+ from acc. 411+ from acc. 413 | 89 | 319,892,902 | 410,075,294 |
| Personnel-related receivables and similar accounts (acc. 425 + 4282) | 90 | 226,935 | 240,845 |
| Receivables related to social security budget and state budget (acc. 431 + 437 + 4382 + 441 + 4424 + 4428 + 444 + 445 + 446 + 447 + 4482) , (lines 92 la to 96) of which: | 91 | 26,233,463 | 54,870,045 |
| - receivables related to social security budget (acc. 431+437+4382) | 92 | 156,576 | 162,280 |
| - fiscal receivables related to state budget (acc. 441+4424+4428+444+446) | 93 | 25,556,739 | 54,194,564 |
| - subsidies to receive (acc. 445) | 94 | - | - |
| - special funds - taxes and similar levies (acc. 447) | 95 | - | 122 |
| - other receivables related to the social security budget (acc. 4482) | 96 | 520,148 | 513,079 |
| Receivables in connection with affiliates (acc. 451) | 97 | 115,093,250 | 50,537,766 |
| 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 | 98 | - | - |
| Debts resulted from operations with derivative instruments (acc. 4652) | 99 | - | 197,164 |
| Other receivables (acc. 453 + 456 + 4582 + 461 + 471 + 473) (lines 101 to 103) of which: | 100 | 126,810,587 | 124,402,510 |
| - settlements with affiliates and mutually controlled entities, settlements with shareholders regarding capital and settlements from joint operations (acc. 453 + 456 + 4582) | 101 | - | - |
| - 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) | 102 | 126,810,587 | 124,402,510 |
| - sums taken over from acc. 542 "Treasury advances" representing treasury advances, granted under law and not granted until the date of balance (from acc. 461) | 103 | - | - |
| Interest receivable (acc. 5187), of which: | 104 | - | - |
| - from non-residents | 105 | - | - |
| Value of loans granted to economic operators | 106 | - | - |
| Short-term investments in gross amounts (acc. 505 + 506 + from acc. 508) (lines 108+114), of which: | 107 | - | - |
| - listed shares issued by residents | 108 | - | - |
| - non-listed shares issued by residents | 109 | - | - |
| - shares issued by residents | 110 | - | - |
| - bonds issued by residents | 111 | - | - |
| - shares issued by collective investment institutions | 112 | - | - |
| - shares issued by non-residents | 113 | - | - |

ROMPETROL RAFINARE S.A.
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| VIII. Other information | row no. | 31 December previous year | 31 December current year |
|-------------------------------------------------------------------------------------------------------------|---------|---------------------------|--------------------------|
| A | B | 1 | 2 |
| - bonds issued by non-residents | 114 | - | - |
| Other amounts receivable (acc. 5113 + 5114) | 115 | - | - |
| Petty cash in Lei and foreign currency (lines 117+118), out of which: | 116 | 5,053 | 5,216 |
| - in RON (acc. 5311) | 117 | 5,053 | 5,216 |
| - in foreign currency (acc. 5314) | 118 | - | - |
| Petty cash in Lei and foreign currency (lines 120+122) , out of which: | 119 | 225,808,159 | 13,395,103 |
| - in RON (acc. 5121), of which: | 120 | 59,802,356 | 2,984,440 |
| - current accounts in RON opened with non-resident banks | 121 | - | - |
| - in foreign currency (acc. 5124), of which: | 122 | 166,005,803 | 10,410,663 |
| - current accounts in foreign currency opened with non-resident banks | 123 | 16,314 | 18,495 |
| Other current accounts in banks and letters of credit (lines 125+126), out of which: | 124 | 733,480 | 501,646 |
| - amounts under settlement, letters of credit and other amounts receivable, in RON (acc. 5112 +5125 + 5411) | 125 | 733,480 | 501,646 |
| - amounts under settlement, and letters of credit in foreign currency (acc. 5125 + 5412) | 126 | - | - |
| Debts (lines 128+131+134+137+140+143+146+149+152+155+156+159+163+165+166+171+172+173+174+180) of which: | 127 | 4,788,054,234 | 4,839,805,505 |
| Debenture loans in gross amounts (acc. 161) (line 129+130), of which: | 128 | - | - |
| - in RON | 129 | - | - |
| - in foreign currency | 130 | - | - |
| Interest related to debenture loans in gross amounts (acc. 1681) (lines 132+133), of which: | 131 | - | - |
| - in RON | 132 | - | - |
| - in foreign currency | 133 | - | - |
| - Short-term internal bank loans (acc. 5191 + 5192 + 5197) (lines 135 + 136) of which: | 134 | 43,699 | 211,510,112 |
| - in RON | 135 | 5,000 | 104,552,067 |
| - in foreign currency | 136 | 38,699 | 106,958,045 |
| Interests related to short-term internal bank loans (from acc. 5198), (line 139+139), out of which: | 137 | - | - |
| - in RON | 138 | - | - |
| - in foreign currency | 139 | - | - |
| Short-term external bank loans (acc. 5193+5194+5195), (lines 141+142) out of which: | 140 | - | - |
| - in RON | 141 | - | - |
| - in foreign currency | 142 | - | - |
| Interests related to short-term external bank loans (from acc. 5198) (lines 144+145) out of which: | 143 | - | - |
| - in RON | 144 | - | - |
| - in foreign currency | 145 | - | - |
| Long-term bank credits (acc. 1621 + 1622 + 1627) (lines 147 + 148) of which: | 146 | - | - |
| - in RON | 147 | - | - |
| - in foreign currency | 148 | - | - |
| Long-term bank loans and related interests (from acc. 1682) (lines 150+151), of which: | 149 | - | - |
| - in RON | 150 | - | - |

ROMPETROL RAFINARE S.A.
NOTES TO THE FINANCIAL STATEMENTS
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(all amounts expressed in Lei ("RON"), unless otherwise specified)

| VIII. Other information | row no. | 31 December previous year | 31 December current year |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------------------------|--------------------------|
| A | B | 1 | 2 |
| - in foreign currency | 151 | - | - |
| Long-term external bank loans (acc. 1623 + 1624 + 1625) (lines 153 + 154) of which: | 152 | - | - |
| - in RON | 153 | - | - |
| - in foreign currency | 154 | - | - |
| Long-term bank external bank loans and related interests (from acc. 1682) (line 156+157) out of which: | 155 | - | - |
| - in RON | 156 | - | - |
| - in foreign currency | 157 | - | - |
| Loans from the State Treasury (acc. 1626 + from acc. 1682) | 158 | - | - |
| - Other loans and related interests (acc. 166 + 167 + 1685 + 1686 + 1687), (rows 160+161), out of which: | 159 | 10,185 | 236,233 |
| - in RON and expressed in RON, the settlement of which will depend on a foreign exchange rate | 160 | 10,185 | 236,233 |
| - in foreign currency | 161 | - | - |
| Value of concessions received (from acc. 167) | 162 | - | - |
| Trade payables, advances from customers and other similar accounts, in gross amounts (acc. 401 + 403 + 404 + 405 + 408 + 419) of which: | 163 | 3,491,883,033 | 3,332,275,262 |
| - 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) | 164 | 2,927,663,405 | 2,763,419,484 |
| Personnel-related payables and similar accounts (acc. 421 + 423 + 424 + 426 + 427 + 4281) | 165 | 3,093,072 | 4,527,021 |
| Payables related to the social insurance budget and State Budget (acc. 431 + 437 + 4381 + 441 + 4423 + 4428 + 444 + 446 + 447 + 4481) (lines 167 to 170) of which: | 166 | 181,653,872 | 167,054,194 |
| - receivables related to social security budget (acc. 431+437+4381) | 167 | 2,463,307 | 3,132,940 |
| - fiscal debts related to state budget (acc. 441+4423+4428+444+446) | 168 | 151,603,438 | 136,310,509 |
| - special funds - taxes and similar levies (acc. 447) | 169 | 27,587,127 | 27,610,745 |
| - Other payables related to the social insurance budget (acc. 4481) | 170 | - | - |
| Debts of the entities in relation to the related entities (acc. 451) | 171 | 1,111,250,672 | 1,123,288,431 |
| Amounts due to shareholders (acc. 455) | 172 | - | - |
| Debts resulted from operations with derivative instruments (acc. 4651) | 173 | - | 914,252 |
| Other debts (acc. 269+ 453 + 456 + 457 + 4581 + 462 + 472 + 473 + 478+ 509) lines (175 la 179) out of which: | 174 | 119,701 | - |
| - settlements with affiliates and mutually controlled entities, settlements with shareholders regarding capital, dividends and settlements from joint operations (acc. 453 + 456 + 457 + 4581) | 175 | - | - |
| - other debts related to individuals and legal entities, other than the receivables related to public institutions (state institutions) (from acc. 462 + from acc. 472 + from acc. 473) | 176 | 119,701 | - |
| - Subsidies not carried as revenues (from acc. 472) | 177 | - | - |
| - payments to be made for financial assets and short-term investments (acc. 269 + 509) | 178 | - | - |
| - advance income related to assets received by transfer from the customers (acc. 478) | 179 | - | - |

ROMPETROL RAFINARE S.A.
NOTES TO THE FINANCIAL STATEMENTS
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(all amounts expressed in Lei ("RON"), unless otherwise specified)

| VIII. Other information | row no. | 31 December previous year | 31 December current year |
|--------------------------------------------------------------------------|----------|---------------------------|--------------------------|
| A | B | 1 | 2 |
| Interests payable (acc. 5186) | 180 | - | - |
| Value of loans received from the economic operators | 181 | - | - |
| Subscribed and paid in share capital (acc. 1012), of which: | 182 | 4,410,920,573 | 4,410,920,573 |
| - listed shares 2) | 183 | 4,410,920,573 | 4,410,920,573 |
| - non-listed shares 3) | 184 | | |
| - shares in limited liability companies | 185 | | |
| - subscribed and paid in share capital by non-residents (from acc. 1012) | 186 | 2,025,015,831 | 2,124,642,371 |
| Patents and licenses (from acc. 205) | 187 | 22,343,241 | 22,343,241 |

| IX. Information on the expenses made for externally-contracted manpower | row no. | | |
|--------------------------------------------------------------------------------|----------|----------------------------------|---------------------------------|
| A | B | 31 December previous year | 31 December current year |
| Expenses for externally-contracted manpower (acc. 621) | 188 | - | 106,476 |

| X Information related to goods on the public domain | row no. | 31 December previous year | 31 December current year |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|----------------------------------|---------------------------------|
| value of the goods in the public domain of the state, in administration | 189 | - | - |
| Value of the goods in the public domain of the state, in concession | 190 | - | - |
| Value of the goods in the public domain of the state, in rental | 191 | - | - |
| XI. Paid up share capital | Line no. | 31 December previous year | 31 December current year |
| Paid up share capital (acc. 1012), (lines 193+196+200+201+202+203), out of which: | 192 | 4,410,920,573 | 4,410,920,573 |
| - held by public institutions (lines 194+195), out of which: | 193 | 1,971,500,905 | 1,971,500,905 |
| - held by public institutions in central subordination | 194 | 1,971,500,905 | 1,971,500,905 |
| - held by public institutions in local subordination | 195 | - | - |
| - held by companies with state capital, of which: | 196 | - | - |
| - integral state capital | 197 | - | - |
| - majority state capital | 198 | - | - |
| - minority state capital | 199 | - | - |
| - held by autonomous companies | 200 | - | - |
| - held by private trade companies | 201 | 2,414,178,578 | 2,414,138,657 |
| - held by natural persons | 202 | 25,241,090 | 25,281,011 |
| - held by other entities | 203 | - | - |
| | Line no. | Amounts | |
| A | B | 2013 | 2014 |
| 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: | | | |
| | 204 | - | - |
| - to public institutions in central subordination; | 205 | - | - |
| - to public institutions in local subordination; | 206 | - | - |

ROMPETROL RAFINARE S.A.
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended as at 31 December 2014
(all amounts expressed in Lei ("RON"), unless otherwise specified)

| | | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|-------------|
| - to other shareholders in which the state / territorial and administrative units / public institutions hold shares or participations directly/indirectly, regardless of their weight | 207 | - | - |
| | Line no. | Amounts | |
| A | B | 2013 | 2014 |
| 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: | 208 | - | - |
| - dividends / payments from the profit of the previous financial year, of which distributed: | 209 | - | - |
| - to public institutions in central subordination; | 210 | - | - |
| - to public institutions in local subordination; | 211 | - | - |
| - to other shareholders in which the state / territorial and administrative units / public institutions hold shares or participations directly/indirectly, regardless of their weight | 212 | - | - |
| - dividends / payments from the profit of the previous financial years, of which distributed: | 213 | - | - |
| - to public institutions in central subordination; | 214 | - | - |
| - to public institutions in local subordination; | 215 | - | - |
| - to other shareholders in which the state / territorial and administrative units / public institutions hold shares or participations directly/indirectly, regardless of their weight | 216 | - | - |
| XIV. Receivables taken over by cession from legal entities | Line no. | Amounts | |
| A | B | 2013 | 2014 |
| - Receivables taken over by cession from legal entities (at their nominal value), of which: | 217 | - | 116,322,608 |
| - receivables taken over by cession from affiliated legal entities | 218 | - | 116,322,608 |
| - Receivables taken over by cession from legal entities (at their purchase value), of which: | 219 | - | 116,322,608 |
| - receivables taken over by cession from affiliated legal entities | 220 | - | 116,322,608 |
| XV. Income obtained from agricultural activities | Line no. | Amounts | |
| A | B | 2,013 | 2,014 |
| Income obtained from agricultural activities | 221 | - | - |

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GIANI-IULIAN KACIC
Finance Manager

YEDIL UTEKOV
Chief Executive Officer

Prepared by (Chief Accountant)
Pasa Cherata

ROMPETROL RAFINARE S.A.
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended as at 31 December 2014
(all amounts expressed in Lei ("RON"), unless otherwise specified)

Fixed assets statement as at 31.12.2014
Code 40

| Fixed asset items | Row no. | Gross amounts | | | | Final balance (col. 5=1+2-3) |
|---------------------------------------------------------------------|-----------|----------------------|--------------------|--------------------|-------------------|---------------------------------|
| | | Initial balance | Increases | Decreases | | |
| A | B | 1(1) | 2(2) | 3(3) | 4(4) | 5(5) |
| I. Intangible assets | | | | | | |
| Development costs | 1 | 1,106,220 | - | - | - | 1,106,220 |
| Other assets | 2 | 43,177,826 | 2,509,014 | 776,364 | - | 44,910,476 |
| Intangible assets in execution | 3 | 1,004,982 | 1,108,916,0 | 980,326 | - | 1,133,572 |
| Tangible assets for exploration and evaluation of mineral resources | 4 | - | - | - | - | - |
| TOTAL (lines 01 la 04) | 5 | 45,289,028 | 3,617,930 | 1,756,690 | | 47,150,268 |
| II. Tangible assets | | | | | | |
| Lands | 6 | 185,487,305 | - | - | - | 185,487,305 |
| Buildings | 7 | 1,796,290,971 | 25,645,036 | 433,216 | 433,216 | 1,821,502,791 |
| Plant and machinery | 8 | 2,858,321,963 | 75,926,042 | 18,162,845 | 18,164,275 | 2,916,085,160 |
| Other plant, machinery and fixtures | 9 | 12,171,637 | 17,999 | 96,156 | 96,158 | 12,093,480 |
| Investment property | 10 | - | - | - | - | - |
| Tangible assets for exploration and evaluation of mineral resources | 11 | - | - | - | - | - |
| Intangible assets in execution | 12 | 133,161,670 | 69,842,808 | 92,022,301 | - | 110,982,177 |
| Real estate investments in execution | 13 | - | - | - | - | - |
| TOTAL (lines 06 to 13) | 14 | 4,985,433,546 | 171,431,885 | 110,714,518 | 18,693,649 | 5,046,150,913 |
| III. Biologic assets | 15 | - | - | - | - | - |
| IV. Financial assets | 16 | 2,190,302,568 | - | 926,154 | - | 2,189,376,414 |
| NON-CURRENT ASSETS - TOTAL (lines 05+14+15+16) | 17 | 7,221,025,142 | 175,049,815 | 113,397,362 | 18,693,649 | 7,282,677,595 |

Statement of fixed assets amortization

| Fixed asset items | Line no. | Amortizations | | | |
|---------------------------------------------------------------------|-----------|----------------------|--------------------------------|------------------------------------------------------------------|----------------------------------------------------|
| | | Initial balance | Amortization during the period | 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) |
| I. Intangible assets | | | | | |
| Development costs | 18 | 1,106,220 | - | - | 1,106,220 |
| Other assets | 19 | 26,876,441 | 3,307,989 | 776,364 | 29,408,066 |
| Tangible assets for exploration and evaluation of mineral resources | 20 | - | - | - | - |
| Total (lines 18+19+20) | 21 | 27,982,661 | 3,307,989 | 776,364 | 30,514,286 |
| II. Tangible assets | | | | | |
| Land | 22 | 19,524,894 | 1,145,485 | - | 20,670,379 |
| Buildings | 23 | 785,057,924 | 45,956,048 | 431,004 | 830,582,968 |
| Plant and machinery | 24 | 1,139,295,005 | 148,976,110 | 18,162,522 | 1,270,108,593 |
| Other plant, machinery and fixtures | 25 | 3,980,509 | 825,352 | 92,860 | 4,713,001 |
| Investment property | 26 | - | - | - | - |
| Tangible assets for exploration and evaluation of mineral resources | 27 | - | - | - | - |
| TOTAL (lines 22 to 27) | 28 | 1,947,858,332 | 196,902,995 | 18,686,386 | 2,126,074,941 |
| II. Biologic assets | 29 | - | - | - | - |
| TOTAL AMORTIZATIONS (rows 21+28+29) | 30 | 1,975,840,993 | 200,210,984 | 19,462,750 | 2,156,589,227 |

ROMPETROL RAFINARE S.A.
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended as at 31 December 2014
(all amounts expressed in Lei ("RON"), unless otherwise specified)

Statement of adjustments for impairment

| Fixed asset items | Row 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) |
| I. Intangible assets | | | | | |
| Development costs | 31 | - | - | - | - |
| Other assets | 32 | - | - | - | - |
| Intangible assets in execution | 33 | - | - | - | - |
| Intangible assets for exploration and evaluation of mineral resources, valued at cost | 34 | - | - | - | - |
| Total (lines 31 to 34) | 35 | - | - | - | - |
| II. Tangible assets | | | | | |
| Land | 36 | - | - | - | - |
| Buildings | 37 | 41,662 | - | - | 41,662 |
| Plant and machinery | 38 | 4,073 | - | - | 4,073 |
| Other plant, machinery and fixtures | 39 | - | - | - | - |
| Investment property | 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 | - | - | - | - |
| Total (lines 36 to 43) | 44 | 3,217,220 | - | - | 3,217,220 |
| III. Biologic assets | 45 | - | - | - | - |
| IV. Financial assets | 46 | 184,764,599 | 375,591,760 | - | 560,356,359 |
| ADJUSTMENTS FOR IMPAIRMENT - TOTAL (rows 35+44+45+46) | 47 | 187,981,819 | 375,591,760 | - | 563,573,579 |

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