

RAPORTUL AUDITORULUI INDEPENDENT **INDEPENDENT AUDITORS' REPORT**

Către acționarii ROMPETROL RAFINARE S.A.
To the Shareholders of ROMPETROL RAFINARE S.A.

1. Am auditat situațiile financiare individuale anexate ale societății ROMPETROL RAFINARE S.A. ("Societatea"), care cuprind situația poziției financiare la data de 31 decembrie 2015, contul de profit și pierdere, alte elemente ale rezultatului global, situația modificărilor capitalurilor proprii și situația fluxurilor de trezorerie pentru exercițiul financiar încheiat la această dată și un sumar al politicilor contabile semnificative și alte note explicative.
1. *We have audited the accompanying financial statements of ROMPETROL RAFINARE S.A. ("the Company"), which comprise the statement of financial position as at 31 December 2015, the income statement, the statement of other elements of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.*

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

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

Responsabilitatea auditorului *Auditors' responsibility*

3. Responsabilitatea noastră este ca, pe baza auditului efectuat, să exprimăm o opinie asupra acestor situații financiare. Noi am efectuat auditul conform standardelor de audit adoptate de Camera Auditorilor Financiari din România. Aceste standarde cer ca noi să respectăm cerințele etice ale Camerei, să planificăm și să efectuăm auditul în vederea obținerii unei asigurări rezonabile că situațiile financiare nu cuprind denaturări 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 about whether the financial statements are free from material misstatement.*
4. Un audit constă în efectuarea de proceduri pentru obținerea probelor de audit cu privire la sumele și informațiile prezentate în situațiile financiare. Procedurile selectate depind de raționamentul profesional al auditorului, incluzând evaluarea riscurilor de denaturare semnificativă a situațiilor financiare, datorate fraudei sau erorii. În evaluarea acestor riscuri, auditorul ia în considerare controlul intern relevant pentru întocmirea și prezentarea fidelă a situațiilor financiare, pentru a stabili procedurile de audit relevante în circumstanțele date, dar nu și în scopul exprimării unei opinii asupra eficienței controlului intern al Societății. Un audit include, de asemenea, evaluarea gradului de adecvare a politicilor contabile folosite și rezonabilitatea estimărilor contabile elaborate de către conducere, precum și evaluarea prezentării situațiilor financiare luate în 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.*
5. Considerăm că probele de audit pe care le-am obținut sunt suficiente și 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. În opinia noastră, situațiile financiare oferă o imagine fidelă și justă a poziției financiare a Societății la data de 31 decembrie 2015, ca și a performanței financiare și a fluxurilor de trezorerie ale acesteia pentru exercițiul financiar încheiat la această dată, în conformitate cu Ordinul Ministrului Finanțelor Publice nr. 1286/2012 pentru aprobarea Reglementărilor contabile conforme cu Standardele Internaționale de Raportare Financiară, aplicabile societăților comerciale ale căror valori mobiliare sunt admise la tranzacționare pe o piață reglementată, cu toate modificările și clarificările ulterioare.
6. *In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2015 and of its financial performance and 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.*

Evidențierea unor aspecte *Emphasis of Matters*

7. Fără a exprima rezerve asupra opiniei, atragem atenția asupra Notei 2b din situațiile financiare, care indică faptul că, la data de 31 decembrie 2015, Societatea avea un activ net de 1.263 milioane lei și un capital social de 4.411 milioane lei. Conform cerintelor Legii societăților comerciale (Legea nr. 31/1990 și modificările ulterioare), dacă societatea are un activ net mai mic de 50% din capitalul social, așa cum este cazul Societății, administratorii și acționarii trebuie să ia anumite măsuri pentru a remedia situația.
7. *Without qualifying our report, we draw attention to Note 2b to the financial statements, which indicates that, as of 31 December 2015, the Company had net assets of lei 1,263 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.*

Cerințe de raportare cu privire la raportul anual al Consiliului de Administrație *Reporting requirements in regards to the annual report of the Board of Directors*

Administratorii au responsabilitatea întocmirii și prezentării raportului anual al Consiliului de Administrație care să nu conțină denaturări semnificative, în conformitate cu cerințele Ordinului Ministrului Finanțelor Publice nr. 1286/2012 pentru aprobarea Reglementărilor contabile conforme cu Standardele Internaționale de Raportare Financiară, aplicabile societăților comerciale ale căror valori mobiliare sunt admise la tranzacționare pe o piață reglementată, cu toate modificările și clarificările ulterioare, Anexa 1 punctele 10-14, și pentru acel control intern pe care administratorii îl consideră necesar pentru a permite întocmirea raportului anual al Consiliului de Administrație care să nu conțină denaturări semnificative, cauzate fie de fraudă, fie de eroare.

Raportul anual al Consiliului de Administrație atașat la situațiile financiare nu face parte din situațiile financiare. Opinia noastră privind situațiile financiare la data de 31 decembrie 2015 nu acoperă raportul anual al Consiliului de Administrație.

În legătură cu auditul nostru privind situațiile financiare la data de 31 decembrie 2015, noi am citit raportul anual al Consiliului de Administrație și raportăm următoarele:

- a) în raportul anual al Consiliului de Administrație nu am identificat informații care să nu fie consecvente, în toate aspectele semnificative, cu informațiile prezentate în situațiile financiare la data de 31 decembrie 2015, atasate;
- b) raportul anual al Consiliului de Administrație, identificat mai sus, include, în toate aspectele semnificative, informațiile solicitate în conformitate cu cerințele Ordinului Ministrului Finanțelor Publice nr. 1286/2012 pentru aprobarea Reglementărilor contabile conforme cu Standardele Internaționale de Raportare Financiară, aplicabile societăților comerciale ale căror valori mobiliare sunt admise la tranzacționare pe o piață reglementată, cu toate modificările și clarificările ulterioare, Anexa 1 punctele 10-14;
- c) pe baza cunoașterii și a înțelegerii dobândite în cursul auditului situațiilor financiare întocmite la data de 31 decembrie 2015 cu privire la Societate și la mediul acesteia, nu am identificat informații eronate semnificative în raportul anual al Consiliului de Administrație.

The Directors are responsible for the preparation and presentation of the annual report of the Board of Directors that is free from material misstatement, in accordance with the requirements of the Ministry of Public Finance Order 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, Annex 1 points 10 - 14, and for such internal control as Directors determine is necessary to enable the preparation and presentation of the annual report of the Board of Directors that is free from material misstatement, whether due to fraud or error.

The annual report of the Board of Directors attached to the financial statements is not part of the financial statements. Our opinion on the financial statements as at 31 December 2015 does not cover the annual report of the Board of Directors.

In connection with our audit of the financial statements as at 31 December 2015 we have read the annual report of the Board of Directors and report that:

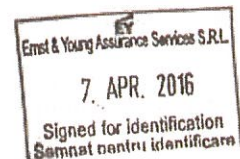
- a) *in the annual report of the Board of Directors we have not identified information which is not consistent, in all material respects, with the information presented in the accompanying financial statements as at 31 December 2015;*
- b) *the annual report of the Board of Directors identified above include, in all material respects, the required information according to the provisions of the Ministry of Public Finance Order 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, Annex 1 points 10 - 14;*
- c) *based on our knowledge and understanding concerning the entity and its environment gained during our audit of the financial statements as at 31 December 2015, we have not identified information in the annual report of the Board of Directors that contains a material misstatement of fact.*

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 7 aprilie 2016

*Registered with the Chamber of Financial Auditors in Bucharest, Romania
Romania
Nr. 273/1 March 2001 7 April 2016*

ROMPETROL RAFINARE S.A.
Individual Financial Statements
Prepared in compliance with
Ordinul Ministerului Finantelor Publice nr. 1286/2012
As at 31 December 2015

ROMPETROL RAFINARE S.A.

INDIVIDUAL FINANCIAL STATEMENTS

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

31 DECEMBER 2015

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ROMPETROL RAFINARE S.A.
STATEMENT OF THE FINANCIAL POSITION

As at 31 December 2015

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

	<u>Notes</u>	<u>31 December 2015</u>	<u>31 December 2014</u>
Intangible assets	3	13,330,284	16,483,262
Goodwill	4	152,720	152,720
Tangible assets	5	3,139,544,566	2,916,858,752
Financial assets	6	1,629,020,055	1,629,020,055
Deferred tax receivables	20	228,038,083	-
Total fixed assets		5,010,085,708	4,562,514,789
Net inventories	7	520,212,512	776,190,757
Trade and other receivables	8	1,073,860,703	909,185,096
Derivative financial instruments	27	-	197,164
Cash and bank accounts	9	6,773,869	13,902,875
Current assets - total		1,600,847,084	1,699,475,892
TOTAL ASSETS		6,610,932,792	6,261,990,681
Subscribed share capital	10	4,410,920,573	4,410,920,573
Share premiums	10	232,637,107	232,637,107
Other reserves	10	3,172,596,294	3,166,150,587
Loss carried forward		(6,637,120,634)	(5,558,044,055)
Result of the current financial year		84,291,996	(1,074,861,979)
Total shareholders' equity		1,263,325,336	1,176,802,233
Long-term bank loans	13	299,687,700	-
Provisions	14	246,183,634	245,382,943
Non current liabilities - total		545,871,334	245,382,943
Commercial liabilities and other liabilities	11	3,457,659,668	3,595,085,286
Derivative financial instruments	27	-	914,252
Short-term borrowings from related companies	12	1,187,404,941	1,032,295,855
Short-term bank loans	12	156,671,513	211,510,112
Current liabilities - total		4,801,736,122	4,839,805,505
TOTAL LIABILITIES AND EQUITY		6,610,932,792	6,261,990,681

The financial statements were approved on April 7, 2016 and submitted for approval by the General Assembly of shareholders on April 28, 2016 by:

AZAMAT ZHANGULOV
 President of the Board of Directors



YEDIL UTEKOV
 Chief Executive Officer

GIANI-IULIAN KACIC
 Chief Financial Officer

Prepared by (Chief Accountant)
 Pasa Cherata

ROMPETROL RAFINARE S.A.
PROFIT AND LOSS STATEMENT
for financial year ending on 31 December 2015
(all amounts expressed in Lei ("RON"), unless otherwise specified)

	<u>Notes</u>	<u>2015</u>	<u>2014</u>
Net turnover	15	9,811,196,252	13,490,672,651
Cost of sales	16	(9,406,207,259)	(13,405,551,055)
Gross Profit/ (Loss)		404,988,993	85,121,596
Selling, general and administrative expenses	17	(223,045,325)	(190,901,883)
Other revenues / (operational) expenses	18	222,266,341	(44,754,870)
Operational profit / (loss)		404,210,009	(150,535,157)
Financial expenses	19	(127,796,953)	(487,321,136)
Financial revenues	19	3,268,964	1,797,457
(Loss) / gain deriving from difference in the exchange rate, net	19	(423,428,107)	(438,803,143)
Gross loss		(143,746,087)	(1,074,861,979)
Deferred tax	20	228,038,083	-
Profit/ (loss) of the financial year		84,291,996	(1,074,861,979)
Result per share (money / share)	23	0.19	(2.44)
Basis			

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YEDIL UTEKOV
 Chief Executive Officer

GIANI-IULIAN KACIC
 Chief Financial Officer

Prepared by (Chief Accountant)
 Pasa Cherata

ROMPETROL RAFINARE S.A.
OTHER ELEMENTS OF THE GLOBAL EARNINGS
for financial year ending on 31 December 2015
(all amounts expressed in Lei ("RON"), unless otherwise specified)

	2015	2014
Net loss:	<u>84,291,996</u>	<u>(1,074,861,979)</u>
Other elements of the global earnings		
Actuarial gains / losses related to retirement benefits	1,524,223	(10,689,183)
Gains / losses from derivative financial instruments	706,884	(706,884)
Other elements of the financial year, no taxes included	<u>2,231,107</u>	<u>(11,396,067)</u>
Total global earnings per year, no taxes included	<u>86,523,103</u>	<u>(1,086,258,046)</u>

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 President of the Board of Directors

YEDIL UTEKOV
 Chief Executive Officer

GIANI-IULIAN KACIC
 Chief Financial Officer

Prepared by (Chief Accountant)
 Pasa Cherata

ROMPETROL RAFINARE S.A.
STATEMENT OF TREASURY FLOWS
for financial year ending on 31 December 2015
(all amounts expressed in Lei ("RON"), unless otherwise specified)

	<u>31 December 2015</u>	<u>31 December 2014</u>
Net profit before tax	(143,746,087)	(1,074,861,979)
<i>Adjustments for:</i>		
Depreciation and amortization	200,600,799	200,210,984
Expenses from adjustments for depreciation of receivables and inventories (including write-off)	(221,827,255)	38,101,587
Provisions for impairment of financial assets	-	375,591,760
Provision for environment and other liabilities	-	(10,191,716)
Retirement benefit provision	(2,324,914)	-
Late payment expenses	323,246	21,969,167
Interest expense, net	125,111,806	32,622,099
Revenues / expenses from derivatives	(282)	(119,701)
Net Gain / (Loss) on sale or disposal of assets	732	907,519
Unrealized foreign exchange (losses)/gains	28,046,563	206,864,680
Cash generated from operations before working capital changes	(13,815,392)	(208,905,600)
<i>Net working capital changes:</i>		
Receivables and prepayments	(49,026,529)	374,672,466
Inventories	392,882,380	9,447,169
Trade and other payables, excluding payables for investments	(703,209,244)	(372,132,458)
Net working capital changes:	(359,353,393)	11,987,177
Corporate tax paid	-	-
Net cash payments for derivatives	(11,408,640)	100,653,505
Net cash provided by/(used in) operating activities	(384,577,425)	(96,264,918)
Net cash used in investing activities		
Purchase of tangible assets	(184,935,004)	(108,715,120)
Purchase of intangible assets	84,464	(2,637,604)
Net cash used in investing activities	(184,850,540)	(111,352,724)
Net cash flow used in financing activities		
Cash pooling	439,974,738	85,585,688
Long - term loans received from banks	607,866,150	-
Long - term loans repaid to banks	(319,062,931)	-
Short - term loans (repaid to)/ received from shareholders	31,529,445	(145,777,614)
Short - term loans/ (repaid to) received from banks, net	(72,896,637)	164,815,091
Interest and bank charges paid, net	(125,111,806)	(109,649,960)
Net cash from financing activities	562,298,959	(5,026,795)
Net (Increase) / Decrease in cash	(7,129,006)	(212,644,437)
Cash at the beginning of the period	13,902,875	226,547,312
Cash at the end of the period	6,773,869	13,902,875

The financial statements were approved on April 7, 2016 and submitted for approval by the General Assembly of shareholders on April 28, 2016 by:

AZAMAT ZHANGULOV
 President of the Board of Directors

GIANI-IULIAN KACIC
 Chief Financial Officer

YEDIL UTEKOV
 Chief Executive Officer

Prepared by (Chief Accountant)
 Pasa Cherata

ROMPETROL RAFINARE S.A.
STATEMENT OF CHANGES IN EQUITY
As at 31 December 2015 and 31 December 2014
(All amounts expressed in Lei ("RON"), unless otherwise specified)

	<u>Subscribed capital</u>	<u>Share capital related inflation</u>	<u>Equity premium</u>	<u>Loss carried forward</u>	<u>Other reserves</u>	<u>Total capitals</u>
1 January 2014	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	-	-
Gains / losses related to derivative financial instruments	-	-	-	-	(706,884)	(706,884)
Actuarial gains / losses related to retirement benefits	-	-	-	-	(10,689,183)	(10,689,183)
Total Global result 2014	-	-	-	(6,632,906,034)	(11,396,067)	(11,396,067)
31 December 2014	4,410,920,573	-	232,637,107	(6,632,906,034)	3,166,150,587	1,176,802,233
Net profit for 2015	-	-	-	84,291,996	-	84,291,996
Actuarial gains / losses related to retirement benefits	-	-	-	-	1,524,223	1,524,223
Gains / losses related to derivative financial instruments	-	-	-	-	706,884	706,884
Total Global result 2015	-	-	-	(4,214,600)	2,231,107	2,231,107
Transfer to the reserves	-	-	-	-	4,214,600	-
31 December 2015	4,410,920,573	-	232,637,107	(6,552,828,638)	3,172,596,294	1,263,325,336

The financial statements were approved on April 7, 2016 and submitted for approval by the General Assembly of shareholders on April 28, 2016 by:

AZAMAT ZHANGDULOV
President of the Board of Directors




YEDIL UTEKOV
Chief Executive Officer



GIANI-JULIAN KACIC
Chief Financial Officer



Prepared by (Chief Accountant)
Pasa Cherata



1. GENERAL

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

Romp petrol Rafinare S.A. carries on refining activities and all its production facilities are located in Romania. The number of employees of the Company as at 31 December 2015 is 1,183, respectively 1,223 as at 31 December 2014.

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

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

The Company is a part of the KMG International N.V. The consolidated financial statements are prepared at the level of the parent company KMG International N.V., 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 the 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 Romp petrol Refining.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation and statement of compliance

Effective as of 31 December 2012, the standalone financial statements of the Company are prepared in accordance with the Order of the Minister of Public Finance no. 1286/2012 for approval of the Accounting regulations in compliance with the International Financial Reporting Standards applicable to the companies whose real estate values are accepted for transaction on a regulated market, as amended and completed. These provisions are 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 are presented at the fair value in the account and loss, and in the statement of other comprehensive income, respectively.

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 2015 and 31 December 2014, the Company reported net assets amounted to RON 1,263 million and RON 1.177 million respectively. For the year ended as at 31 December 2015, The Company reported a profit of RON 84 million, and losses of RON 1,075 million for the year ended as at 31 December 2014, 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 2016-2020 is a mix of projects optimization of production costs and expansion of the retail network. The main objective for the years 2016-2020 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, the following measures have taken:

- Reducing the refinery costs for the purpose of rendering the processes efficient and increasing profitability.
- Improvement of the product mix in order to increase the share of higher margin products

The management claims that these developments will lead to an improvement of the Group capacity to support its ongoing 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. 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 the period that the law stipulates the net assets will not be restored until the level required by law.

The Company has completed during 2015 additional bank borrowings and facilities that have provided additional funding for investments and ongoing operations.

Also, according to the Company budgets, the Company will generate sufficient cash flows from operating activities in order to cover cash requirements for expected debt and planned investments in future years.

Also, considering the Company's plans for 2016, and other aspects above mentioned, it is considered that the preparation of the financial statements is based on the ongoing activity principle.

c) Changes in accounting policies

In 2014, the Company changed the accounting policy for the un-pumpable stock from the refinery, considering the un-pumpable as property plant and equipment instead of inventory as it was treated in the past. The management considers that this presentation provides more relevant and reliable information within the financial statements, being in line with industry practice. This change reflects the true nature of the un-pumpable stock, considering that it is used as part of the related property, plant and equipment, during more than one period. The change was done in accordance with IAS 8.14.b and was applied retrospectively, as per IAS 8.22.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

As a result of the voluntary accounting policy change, the following adjustments were made to the financial statements as of December 31, 2014:

	2014
Tangible assets	37,669,128
Net inventories	(193,875,435)
Retained earnings / Current year result	(156,206,307)

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 2015:

The IASB has issued the **Annual Improvements to IFRSs 2011 – 2013 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2015. The Company has assessed the impact on its financial position or performance and is complying with these disclosures.

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

d) Standards issued but not yet effective

The Company has not adopted ahead of schedule the following standards/interpretations:

- **IAS 16 Property, Plant & Equipment and IAS 38 Intangible assets (Amendment): Clarification of Acceptable Methods of Depreciation and Amortization**
The amendment 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 Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The 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 Employee benefits (Amended): Employee Contributions**
The amendment 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 applied for annual periods beginning on or after 1 January 2018 with early adoption permitted. The final phase of IFRS 9 reflects all phases of the financial instruments project and

replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. The standard has not yet been endorsed by the EU. The Company is in the process of assessing the impact of this amendment to the financial position or performance of the Company.

- **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 Investments. The Company is in the process of assessing the impact of this amendment to the financial position or performance of the Company.

- **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 Group already applies the equity method to account for investment in joint venture, therefore the Company does not expect that this change will have an impact on the financial position or performance of the Company.

- **IFRS 15 Revenue 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. The standard has not been yet endorsed by the EU. The Company is in the process of assessing the impact of this new standard on the Company's financial position or performance.

- **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 on its financial position or 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').
- **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 & 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 IFRSs 2012 – 2014 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2016. These annual improvements have not yet been endorsed by the EU. The Company has assessed the impact on its financial position or 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.
 - **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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- **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 16: Leases**

The standard is effective for annual periods beginning on or after 1 January 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The new standard requires lessees to recognize most leases on their financial statements. Lessees will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged. The standard has not been yet endorsed by the EU. The Company is in the process of assessing the impact of this amendment on the Company's financial position or performance.

- **IAS 12 Income taxes (Amendments): Recognition of Deferred Tax Assets for Unrealized Losses**

The amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. The objective of these amendments is to clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value. For example, the amendments clarify the accounting for deferred tax assets when an entity is not allowed to deduct unrealised losses for tax purposes or when it has the ability and intention to hold the debt instruments until the unrealised loss reverses. These amendments have not yet been endorsed by the EU. The Company is in the process of assessing the impact of this amendment on the Company's financial position or performance.

- **IAS 7 Statement of Cash Flows (Amendments): Disclosure Initiative**

The amendments are effective for annual periods beginning on or after 1 January 2017, with earlier application permitted. The objective of these amendments is to enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments will require entities to provide disclosures that enable investors to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes. These amendments have not yet been endorsed by the EU. The Company is in the process of assessing the impact of this amendment on the Company's financial position or performance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 main hypotheses on the future and other sources for estimating uncertainties as at the reporting date that carries a significant risk to cause material adjustments to assets and liabilities during the following financial year are herein below described. The Company relied in its hypotheses and estimates on the parameters available as at the preparation of the financial statements. However, the existing circumstances and the hypotheses about future developments may change due to the changes on the market or in the circumstances occurring beyond the Company's control. Such changes are reflected in the hypotheses as 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 legislations changes. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Provision for environmental liability

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

Additional details on the provisions related to the environment-related obligations are set out in Note 14.

- 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.

Additional details on the deferred tax applicable to the corporate tax Note 20.

- 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 14.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 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 an objective evidence that a particular trade receivable or a group of trade receivables are impaired.

- Carrying value of inventories

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

f) 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.

a. Financial assets

Financial assets are classified, at initial recognition, 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. All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in four categories:

- Financial assets at fair value through profit or loss
- Loans and receivables at amortized cost;
- Held-to-maturity investments, at amortized cost;
- Available-for-sale financial assets, at fair value with the changes recognized directly in equity;

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39. The Group has not designated any financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses

arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

Financial assets available for sale

AFS financial assets include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited in the AFS reserve until the investment is derecognised, at which time, the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss in finance costs.

Interest earned whilst holding AFS financial assets is reported as interest income using the EIR method. The Company evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Company is unable to trade these financial assets due to inactive markets, the Company may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired
- Or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- Financial liabilities at fair value through profit or loss
- Loans and borrowings at amortized cost;

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

c. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously

g) Tangible assets

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

The Company has applied the following exemptions:

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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 equipment	3 - 20 years
Vehicles	5 years
Furniture and office equipment	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.

h) 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 programs are expensed as incurred.

i) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) 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.

k) Provisions

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

Provisions are not recognized for future operating losses.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

l) 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.

m) 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.

n) 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.

o) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

p) 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.

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

q) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

r) Taxes

- Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Company operates and generates taxable income.

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

- Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted until the end of the reporting period.

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

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

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

- Sales (revenues) 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.

s) Dividends

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

t) Emission rights

The Company 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)

u) 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 2015	31 December 2014
RON/USD	4.1477	3.6868
RON/EUR	4.5245	4.4821

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.

v) Derivative financial instruments

The Company enters into contracts to purchase and sell crude oil and oil products and sales refined products and other 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.

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 Company 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) used to hedge price risk of raw material, the realised and unrealised gains/losses are included in the cost of sales for the respective period (see Note 16).

w) Contingencies

Contingent liabilities are not recognized in the 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	(RON)	Total
Cost			
Initial balance as at 1 January 2014	44,030,088	1,106,220	45,136,308
Increases	2,089,242	-	2,089,242
Decreases	(776,364)	-	(776,364)
Transfers*	548,362	-	548,362
Final balance as at 31 December 2014	45,891,328	1,106,220	46,997,548
Decreases	-	(1,106,220)	(1,106,220)
Transfers*	(96,520)	150,123	53,603
Final balance as at 31 December 2015	45,794,808	150,123	45,944,931
Accumulated amortization			
Initial balance as at 1 January 2014	(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)
Amortization recorded during the year	(3,194,071)	(12,510)	(3,206,581)
Amortization of fixed assets removed from the accounting records	-	1,106,220	1,106,220
Final balance as at 31 December 2015	(32,602,137)	(12,510)	(32,614,647)
Net carrying amount			
As at 31 December 2014	16,483,262	-	16,483,262
As at 31 December 2015	13,192,671	137,613	13,330,284

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

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

Transfers and reclassifications amounting to RON 53.6 thousand represent transfers din property, plant and equipment.

4. GOODWILL

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

5. PROPERTY, PLANT AND EQUIPMENT

	<u>Lands and buildings</u>	<u>Tools and equipment</u>	<u>Furniture and others</u>	<u>Other tangible assets ongoing</u>	<u>Total</u>
<i>Cost or valuation</i>					-
At 1 January 2014	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
Acquisitions	-	879,213	64,015	419,275,603	420,218,831
Transfers from tangible assets in progress	41,816,472	423,169,481	-	(464,985,953)	-
Outflows	-	(3,088,856)	(3,155)	-	(3,092,011)
Transfers and reclassifications*	(2,720,892)	2,721,161	-	(138,067)	(137,798)
At 31 December 2015	2,046,085,676	3,339,766,162	12,154,340	65,133,760	5,463,139,938
<i>Cumulated depreciation & Depreciation adjustments</i>					
At 1 January 2014	(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
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)
Amortization recorded during the year	(49,656,627)	(146,963,543)	(774,048)	-	(197,394,218)
Depreciation related to the leased assets	-	3,088,124	3,155	-	3,091,279
Depreciation adjustment	-	-	-	-	-
Transfers and reclassifications*	1,344,578	(1,344,847)	-	-	(269)
At 31 December 2015	(899,607,058)	(1,415,332,935)	(5,483,894)	(3,171,485)	(2,323,595,372)
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
The net accounting value as at 31 December 2015	1,146,478,618	1,924,433,227	6,670,446	61,962,275	3,139,544,566

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

5. TANGIBLE ASSETS (CONTINUED)

- Impairment

No significant depreciation was recorded in 2015.

- Assets in progress

During 2015, the Company transferred in tangible assets a significant part of assets in progress. The following expenses were transferred to tangible assets: expenses incurred with installing a system for reduction of burned gas particles in the Catalytic Cracking Unit amounting to RON 37.9 million; expenses related to ISCIR authorization for static equipment and pipes amounting to RON 76.3 million; expenses with the consolidation of land (dredging) amounting to RON 6.9 million; expenses related to refinery shut down amounting to RON 299.7 million; expenses with increasing the security level on the Petromidia Platform amounting to RON 4.8 million.

In 2015, the main projects that remained in assets in progress refers to expenses related to modernization of the Homogenizer 103/7 Unit amounting to RON 1.8 million; Rehabilitation of cryogenic insulation (cryogenic warehouse, downloading line Berth 9) amounting to RON 1.2 million.

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.

- 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 the year ended as at 31 December 2015 the interest was not capitalised.

- Fixed assets pledged

The company pledged assets net amounting to RON 825,857,662 (2014: RON 866,011,102), as follows:

- guarantees in favour of banks: RON 658,241,146 (2014: RON 688,664,072);
- guarantees in favour of ANAF: RON 167,616,516 (2014: RON 177,347,030).

It was established a distraint on all fixed assets and investments and on the equity as well as on the shares, amounting to RON 1,595,020,055 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 set up as at 31 December 2015, and has been challenged by the Company before court afterwards. ANAF had not opened any execution debt enforcement procedure before 31 December 2015

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6. FINANCIAL ASSETS

	31 December 2015	31 December 2014
Investments in subsidiaries	1,629,020,055	1,629,020,055
Total	1,629,020,055	1,629,020,055

a) Investments in subsidiaries

Details regarding subsidiaries at 31 December 2015 and 31 December 2014 are as follows:

	Object of activity	Participation 2015	Participation 2014	Balance as at 31 December 2015	Balance as at 31 December 2014
Rompetrol Downstream S.R.L.	Fuel sales	99,99%	99,99%	1,090,406,067	1,090,406,067
Rompetrol Petrochemicals S.R.L.	Petrochemicals	100,00%	100,00%	311,698,294	311,698,294
Rom Oil S.A.	Rental services	99,99%	99,99%	191,216,661	191,216,661
Rompetrol Logistics S.R.L.	Fuel Transportation	66,19%	66,19%	24,349,123	24,349,123
Rompetrol 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				1,629,020,055	1,629,020,055

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7. NET INVENTORIES

	<u>31 December 2015</u>	<u>31 December 2014</u>
Crude oil and other feedstock materials	264,343,902	459,769,718
Finished products	174,090,340	320,978,745
Production in progress	68,672,234	110,505,494
Spare parts	52,922,641	61,185,699
Other consumables	19,064,001	20,026,635
Goods	869,809	1,189,839
Other inventories	4,163,078	3,352,256
Provisions for depreciation of inventories	(63,913,493)	(200,817,629)
Total	520,212,512	776,190,757

The inventories of finished goods comprise mainly oil finished products.

At 31 December 2015, the Company has under pledge crude oil stocks and oil products amounting to RON 406,950,797, respectively RON 380,783,690 in 31 December 2014.

The movement of the provision for inventories in 2015 and 2014 is presented below:

	<u>31 December 2015</u>	<u>31 December 2014</u>
Provision at the beginning of the year	<u>(200,817,629)</u>	<u>(136,242,456)</u>
Provision to be recorded	(18,431,002)	(110,767,552)
Registration as expenses	-	-
Reconsidering the provision on the depreciation of inventories	155,335,138	46,192,379
Provisions at the end of the period	<u>(63,913,493)</u>	<u>(200,817,629)</u>

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

8. TRADE AND OTHER RECEIVABLES, NET

	<u>31 December 2015</u>	<u>31 December 2014</u>
Trade receivables	845,836,731	794,671,055
Advances paid to the suppliers	20,862,639	29,759,064
Various debtors	128,586,927	121,386,298
Recoverable VAT	75,188	6,040,633
Other receivables	140,521,180	102,624,235
Provisions for depreciation of receivables - customers	(62,021,962)	(145,296,189)
Total	1,073,860,703	909,185,096

The balances with affiliated parties are provided in Note 22. The movement of the above provision is presented in Note 18.

As at 31 December 2015, the sundry debtors account included the following main items: RON 90.4 million payment to the Romanian Fiscal Authorities ("NAFA") for antidumping taxes and countervailing duties for Biodiesel import to be recovered from KMG International N.V.; RON 11.85 million for debts and related penalties paid to NAFA in reference to the fiscal inspection conducted for the years 2007-2010 (see note 25); RON 13.7 million in local taxes to the Navodari Town Hall (see note 25).

8. TRADE AND OTHER RECEIVABLES (CONTINUED)

In other receivables it is included VAT receivable from members of the Fiscal Group (RON 68.3 million); receivables from the State Budget representing excise, energy products paid in advance by customers in States Budget excise revenue account (RON 63.6 million).

Trade receivables totalling 132.6 million (USD 32 million) at 31 December 2015, respectively totalling RON 182,4 million (USD 49,5 million) at 31 December 2014 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 2015</u>	<u>31 December 2014</u>
Balance at the beginning of the period	(145,296,189)	(170,225,295)
Value adjustment for depreciation of trade receivables	(1,110,694)	(4,416,446)
Reversed provisions	86,033,813	30,890,032
Exchange rate differences	(1,648,892)	(1,544,480)
Provisions for guarantees the end of the period	(62,021,962)	(145,296,189)

In 2015, the provision amounting to RON 85.9 million set up for the payment to the Romanian Fiscal Authorities ("NAFA") was reversed, accounting for antidumping taxes and countervailing duties for Biodiesel import, amount to be recovered from KMG International N.V.

At 31 December 2015 the analysis of receivables maturity dates is as follows:

	Total	Current and non-provisioned	Mature but not provisioned				
			1-30 days	30-60 days	60-90 days	90-120 days	>120 days
2015	789,350,486	455,418,631	9,205,235	720,997	332,408	79,252	323,593,963
2014	740,831,920	384,372,989	59,548,657	30,686,340	17,442,222	53,519,960	195,261,752

Trade receivables are not bearing interest and become mature at 30-90 days.

At 31 December 2015, the trade receivables at the initial value of RON 56.5 million (2014 RON 53.8 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 2014	(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)
Value adjustment for depreciation of trade receivables	(1,110,694)
Reversed provisions	112,475
Exchange rate differences	(1,648,892)
At 31 December 2015	(56,486,246)

9. PETTY CASH AND BANK ACCOUNTS

	<u>31 December 2015</u>	<u>31 December 2014</u>
Bank accounts	6,133,312	13,395,103
Cash	3,720	5,216
Other treasury values	636,837	502,556
Total	6,773,869	13,902,875

In the bank accounts there are included approximately RON 0.5 million at 31 December 2015 respectively RON 1.62 million at 31 December 2014 representing restricted cash. Other treasury values represent in the greatest part checks to be cashed.

10. OWN CAPITALS

10.1 SHARE CAPITAL

At 31 December 2015 and 31 December 2014, the share capital consists in 44,109,205,726 ordinary shares, authorized, wholly issued and paid up, with a nominal value of RON 0.1 each.

The shareholder structure at 31 December 2015 and 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 Energy, Small- and Medium-sized Enterprises and Business Environment	44.70%	1,971,500,905
Rompetrol Financial Group S.R.L.	6.47%	285,408,308
Rompetrol Well Services S.A.	0.05%	2,198,030
Rompetrol Rafinare S.A.	0.01%	613,470
Others (not State or KMGI Group)	0.66%	28,949,217
Total	100%	4,410,920,573

The Ministry of Energy, Small- and Medium-sized Enterprises and Business Environment is presently named The Ministry of Energy.

The total value of the Company's share capital remained unchanged in 2015 and 2014

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. The proceeds of the capital increase were used to partially redeem the bonds held by the Romanian state.

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

10.3 LEGAL RESERVE

Out of the 2015 realized profit, the Company distributed to legal reserves RON 4,214,600, the rest of the profit being used for covering losses carried forward, according to the note presented below:

Profit Sharing

Scope	Amount
Net profit to distribute, out of which for:	84,291,996
Legal reserve	4,214,600
Coverage of losses from previous years	80,077,396
Retained earnings	-

10.4 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

During 2015 unrealized derivative gains and gains/losses related to retirement benefits were booked in Other Reserves as follows:

	2015	2014
Actuarial gains / losses related to retirement benefits	1,524,223	(10,689,183)
Gains / losses related to derivative financial instruments	706,884	(706,884)
Total	2,231,107	(11,396,067)

11.COMMERCIAL LIABILITIES AND OTHER LIABILITIES

	<u>31 December 2015</u>	<u>31 December 2014</u>
Trade payables	2,670,639,235	3,272,440,179
Advances received from customers	89,008,901	59,835,083
VAT payable	119,088,929	135,208,497
Special fund for oil products (FSPP)	27,560,632	27,560,634
Taxes due	26,807	38,480
Debts with the personnel and social insurance	10,946,619	8,773,608
Other debts	540,388,545	91,228,805
Total	<u>3,457,659,668</u>	<u>3,595,085,286</u>

The Company has a cash pooling agreement in place in order to implement a cash balance optimisation system, where KMG Rompetrol S.R.L. is "Coordinating Company", and the group companies are participating companies.

The cash pooling debt amounts to RON 538.6 million and is recognised in "other debts".

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12.SHORT-TERM LOANS

Short term loan from related parties:

	<u>31 December 2015</u>	<u>31 December 2014</u>
KMG International N.V.	813,226,693	722,859,458
Rompetrol Rafinare SA: Short-term loan facility for ensuring working capital needs in amount of up to USD 250 million, USD 50 million matures on 31 December 2016 and USD 200 million is repaid upon request; assignment of receivables, real movable security interest over movable assets, real movable security interest over the participations over Rompetrol Logistics SRL, Rompetrol Petrochemicals SRL, Rompetrol Downstream SRL, Romoil SA; real movable security interest over the bank accounts. As at December 31, 2015 the undrawn amount is RON 223,698,307.		
Rompetrol Well Services	13,000,000	13,000,000
Rompetrol Rafinare S.A.: Short-term loan facility for working capital needs in amount of up to RON 13 million, maturity date - 10 January 2016. The loan is secured with a promissory note covering the debt. The facility has been fully used.		
Rompetrol Well Services	7,000,000	7,000,000
Rompetrol Rafinare S.A.: Short-term loan facility for working capital needs in amount of up to RON 7 million, maturity date - 14 January 2016. The loan is secured with a promissory note covering the debt. The facility has been fully used.		
Rompetrol Well Services	3,100,000	3,100,000
Rompetrol Rafinare S.A.: Short-term loan facility for working capital needs in amount of up to RON 3.1 million, maturity date - 3 January 2016. The loan is secured with a promissory note covering the debt. The facility has been fully used.		
Rompetrol Well Services	11,200,000	11,200,000
Rompetrol Rafinare S.A.: Short-term loan facility for working capital needs in amount of up to RON 11.2 million, maturity date - 28 January 2016. The loan is secured with a promissory note covering the debt. The facility has been fully used.		
Midia Marine Terminal	29,033,900	25,807,600
Rompetrol Rafinare S.A.: Short-term loan facility for working capital needs in amount of up to USD 7 million granted to Rompetrol Rafinare; maturity date - 31 December 2016. The facility has been fully used.		
Rompetrol Financial Group SRL	121,175,056	-
Rompetrol Rafinare S.A.: Short-term loan facility for working capital needs in amount of up to USD 29.215 million granted to Rompetrol Rafinare; maturity date - 31 December 2016. The facility has been fully used.		
Interest due	189,669,292	249,328,797
	<u>1,187,404,941</u>	<u>1,032,295,855</u>

12. SHORT-TERM LOANS (CONTINUED)

Short-term bank loans

	<u>31 December 2015</u>	<u>31 December 2014</u>
Bancpost	132,868,645	97,781,845
<p>Revolving credit ceiling on short term of up to EUR 30 million for the current activity, issue of letters of credit and letters of guarantee; maturity: 29 July 2016; a guarantee on all credit amounts of all the current accounts and lease of receivables agreement with Rompetrol Downstream ; unconditional and irrevocable corporate guarantee issued by KMG International ; 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.</p>		
Bancpost	23,341,939	33,181,200
<p>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 26 July 2016; 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; 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.</p>		
Raiffeisen Bank		
<p>Short-term overdraft facility amounting to EUR 30 million for the current activity; issuing of letters of credit and letters of guarantee; maturity on 30 May 2015. 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;</p>		
	-	80,547,067
Interest due	460,929	-
	<u>156,671,513</u>	<u>211,510,112</u>

All the financial covenants applicable were complied with as of December 31, 2015.

All loans are interest bearing and the weighted average interest rates per currency are the following: EUR 2.75% (2014:2.82%), RON 4.32% (2014:3.22%) and USD 3.20% (2014:3.32%).

The loans bearing guarantees are secured with pledges on property plant and equipment RON 685.2 million (2014: RON 688.7 million), inventories RON 406.9 million (2014: RON 380.8 million) and trade receivables RON 132.6 million (2014: RON 182.4 million).

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13.LONG-TERM LOANS

	<u>31 December 2015</u>	<u>31 December 2014</u>
Syndicated loan - through Unicredit Tiriac Bank as payer agent		
Up to USD 360 million loan facility to repay the current loans, current activity, issuance of letters of credit and letters of guarantee concluded by the group companies (Romp petrol Rafinare SA, Rompetrol Downstream SRL, KazMunayGas Trading AG, KMG Rompetrol SRL – as borrowers and guarantors and KMG International NV – as guarantor) with the following banks (Unicredit Tiriac Bank SA, Raiffeisen Bank SA, BCR SA, ING Bank NV – Bucharest Branch) and Unicredit Bank AG, London Branch as agent. The facility consist in an up to USD 240 million Principal granted for a 3-year period of which RON 1,989,403 undrawn as at December 31, 2015, and auxiliary item consisting in overdraft loans up to USD 120 million for a one-year period. For the Principal - maturity on 23 April 2018. The following mortgages are set up to secure the loan: a) credit balance of all the present and future current accounts; b) insurance indemnity rights; c) on stocks ((Propylene, Ethylene, PP, LDPE, HDPE, Bitumen, Fuel Oil, Jet FOB Med, Naphtha, n-Hexane, ULSD FOB Med, White Spirit); d) receivables from eligible commercial agreements - for at least 80% of the debts assigned to notify the clients.	299,687,700	-

14.PROVISIONS

	<u>31 December 2015</u>	<u>31 December 2014</u>
Non - current provision	246,183,634	245,382,943
Total	246,183,634	245,382,943

The movement of the provisions is displayed below.

	<u>At 1 January 2015</u>	<u>Result carried forward</u>	<u>Founding in year</u>	<u>Amounts used</u>	<u>Amounts not used</u>	<u>At 31 December 2015</u>
Retirement benefit provision	25,380,982	(1,524,223)	2,324,914	-	-	26,181,673
Provision for environment	220,001,961	-	-	-	-	220,001,961
Total	245,382,943	(1,524,223)	2,324,914	-	-	246,183,634

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.

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 3.69% in 2015 (2014: 3.6%), with an expected rate of long-term salary increase of 1.03% in 2015 (2.01% in 2014).

14. PROVISION (CONTINUED)

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

	<u>31 December 2015</u>	<u>31 December 2014</u>
Interest	778,321	171,099
Services	1,546,593	827,125
Total	2,324,914	998,224

The amounts included in the statement of financial position arising from the retirement benefit obligation are as follows:

	<u>31 December 2015</u>	<u>31 December 2014</u>
Interest on obligation	778,321	171,099
Service cost	1,546,593	827,125
Change in assumptions (tax rate, salary increase, turnover)	<u>(1,524,223)</u>	<u>10,689,183</u>
Total	800,691	11,687,407

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 next 12 months.

15. NET TURNOVER

	<u>2015</u>	<u>2014</u>
Gross revenues related to the sale of finished oil products	13,381,679,383	17,110,802,584
Revenues from petrochemicals trading	23,055,530	41,416,510
Revenues from other merchandise sales	2,071,042	11,037,749
Revenues from utilities sold	8,362,308	8,948,090
Revenues from other products	344,264	1,889,014
Revenues from rents and other services	12,691,852	9,998,624
Gross turnover	13,428,204,379	17,184,092,571
Less sale related tax	(3,617,008,127)	(3,693,419,920)
Total	<u>9,811,196,252</u>	<u>13,490,672,651</u>

Total Revenues decreased mainly due to the decrease of prices for crude oil and petroleum products. In respect of volumes, the decrease is, mainly, the result of the general turnaround that took place in October – November 2015.

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16. COST OF PRODUCTION SOLD

	<u>2015</u>	<u>2014</u>
Crude oil and other feedstock materials	8,441,193,126	12,554,394,868
Consumables and other materials	50,939,267	54,930,272
Utilities	309,638,302	346,588,534
Personnel costs	79,463,691	75,279,979
Transport	447,640	528,347
Maintenance	76,035,869	66,870,969
Insurance	8,467,272	8,792,359
Environment	3,787,434	3,695,540
Other	60,769,890	52,086,040
Cost of production - cash	9,030,742,491	13,163,166,908
Depreciation	163,132,960	174,455,506
Cost of production	9,193,875,451	13,337,622,414
Plus: the variation of inventories	173,893,791	117,442,301
Less: own production from assets	(15,164,282)	(1,561,279)
Cost of other products sold	24,841,626	50,988,411
Cost of utilities resold	6,425,592	7,281,397
(Revenues) / losses from derivatives	22,334,628	(106,222,189)
Unrealized losses from derivatives	453	-
Total	<u>9,406,207,259</u>	<u>13,405,551,055</u>

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

	<u>2015</u>	<u>2014</u>
Personnel costs	28,925,625	24,478,313
Utilities	10,757,551	9,576,461
Transport	32,779,589	26,662,800
Consultancy	34,399,056	39,494,457
Consumables	1,546,900	3,507,100
Marketing	299,934	170,768
Taxes	6,166,940	7,822,151
Telecommunications and mail services	84,828	86,189
Insurance	3,092,586	2,845,636
Expenses with IT	12,057,675	13,507,620
Expenses with environment	10,428,506	10,340,972
Repairs	10,982,799	8,454,151
Fees and penalties	14,058,359	6,681,388
Other expenses	19,997,138	11,518,399
Expenses before amortization	185,577,486	165,146,405
Amortization expenses	37,467,839	25,755,478
Total	<u>223,045,325</u>	<u>190,901,883</u>

Also the auditor's fees were recognised in "Other expenses".

The auditors' fees related to the audit of the stand-alone and consolidated financial statements are RON 678,675, the equivalent of EUR 150,000, (in 2014: RON 694,725, the equivalent of Eur 155,000).

18. OTHER OPERATIONAL REVENUES / EXPENSES, NET

	<u>2015</u>	<u>2014</u>
Provisions for depreciation of receivables, net	(84,923,120)	(26,473,586)
Provisions for depreciation of inventories, net	(136,904,136)	64,575,174
Other provisions	-	(10,191,717)
Other expenses	<u>(439,085)</u>	<u>16,844,999</u>
Total	<u>(222,266,341)</u>	<u>44,754,870</u>

The movement of the provision for receivables includes a reversal of the provision set up at RON 85,921,338 related to the Biodiesel import; such amount is to be recovered by KMG International N.V.

The movement of the provision for inventories in 2015 includes a reversal of the provision set up in 2014 as the difference between cost and the net realizable value for crude oil and petroleum products as at 31 December 2015, as the products were consumed or sold.

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.

In 2014, 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").

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19. FINANCIAL COST, FINANCE INCOME AND FOREIGN EXCHANGE DIFFERENCES

	<u>2015</u>	<u>2014</u>
Financial expenses		
Interest expenses	14,433,765	2,032,641
Expense on the related parties interest	44,092,471	31,691,600
Bank charges	69,270,717	77,083,617
Adjustments for value loss related to financial assets	-	375,591,760
Other financial expenses	-	921,518
	<u>127,796,953</u>	<u>487,321,136</u>
Financial revenues		
Interest income	(2,685,147)	(1,157,898)
Other financial income	<u>(583,817)</u>	<u>(639,559)</u>
	<u>(3,268,964)</u>	<u>(1,797,457)</u>
Financial result, net	124,527,989	485,523,679
Unrealized foreign exchange (losses)/gains	28,046,281	206,864,680
Realized net foreign exchange (losses)/gains	395,381,826	231,938,463
Foreign exchange gain/(loss), net	<u>423,428,107</u>	<u>438,803,143</u>
Total	<u><u>547,956,096</u></u>	<u><u>924,326,822</u></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.

20. INCOME TAX

The income tax rate was 16% in 2015 and 2014. In both years the Company booked fiscal losses.

As of 31 December 2015, the Company had the following unused fiscal losses:

Entity	<u>Fiscal loss 2015</u>	<u>Fiscal loss 2014</u>
	Million RON	Million RON
Rompetrol Rafinare SA	<u>(3,203.8)</u>	<u>(2,763.03)</u>
At 31 December 2015	<u><u>(3,203.8)</u></u>	<u><u>(2,763.03)</u></u>

20. INCOME TAX (CONTINUED)

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

Entity	Fiscal loss	Fiscal loss
Romp petrol Rafinare SA	Million	Expires in
2009	-	340.94
2010 (01.01.2010 -30.09.2010)	-	423.27
2010 (01.10.-31.12.2010)	-	59.28
2011	-	468.29
2012	-	339.14
2013	-	390.88
2014	-	741.23
2015	-	440.80
	-	3,203.83

Reconciliation of comprehensive income with tax result

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:

	2015	2014
Net profit / Accounting (Net loss)	84,291,996	(1,074,861,979)
Addition: Non-deductible expenses	225,193,102	712,084,333
Non-taxable income	(469,990,851)	(77,704,396)
Non-fiscal depreciation	(280,288,837)	(300,749,340)
Deductible legal reserve	-	-
Fiscal (Net loss)	(440,794,590)	(741,231,382)
Reported fiscal loss	(2,763,035,684)	(2,021,804,302)
Taxable base	(3,203,830,274)	(2,763,035,684)
Income tax (16%)	-	-

In 2015 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 241.3 million;
- The dividends collected in amount of RON 0.6 million;

20. INCOME TAX (CONTINUED)

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

- Expenses with accounting depreciation, amounting to RON 200.6 million;
- Expenses with provisions which exceed the limit stipulated by law, in the amount of RON 19.5 million;
- Fines, increases, and penalties amounting to RON 0.2 million;
- Other non-deductible expenses amounting to RON 4.9 million.

DEFERRED TAX

	<u>Balance at 1 January</u> <u>2015</u>	<u>Income tax</u>	<u>Balance at</u> <u>31 December 2015</u>
<i>Temporary differences</i>			
Asset/Liability			
<u>Tools and equipment</u>	-	50,176,000	50,176,000
Provisions	-	(35,200,000)	(35,200,000)
Fiscal loss	-	(243,014,083)	(243,014,083)
<u>Deferred tax (asset)/liability recognised</u>	-	<u>(228,038,083)</u>	<u>(228,038,083)</u>

The prima facie tax charge to the statements of income calculated based on regulatory accounts is reconciled to the profit tax expense calculated based on tax rules as follows, taking into account temporary differences and non-deductible items:

	<u>2015</u>	<u>2014</u>
Outcome from operations	(143,746,087)	(1,074,861,979)
Tax at prevailing tax rate	-	-
Effect of statutory items non deductible / (not taxable) for tax purposes	-	-
Effect of temporary differences	(228,038,083)	-
Income tax expense recognised in profit or loss	<u>(228,038,083)</u>	:-

Contingencies related to taxation

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.

21. OPERATING SEGMENT INFORMATION

a) Business segments

For management purposes, the company is organised in two segments - refining and petrochemistry.

2015 Profit and loss statement

	Refinery	Petrochemicals	Total
Net turnover	9,054,998,547	756,197,705	9,811,196,252
Cost of production sold	(8,698,989,571)	(707,217,688)	(9,406,207,259)
Gross Profit/ (Loss)	356,008,976	48,980,017	404,988,993
Sales costs and general-administrative costs	(192,775,484)	(30,269,841)	(223,045,325)
Other revenues / (operational) expenses	222,266,341	-	222,266,341
Operational profit / (loss)	385,499,833	18,710,176	404,210,009
Financial expenses	(127,796,953)	-	(127,796,953)
Financial revenues	3,268,964	-	3,268,964
(Loss) / gain deriving from difference in the exchange rate, net	(423,428,107)	-	(423,428,107)
Gross profit/ (loss)	(162,456,263)	18,710,176	(143,746,087)
Income from deferred tax	228,038,083	-	228,038,083
Profit/ (loss) of the financial year	65,581,820	18,710,176	84,291,996
Depreciation and amortisation	(152,291,010)	(48,309,789)	(200,600,799)

2014 Profit and loss statement

	Refinery	Petrochemicals	Total
Net turnover	12,664,346,252	826,326,399	13,490,672,651
Cost of production sold	(12,628,911,011)	(776,640,044)	(13,405,551,055)
Gross Profit/ (Loss)	35,435,241	49,686,355	85,121,596
Sales costs and general-administrative costs	(159,943,536)	(30,958,347)	(190,901,883)
Other revenues / (operational) expenses	(44,754,870)	-	(44,754,870)
Operational profit / (loss)	(169,263,165)	18,728,008	(150,535,157)

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Financial expenses	(487,321,136)	-	(487,321,136)
Financial revenues	1,797,457	-	1,797,457
(Loss) / gain deriving from difference in the exchange rate, net	(438,803,143)	-	(438,803,143)
Gross profit/ (loss)	(1,093,589,987)	18,728,008	(1,074,861,979)
Income from deferred tax	-	-	-
Profit/ (loss) of the financial year	(1,093,589,987)	18,728,008	(1,074,861,979)
Depreciation and amortisation	(151,744,418)	(48,466,566)	(200,210,984)

For the income statement, management analysis are made separately for the 2 segments: Refining and Petrochemicals.

Since many of the Petromidia refinery facilities are used jointly by refining and the petrochemicals segment the balance sheet is analyzed by management at cumulated level for Refining and Petrochemicals segments. As a result, the balance sheet information for segments Refining and Petrochemicals are presented together.

b) 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:

	2015	2014
Romania	4,539,084,713	6,329,005,702
Europe	2,604,801,956	3,191,766,367
Asia	2,490,292,469	3,545,698,537
Africa	174,024,679	415,358,801
United States	2,992,435	8,843,244
Total	9,811,196,252	13,490,672,651

22. 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
Oilfield Exploration Business Solutions 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.
Rompetrol Well Services S.A.	Company held by KMG International N.V.
Palplast S.A.	Company held by KMG International N.V.
Rompetrol Bulgaria JSC	Company held by KMG International N.V.
Intreprinderea Mixta Rompetrol Moldova SA	Company held by KMG International N.V.
Rompetrol Georgia LTD	Company held by KMG International N.V.
Midia Marine Terminal S.R.L.	Company held by KMG International N.V.
Rompetrol Financial Group S.R.L.	Company held by KMG International N.V.
Dyneff SAS	Associate of 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.
Rompetrol Albania Wholesale Sh.A.	Company held by KMG International N.V.
Rompetrol Ukraine LTD	Associate of 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 by KMG International N.V.
Global Security System S.A.	Company held by KMG International N.V.
Rompetrol Downstream S.R.L.	Company affiliated to the Company
Rompetrol Petrochemicals S.R.L.	Company affiliated to the Company
Rom Oil S.A.	Company affiliated to the Company
Rompetrol Logistics S.R.L.	Company affiliated to the Company
Rompetrol Quality Control S.R.L.	Company affiliated to the Company
Rompetrol Gas S.R.L.	Company owned by Rompetrol Logistics SRL
Dyneff Espagna SLU	Associate of by KMG International N.V.
DPPLN SAS	Associate of by KMG International N.V.
TMP SAS	Associate of by KMG International N.V.
Dyneff Gas Stations Network SL	Associate of by KMG International N.V.
Rompetrol France SAS	Associate of by KMG International N.V.
Bioneff SL	Associate of by KMG International N.V.
Agat Ltd	Associate of by KMG International N.V.
Rompetrol Albania Downstream Sh.A.	Company held by KMG International N.V.
Rompetrol Albania Sh.A.	Company held by KMG International N.V.
Rompetrol Distribution Albania Sh.A	Company held by KMG International N.V.
TRG Petrol Ticaret AS	Company held by KMG International N.V.
Rompetrol Energy S.A	Company held by KMG International N.V.
KazMunayGas Engineering B.V.	Company held by KMG International N.V.
KMG Investements BV	Company held by Cooperatieve KazMunaiGaz U.K.
EPPLN SAS	Associate of by KMG International N.V.
KazMunayGas Trading Singapore	Company held by KMG International N.V.
Rompetrol Exploration & Production SRL	Company held by KMG International N.V.
Rompetrol Drilling	Company held by KMG International N.V.
Benon Rompetrol LLC	Company held by KMG International N.V.
The Romanian State and the Romanian Authorities	Significant shareholder

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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 2015, the Company did not record any depreciation of the receivables referring to the amounts due to the related parties (2014: 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.

At 31 December 2015 and 31 December 2014, Rompetrol Rafinare had the following balances with the related parties:

	Receivables	
	31 December 2015	31 December 2014
KazMunayGas Trading AG	370,416,545	431,760,618
Rompetrol Downstream S.R.L.	278,278,050	179,578,971
Rompetrol Petrochemicals S.R.L.	7,260,110	6,363,185
KMG International N.V.	93,327,374	4,424,160
Rompetrol Gas SRL	5,699,115	4,471,166
Rompetrol Moldova ICS	-	3,260,183
Rompetrol Bulgaria JSC	2,843,869	5,275,828
Rominserv S.R.L.	50,117,362	9,236,772
Rompetrol Quality Control S.R.L.	288,633	907,662
Rompetrol Logistics S.R.L.	20,988	346,488
Midia Marine Terminal S.R.L.	1,015,401	919,128
Uzina Termoelectrica Midia S.A.	5,996,975	7,906,658
KMG Rompetrol SRL	2,027,724	2,867,175
Global Security Systems S.A.	606,684	607,212
Rominserv Kazakhstan Ltd	697,506	619,998
Palplast S.A.	6,000,002	9,336,820
Byron Shipping Navodari	4,317	4,924
Rompetrol Well Services S.A.	-	809
Rompetrol Ukraine	15,706	13,961
Oilfield Exploration Business Solutions S.A.	5,465,885	433,259
KazMunayGas Engineering	-	13,172
Rompetrol Financial Group SRL	10,208	9,920
Total	830,092,454	668,358,069

22. RELATED PARTIES (continued)

	Payables	
	31 December 2015	31 December 2014
KazMunayGas Trading AG	1,824,454,641	2,670,327,017
Rompetrol Downstream S.R.L.	52,348,525	36,141,838
Rompetrol Petrochemicals S.R.L.	301,754,482	302,162,658
KMG International N.V.- loans (note 12)	813,226,693	722,859,458
KMG International N.V - interest	183,593,960	248,049,356
KMG International N.V.- trade debts	7,454,879	8,506,784
Rompetrol Gas SRL	2,165,704	19,037,205
Rompetrol Moldova ICS	29,553,539	-
Rominserv S.R.L.	273,933,370	45,878,353
Rompetrol Quality Control S.R.L.	14,890,423	12,023,929
Rompetrol Logistics S.R.L.	584,107	448,266
Midia Marine Terminal S.R.L.- loan(note 12)	29,033,900	25,807,600
Midia Marine Terminal S.R.L- interest	2,532,154	1,155,094
Midia Marine Terminal S.R.L- trade debts	91,947,982	75,929,211
Rompetrol Well Services S.A.-loans (note 12)	34,300,000	34,300,000
Rompetrol Well Services S.A- interest	104,558	124,347
Uzina Termoelectrica Midia S.A.	8,606,244	12,975,321
KMG Rompetrol SRL- debt cash pooling	538,611,619	90,466,761
KMG Rompetrol SRL- interest cash pooling	1,067,142	18,156
KMG Rompetrol SRL- trade debts	5,815,710	8,013,608
Global Security Systems S.A.	931,139	1,102,787
Rompetrol Financial Group SRL -loan (note 12)	121,175,056	-
Rompetrol Financial Group SRL- interest	3,438,620	-
Byron Shipping Navodari	-	340,400
Rompetrol Exploration & Production S.R.L.	66	66
Total	4,341,524,513	4,315,668,215

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 2016;

- ROBOR O/N + 2% + interest O/N depo; LIBOR O/N + 2.5% + interest O/N depo – for the cash pooling agreement implemented with Unicredit Tiriac Bank.
- ROBOR 1M + 2% + interest O/N depo; LIBOR 1M + 2.5% + interest O/N depo – for the cash pooling agreement implemented with Raiffeisen Bank.
- ROBOR 1M + 2% + interest O/N depo; LIBOR 1M + 2.5% + interest O/N depo – for the cash pooling agreement implemented with ING Bank NV – Bucharest Branch
- ROBOR 1M + 2% + interest O/N depo; LIBOR 1M + 2.5% + interest O/N depo – for the cash pooling agreement implemented with Banca Comerciala Romana.

ROMPETROL RAFINARE S.A.
NOTES TO THE FINANCIAL STATEMENTS
For financial year ending on 31 December 2015
(All amounts expressed in Lei ("RON"), unless otherwise specified)

22. RELATED PARTIES (continued)

At 31 December 2015 and 31 December 2014, Rompetrol Rafinare had the following transactions with the related parties:

Name of related party	Nature of transaction	Sales		Purchases	
		2015	2014	2015	2014
KazMunayGas Trading AG	Raw materials / Petroleum products	3,575,248,166	5,222,175,887	7,775,995,804	11,871,353,995
Rompertrol Downstream S.R.L.	Petroleum products, rent, utilities and other	3,427,681,179	4,887,978,847	2,350,825	4,781,837
Rompertrol Petrochemicals S.R.L.	Raw materials, energy, lab analyses / Raw materials, rent, utilities and other	16,013	6,740	-	128,164,758
KMG International N.V.	Loan interest	-	-	28,222,934	33,254,082
Rompertrol Gas SRL	Platform operation, propane / Petroleum products, rent, other	263,014,548	545,165,898	122,429	534,060
Rompertrol Moldova ICS	Petroleum products	532,394,616	516,260,953	-	-
Rompertrol Bulgaria JSC	Biodiesel / Petroleum products	143,884,304	84,620,100	-	-
Rominserv S.R.L.	Maintenance, property acquisitions/Rent, utilities, reinvoices	2,438,098	4,330,411	405,875,398	152,574,409
Rompertrol Quality Control S.R.L.	Lab analyses / Rent, utilities, other services	1,976,362	1,230,767	23,702,571	19,235,254
Rompertrol Logistice S.R.L.	Transport, rents / Rent, utilities	10,643	10,267	109,549	109,503
Midia Marine Terminal S.R.L.	Port provisions / Rent, utilities, bunkering, re-invoicing, interest, other	1,337,772	1,380,822	67,582,242	55,214,157
Rompertrol Well Services S.A.	Loan interest	1,956	7,825	1,351,412	1,639,368
Uzina Termoelectrica Midia S.A.	Utilities / Petroleum products	57,805,105	58,155,001	85,220,940	88,970,222
KMG Rompetrol S.R.L.	Management services, interest cash pooling	2,710,158	572,632	58,461,882	47,091,646
Global Security Systems S.A.	Security, courier services, cleaning, fire prevention	1,445	913	9,528,305	9,539,889
Palplast S.A.	Petrochemicals	10,417,636	8,639,438	-	-
Byron Shipping S.R.L.	Demurrage /Rent, reinvoices of other services	36,891	32,037	24,143	408,063
ROM OIL S.A.	Reinvoicing bank loan fees	-	-	585,968	-
Rompertrol Financial Group SRL	financial investments sales	-	9,750	3,348,793	-
		8,018,974,892	11,330,578,288	8,462,483,195	12,412,871,243

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, based on a Government Ordinance, the Ministry of Economy Trade and Business Environment ("MECMA") became shareholder until May 2013 when, following the reorganisation of MECMA, the Ministry of Economy ("ME") became the new shareholder. The ministry was later renamed as Ministry of Energy, Small- and Medium-sized Enterprises and Business Environment. Its current name is Ministry of Energy.

As a result MFPR, MECMA, ME and Other Authorities are considered to be a related party of the Group. The entities in the Group made no transactions or had no balance sheets at the year-end in relation with MFPR, MECMA, ME and other Romanian authorities during the time of their affiliation, other than those arising from Romanian fiscal and legislation requirements.

The salaries paid to the Company directors in 2015 were RON 741,682 (RON 756.908 in 2014). The salaries and bonuses paid to the Company management in 2015 (in average 14 persons) was RON 2,802,915 (RON 1,393,796 in 2014, in average 13 persons).

23. 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:

	2015	2014
Net profit (+), loss (-)	84,291,996	(1,074,861,979)
Average number of shares	44,109,205,726	44,109,205,726
Result per share - base (money/share)	0.19	(2.44)

24. 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 11.5 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 25). 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 2,3 million). The management is confident that the likelihood of reversal of the earlier court decision is very little.

25. LEGAL MATTERS

Litigation with the State involving criminal charges

Starting with March 22, 2005, a number of criminal investigations have been initiated against certain current and former directors, managers and external censors of S.C. Rompetrol Rafinare S.A. («RRC»); these investigations were carried out at a formal level and materialized into different criminal proceeding activities (including specialized judicial expertise), currently undergoing the criminal prosecution phase. At the present date, only one of the current directors of the Company is contemplated by the investigation initiated by the General Prosecutor's Office appended to the High Court of Cassation and Justice (PICCJ – DIICOT)

The charges brought against the defendants upon the initiation of the criminal investigations were:

- a) failure to fulfill the investment commitments undertaken under the privatization contract concerning the Parent;
- b) unlawful statement of excises and other debts to the state budget;
- c) incorrect keeping of accounting registries regarding the technological products operations undertaken at the oil terminal owned by Oil Terminal, charges which concern events that took place during April 2001 – October 2002;
- d) adoption of GEO no. 118/2003.

The said charges have been disjoined by the prosecutors' office from the initial file created in 2004 (which has been sent to trial following such disjoining and which is currently finally and irrevocably settled) and

are subject to a separate file currently pending before PGO - DIICOT. Rompetrol Rafinare S.A has no official standing within the procedures up to present.

Litigations related to Hybrid Bonds Conversion

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

Emergency Ordinance ("EGO") 118/2003, approved by Law 89/2005, and the Issuing Convention of December 5, 2003 ("Issuing Convention"), regulated the conversion of RON 2,177.7 million of state budget liabilities, including penalties, into 22,812,098 Euro-denominated long-term reverse-convertible bonds with face value EUR 25 each (i.e. a total of EUR 570.3 million at the RON/EUR exchange rate as of September 30, 2003 of 3.8185 RON/EUR or USD 719.4 million at the same date), hereinafter referred to as "Hybrid Instruments" or "Bonds". The Bonds carried interest and were redeemable on or before maturity, whereas EGO specifically provided that bonds not redeemed by September 30, 2010 should be convertible, at a fixed conversion rate, into ordinary shares of Rompetrol Rafinare S.A., at the option of the Company.

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

- 1) The Extraordinary General Meeting of the Shareholders as of June 30, 2010 approved, among others, the increase of the Company's share capital by USD 100.2 million, for the purpose of raising financing to redeem part of the Bonds and to pay trade and other liabilities;
- 2) On August 9, 2010, RRC redeemed 2,160,000 Bonds in aggregate amount of EUR 54 million;
- 3) The Extraordinary General Meeting of the Shareholders on September 14, 2010 issued, among others, the preliminary approval of the conversion of the unredeemed Bonds into shares. Subsequently, on September 30, 2010, the Extraordinary General Meeting of the Shareholders of Rompetrol Rafinare S.A. approved the conversion of the unredeemed Bonds into shares, the corresponding share capital increase and the exact numbers of shares to be received by the Romanian Ministry of Public Finance for the Bonds it held. The number of shares was calculated based on the conversion rate of bonds into shares indicated by the EGO 118/2003 and the Issuing Convention (see Note 10).

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

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

The Group has challenged this decision and requested the court to annul the seizure.

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

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

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

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

Following this decision, Rompetrol submitted to the Romanian authorities a requirement for the annulment of the seizure. As long as the court decision confirmed that the state is a shareholder of Petromidia and therefore there is no amount payable by the Refinery to the state, there is no object for the seizure. Nevertheless, the seizure on Rompetrol Rafinare's assets was not lifted to date.

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 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 included both types of duties (antidumping and countervailing), which under European and Romanian legislation can be done only in specific cases which must be very well substantiated by the customs authorities. In the assessment minutes, there are no arguments and explanations as to why both duties were imposed.

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 33.2 million). On February 22, 2013 Rompetrol Rafinare SA received a response from ANAF indicating that it would re-audit for an amount of approximately RON 14 million (USD 4.3 million) in relation to the VAT part of the total amount (including penalties and late payment interest related to the VAT), considering that the company had a VAT deferred tax certificate.

Group Management proceeded with further legal action in this matter. On July 18, 2013 Rompetrol Rafinare SA main court claim against the assessment was rejected by the first instance. The appeal against this first court decision was initially examined by the Supreme Court of Justice in February and November 2014. The Supreme Court rejected the appeal submitted by Rompetrol Rafinare.

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

For an amount of RON 32.2 million Rompetrol Rafinare obtained from local customs authorities an approval for reschedule of payment, which was fulfilled through complete payment in 2013. An amount of RON 9.9 million was cancelled by the local custom authorities following the fulfilment of the rescheduling agreement, as per Romanian legislation. The remaining amount of RON 7.8 million in relation to VAT was not paid following the decision of re-audit.

A provision has been included in 2012 and 2013 for the amount of USD 26.3 million (USD 20.7 million following forex depreciation as of 2015) equal with the amount paid by Rompetrol Rafinare.

The re-audit was carried out by the fiscal authorities, who despite all evidence submitted by the Company through the minute dated May 28, 2015 considered that the company should pay VAT (plus interests and penalties) in an amount of RON 13,4 million. The Company already started the legal proceedings against the above mentioned minute.

Rompetrol Rafinare, through KazMunayGas Trading AG, started the recourse against the Canadian supplier of the biodiesel (Bioversel) in front of the LCIA; on July 28, 2014 the Court fully upheld KazMunayGas Trading AG claim sentencing Bioversel to pay the sum of RON 215.77 million, plus GBP 1.35 million plus EUR 0.8million plus USD 1.1 million.

KazMunayGas Trading AG started the enforcement of the LCIA award in Canada against Bioversel, this company has declared insolvency.

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

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

The following has subsequently occurred relating to this matter:

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

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

The main court case started by Rompetrol Rafinare SA against the assessment has been settled on 27th of October 2014 by Constanta Court of Appeal which partially annulled both Decision no. 33 and the Assessment Decision for payment of RON 48 million (equivalent USD 14.1 million).

Constanta Court of Appeal held liable the National Agency for Tax Administration for paying back Rompetrol Rafinare approximately RON 21 million (equivalent USD 6.2 million) and to pursue to audit again for approximately RON 9.7 million (equivalent of USD 2.8 million).

This Decision is not final, both Rompetrol Rafinare and National Agency for Tax Administration appealed against it in front of the Supreme Court of Justice. These final appeals are still to be solved by the Supreme Court of Justice during the next period of time.

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 required 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 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 market value for a CO2 emission certificate as of December 2015 was Euro 8 per certificate as of December 2015.

Considering that the Ministry of Environment and the Romanian Government did not fulfil with the Court decision according to the deadline, Rompetrol Rafinare SA started a court claim against them, having as object damages in amount of Euro 36 million.

On April 24, 2014 the court rejected the Rompetrol's claim on a reason that "is lack of object". Rompetrol appealed the Decision in front of the Supreme Court. The first hearing is set by the Supreme Court for June 3rd 2016.

Additionally Rompetrol Rafinare launched a new legal enforcement procedure in front of the Constanta Court of Appeal, based on some new and much clearer provisions of law.

On July 6, 2015 Constanta Court of Appeal admitted partially the claim and fined the representative of the Government and Ministry of Environment for non-performance of the enforcement of the decision by which the Company received a number of 2.577.940 CO2 emission certificates. The decision is subject to appeal.

As a consequence, on July 28th 2015 the Government Decision no. 611/2015 was issued, providing the modification of the National Plan initially approved by Government Decision no. 60/2008 and increasing the allocation of the Company with the amount of 2.577.940 CO2 emission certificates; this decision is due to be fully and effectively implemented in the following 120 days, subject to an approval from European Commission, from the perspective of complying with state aid regulations. The implementation process is still ongoing.

On October 27 2015, in order to secure all its rights and the full enforcement of the above mentioned court and government decisions, Rompetrol Rafinare filed a last court enforcement procedure, having as object to oblige the defendants to pay the counter value of the 2.577.940 CO2 emission certificates (i.e. 40 million Euro in total) in case they will fail to implement in due time the initial and final court decision and the Government Decision no. 611/2015. On February 3rd 2016, the Constanta Court of Appeal decided to postpone the procedure until the Supreme Court will pronounce a decision regarding the appeal of Rompetrol Rafinare against court decision to reject our claims as lack of object, with first hearing term for June 3th 2016.

Litigation between Rompetrol Rafinare and Navodari City Hall

On November 19th, 2015, it was finalized the local taxes fiscal audit of the local taxes, done by Navodari City Hall, for the period of 2012-2014. The only non-compliant finding refers to revaluation of buildings made by the company on 31 December 2009 and 31 December 2011, namely that as the revaluation was not made to all fixed assets accounted for in the account 212 "Construction", in their view that was made without respect of accounting regulation stipulated by OMFP 3055/2009. As a result, the inspection team considered that for year 2012, certain buildings were not revalued within three years of the previous revaluation and applied a higher local tax rate of 10% for the buildings, and as a consequence assessed an additional tax on buildings and penalties related in total amount of 20.4 mil RON, out of which the

principal is RON 11.2 million and the penalties and accessories are RON 9.2 million (calculated until the date of the report).

Against the Imposing Decision issued by Navodari City Hall, it has been filed the administrative complaint which will be solved by the local fiscal authorities. The administrative complaint filed by RRC was dismissed as being lack of object, without any judgment pronounced on the merits of the case. This solution is based on Navodari Local Council Decision no.435/December 21st, 2015, under which Rompetrol Rafinare has obtained the annulment of 73% of penalties.

Rompotrol Rafinare submitted in court the challenge against this decision, and also action for partial annulment of Navodari Local Decision no.435/2015. Both cases are currently pending court investigation proceedings with Constanta Court of Appeal and Constanta Tribunal.

Rompotrol Rafinare also filed the request for suspension the enforceable effects of the imposing decision, pursuant to the Law 554/22004 and Government Ordinance 92/2003. The statement of defence was submitted by Navodari City Hall and the first hearing term was established for February 22nd 2016. The court granted Rompotrol Rafinare claim and suspended the effects and the enforcement of the Tax Inspection Report and Tax Decisions issued by Navodari City on November 19th 2015.

Litigations between Rompetrol Rafinare and National Company – Constanta Maritime Port Administration S.A.

In consideration of the violation by Compania Nationala Administratia Porturilor Maritime Constanta (National Company of Constanta Maritime Ports Administration) of the legal provisions regulating its activity, in the sense that it does not ensure the maintenance in operational parameters of the Midia port found under its administration, so as to ensure the safety of navigation, the preservation of at least the technical features designed for the port, the assurance of safe access and operation, the company initiated several legal remedies against it, as follows:

a) Complaint against National Company "Administratia Porturilor Maritime" SA for violating the provisions of art. 9 of the Law no 21/1996 which caused to Rompetrol Rafinare SA damages consisting of 1.876.673 USD - dredging expenditures; 3.311.775 USD - commercial loss; the complaint is in course of analysis at the Competition Council. By means of the lodged complaint, the Competition Council was asked to acknowledge the violation by Administratia Porturilor Maritime of the provisions of art. 9 of Law no. 21/1996, to sanction the said company in accordance with the law and to render it liable to perform, subject to legal terms and conditions, inclusively in terms of cost incurrence, the obligations resting upon it as administrator of port areas and of supplier of goods and services specific to the exploitation of national maritime areas, in particular with respect to Midia Port. This complaint was declared as being formally complete by the Competition Council and an investigation and a decision will follow.

b) Court claim against the Constanta Port Administration for Rompetrol Rafinare damages related to lower port drafts during January - May 2015 (848.356 USD) and for restitution of dredging expenses (1.741.873 USD). The total amount in Lei is today 10.360.916 Lei (2.590.229 USD). The case is pending on Constanta Tribunal, with next hearing for March 4th, 2016.

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26. OTHER LITIGATIONS

Environmental commitments

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

As of December 31, 2015 Rompetrol Rafinare SA does not have environmental commitments (2014: USD 0.08 million) to conform to the Integrated Environmental Authorization.

At the end of March 2016 Rompetrol Rafinare SA is going to buy back a total of 850,000 CO2 certificates from Vitol SA.

Other commitments

As at 31 December 2015, Rompetrol Rafinare SA had commitments related to investment projects amounting to USD 9.1 million (2014: USD 52.76 million).

Sale and purchase commitments

As of December 31, 2015 Rompetrol Rafinare S.A. has contracted purchase contracts for raw materials and utilities, amounting to USD 1,474.8 million (2014: USD 908.5 million) and commitments for petroleum products and utilities amounting to USD 3,133.4 million (2014: USD 3,967.2 million).

27. FINANCIAL AND RISK MANAGEMENT INSTRUMENTS

A) CAPITAL RISK

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

B) Gearing ratio

The debt-to-equity ratio at the end of the year is as follows:

	<u>31 December 2015</u>	<u>31 December 2014</u>
Borrowings maturing in over one year	299,687,700	-
Own capitals	1,263,325,336	1,176,802,233
Gearing ratio	23.72%	0.00%

C) FINANCIAL INSTRUMENTS

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

	<u>31 December 2015</u>	<u>31 December 2014</u>
Financial assets		
Commercial liabilities and other liabilities	1,052,922,876	1,018,661,588
Derivative financial instruments	-	197,164
Cash and bank accounts	6,773,869	13,902,875
TOTAL FINANCIAL ASSETS	1,059,696,745	1,032,781,267
Financial liabilities	<u>31 December 2015</u>	<u>31 December 2014</u>
Short-term borrowings from shareholders	1,187,404,941	1,032,295,855
Derivative financial instruments	-	914,252
Commercial liabilities and other liabilities	3,221,974,399	3,372,442,592
Short-term loans	156,671,513	211,510,112
Long-term borrowings from banks	299,687,700	-
TOTAL FINANCIAL PAYABLES	4,865,738,553	4,617,162,811

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

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

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

- Advances paid from customers;
- Excises taxes
- Special fund for oil products (FSPP);
- VAT payable
- Profit tax payable
- Salary taxes payable
- Other taxes
- Deferred revenues

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

27. FINANCIAL AND RISK MANAGEMENT INSTRUMENTS (continued)

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 Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are based on observable market data, either directly or indirectly.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	<u>31 December 2015</u>	Level 1	Level 2	Level 3
Financial assets				
Commercial liabilities and other liabilities	1,052,922,876	-	-	1,052,922,876
Derivative financial instruments	-	-	-	-
Cash and bank accounts	6,773,869	6,773,869	-	-
TOTAL FINANCIAL ASSETS	1,059,696,745	6,773,869	-	1,052,922,876
Financial liabilities				
Short-term borrowings from shareholders	1,187,404,941	-	-	1,187,404,941
Derivative financial instruments	-	-	-	-
Commercial liabilities and other liabilities	3,221,974,399	-	-	3,221,974,399
Short-term loans	156,671,513	-	-	156,671,513
Long-term borrowings from banks	299,687,700	299,687,700	-	-
TOTAL FINANCIAL PAYABLES	4,865,738,553	299,687,700	-	4,566,050,853

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	<u>31 December 2014</u>	Level 1	Level 2	Level 3
Financial assets				
Commercial liabilities and other liabilities	873,385,399	-	-	873,385,399
Derivative financial instruments	197,164	-	197,164	-
Cash and bank accounts	13,902,875	13,902,875	-	-
TOTAL FINANCIAL ASSETS	887,485,438	13,902,875	197,164	873,385,399
Financial liabilities				
Short-term borrowings from shareholders	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 loans	211,510,112	-	-	211,510,112
TOTAL FINANCIAL PAYABLES	4,617,162,811	-	914,252	4,616,248,559

At 31 December 2015 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.

Balance Sheet

	<u>31 December 2015</u>	<u>31 December 2014</u>
Derivative financial assets	-	197,164
Derivative financial liabilities	-	(914,252)
Net position - asset/(liability)	-	(717,088)

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

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).

27. 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 Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Payables		Assets	
	<u>31 December 2015</u>	<u>31 December 2014</u>	<u>31 December 2015</u>	<u>31 December 2014</u>
Currency USD	3,586,650,688	3,854,407,305	402,474,301	457,248,151
Currency EUR	77,518,116	15,012,861	39,077,828	64,150,110

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.

		USD		EUR	
		<u>31 December 2015</u>	<u>31 December 2014</u>	<u>31 December 2015</u>	<u>31 December 2014</u>
RON					
	5%	(159,208,819)	(169,857,958)	(1,922,014)	2,456,862
	-5%	159,208,819	169,857,958	1,922,014	(2,456,862)

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 31 December 2015 would increase / decrease by RON 16.1 million (2014: increase / decrease by RON 16.4 million).

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27. FINANCIAL AND RISK MANAGEMENT INSTRUMENTS (CONTINUED)

I) LIQUIDITY RISK

The tables below summarize the maturity profile of the Company's financial liabilities at 31 December 2015 and 31 December 2014 based on contractual undiscounted payments, including interest payable until the end of the contracts for finance leasing and loans.

Balance as at 31 December 2015	Less than 1 month or current	<3 months	3-12 months	1-5 years	>5 years	Total
Commercial liabilities and other liabilities	2,480,373,068	176,893,679	564,707,652	-	-	3,221,974,399
Derivative financial instruments	-	-	-	-	-	-
Short-term borrowings from shareholders	829,810,985	8,413,886	382,737,054	-	-	1,220,961,925
Short-term bank loans	156,671,513	1,653,689	2,204,919	-	-	160,530,121
Long-term bank loans	3,466,855,566	2,332,875	6,998,626	312,129,703	-	321,461,204
		189,294,129	956,648,251	312,129,703	-	4,924,927,649
Balance 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

27. FINANCIAL AND RISK MANAGEMENT INSTRUMENTS (CONTINUED)

J RAW MATERIAL 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 a 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 analysed 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.

28. EVENIMENTE ULTERIOARE DATEI BILANTULUI

Romp petrol Rafinare S.A credit facility in amount of RON 7 million granted by Rompetrol Well Services S.A was prolonged until April 14, 2016.

Romp petrol Rafinare S.A credit facility in amount of RON 11.2 million granted by Rompetrol Well Services S.A was prolonged until April 28, 2016.

Romp petrol Rafinare S.A credit facility in amount of RON 13 million granted by Rompetrol Well Services S.A was prolonged until May 10, 2016.

Romp petrol Rafinare S.A credit facility in amount of RON 3.1 million granted by Rompetrol Well Services S.A was prolonged until May 3, 2016.

On March 29, 2016 Rompetrol Rafinare SA bought back a total of 850,000 CO2 certificates from Vitol SA.

OTHER FINANCIAL INFORMATION

Balance as at 31.12.2015

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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
A. FIXED ASSETS			
I. INTANGIBLE ASSETS			
1. Development expenses (acc. 203-2803-2903)	01	-	137,613
2. Rights, patents, licenses, trademarks, rights and other similar assets and intangible assets (acc. 205+208-2805-2808-2905-2906-2908)	02	16,483,262	13,192,671
3. Goodwill (acc. 2071)	03	152,720	152,720
4. Advances (acc. 4094)	04	-	-
5. Intangible assets for exploration and evaluation of mineral resources (206-2806-2907)	4.	-	-
TOTAL (rows 01 to 05)	06	16,635,982	13,483,004
II. PROPERTY, PLANT AND EQUIPMENT			
1. Land and buildings (acc. 211+212-2811-2812-2911-2912)	07	1,155,695,087	1,146,478,618
2. Plant and machinery (acc. 213+223-2813-2913)	08	1,645,972,494	1,924,433,227
3. Other machinery and fixtures (acc. 214+224-2814-2914)	09	7,380,479	6,670,446
4. Real estate investments (acc 215-2815-2915)	10	-	-
5. Intangible assets in execution (acc. 231-2931)	11	107,810,692	61,962,275
6. Real estate investments in progress (acc. 235-2935)	12	-	-
7. Tangible assets for exploration and evaluation of mineral resources (216-2816-2916)	13	-	-
8. Advances (acc. 4093)	14	3,928,655	2,860,945
TOTAL (rows 07 to 14)	15	2,920,787,407	3,142,405,511
III. BIOLOGIC ASSETS (acc. 241-284-294)	16	-	-
IV. FINANCIAL ASSETS			
1. Shares held with subsidiaries (acc. 261-2961)	17	1,629,020,055	1,629,020,055
2. Loans to related parties (acc. 2671+2672-2964)	18	-	-
3. Shares held with the mutually controlled entities (acc. 262+263-2962)	19	-	-
4. Loans granted to related parties to the mutually controlled entities (acc. 2673+2674-2965)	20	-	-
5. Other fixed equity (265+266-2963)	21	-	-
6. Other loans (acc. 2675*+2676*+2677+2678+2679*-2966*-2968*)	22	-	-
TOTAL (rows 17 to 22)	23	1,629,020,055	1,629,020,055
NON-CURRENT ASSETS - TOTAL (rows 06+15+16+23)	24	4,566,443,444	4,784,908,570

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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
B. CURRENT ASSETS			
I. INVENTORIES			
1. Raw materials and consumable materials (acc. 301+302+322+303+/-308+321+322+323+328+351+358+381+/-388-391-392-3951-3958-398)	25	405,778,256	294,174,613
2. Fixed assets held for sale (311)	26	-	-
3. Production in progress (acc. 331+341+/-348-393-3941-3952)	27	110,505,494	68,672,234
4. Finished products and commodities (acc. 327+345+346+347+348+354+357+371+/-378-3945-3946-3953-3954-3957-397-4428)	28	259,907,007	157,365,665
5. Advances (acc. 4091)	29	21,191,378	15,564,957
TOTAL (rows 25+29)	30	797,382,135	535,777,469
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)	31	740,831,920	789,350,486
2. Advances paid (acc. 4092)	32	4,639,031	2,436,737
3. Amounts receivable from group entities (acc. 451*-495)	33	50,537,766	68,271,933
4. Receivables from affiliated undertakings and mutually controlled entities (acc. 453-495)	34	-	-
5. Receivables resulted from operations with derivative instruments (acc. 465)	35	197,164	-
6. Other receivables (acc. 425+4282+431+437+4382+441+4424+4428+444+445+446+447+4482+4582+461+4662+473-496+5187)	34	85,040,134	415,779,399
7. Issued and unpaid share capital (acc. 456-4953)	37	-	-
TOTAL (rows 31 to 37)	38	881,246,015	1,275,838,555
III. SHORT-TERM INVESTMENTS (acc. 505+506+507+508-595-596-598+5113+5114)	39	-	-
IV. PETTY CASH AND BANK ACCOUNTS (acc. 5112+512+531+532+541+542)	40	13,902,875	6,773,869
CURRENT ASSETS - TOTAL (rows 30+38+39+40)	41	1,692,531,025	1,818,389,893
C. ACCRUED EXPENSES (acc. 471)(rows 43+44)	42	3,016,212	7,634,329
Amounts to be carried in a period up to one year (acc. 471)	43	3,016,212	5,409,807
Amounts to be released in more than one year (from acc. 471)	44	-	2,224,522
D. DEBTS: AMOUNTS TO BE PAID IN LESS THAN ONE YEAR			
1. Loans from the issue of debentures, with distinct indication of loans from the issue of convertible debentures (acc. 161+1681-169)	45	-	-

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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
2. Amounts due to credit institutions (acc. 1621+1622+1624 +1625+1627+1682+ 5191+5192+5198)	46	211,510,112	156,671,513
3. Advances received for orders (acc. 419)	47	59,835,083	89,008,901
4. Trade payables to suppliers (acc. 401+404+408)	2.	3,272,440,179	2,670,639,235
5. Bills of exchange payable (acc. 403+405)	49	-	-
6. Debts from financial leasing (acc. 406)	50	-	-
7. Amounts payable to related parties (acc. 1661+1685 +2691+451)	51	1,123,288,431	1,727,618,185
8. Loans payable to related entities and to the mutually controlled entities (acc. 1663+1686 +2692+453)	52	-	-
9. Debts resulted from operations with derivative instruments (acc. 4651)	53	914,252	-
10. Other liabilities, including tax liabilities and social security liabilities (acc. 1623+1626+167+1687+2693+2695+421+422+423+424+426+427+4281+431+437+4381+441+4423+4428+444+446 +4661+447+4481 +455+456+457+4581+462+473+509+5186+5193+5194 +5195+5196+5197)	54	171,817,448	157,798,288
TOTAL (rows 45 to 54)	55	4,839,805,505	4,801,736,122
E. NET CURRENT ASSETS / NET CURRENT LIABILITIES (rows 41+ 43-55-73-76-79)	56	(3,144,258,268)	(2,977,936,422)
F. TOTAL ASSETS MINUS CURRENT LIABILITIES (rows 24+56)	57	1,422,185,176	1,806,972,148
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)	58	-	-
2. Amounts owed to credit institutions (acc. 1621+1622+1624+1625+1627+1682+5191+5192 +5198)	59	-	299,687,700
3. Advances received for orders (acc. 419)	60	-	-
4. Trade debts - suppliers (acc. 401+404+408)	61	-	-
5. Bills of exchange payable (acc. 403+405)	62	-	-
6. Debts from financial leasing (acc. 406)	63	-	-
7. Amounts payable to related parties (acc. 1661+1685 +2691+451)	64	-	-
8. Loans payable to related entities and to the mutually controlled entities (acc. 1663+1686 +2692+453)	65	-	-
9. Debts resulted from operations with derivative instruments (acc. 4651)	66	-	-
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+47+4481 +455+456+457+4581+462+473+509+5186+5193+5194 +5195+5196+5197)	67	-	-

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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 (rows 58 to 67)	68	-	299,687,700
H. PROVISIONS 1. Provisions for employee benefits (acc. 1517)	69	25,380,984	26,181,673
3. Other provisions (acc. 1511+1512+1513+1514+1518)	70	220,001,959	220,001,961
TOTAL (rows 69+70)	71	245,382,943	246,183,634
I. DEFERRED INCOME			
1 - Subsidies for investments (acc. 475)(rows 73+74)	72	-	-
Amounts to be carried in a period up to one year (acc. 475)	73	-	-
Amounts to be released in more than one year (from acc. 475)	74	-	-
2 - Deferred income (acc. 472)-total (rows 76+77), out of which	75	-	-
Amounts to be carried in a period up to one year (acc. 472)	76	-	-
Amounts to be carried in more than one year (acc. 472)	77	-	-
3- Advance income related to assets received by transfer from the customers (acc. 478)(rows 79+80)	78	-	-
Amounts to be carried in a period up to one year (acc. 478)	79	-	-
Amounts to be carried in a period more than one year (from acc. 478)	80	-	-
TOTAL (rows 72+75+78)	81	-	-
J. CAPITAL AND RESERVES			
I. CAPITAL			
1- Subscribed and paid share capital (acc. 1012)	82	4,410,920,573	4,410,920,573
2- Subscribed and unpaid share capital (acc. 1011)	83	-	-
3-Subscribed capital representing financial liabilities (acc. 1027)	84	-	-
4-Adjustments of the social capital (acc. 1028)			
Credit balance	85	-	-
Debit balance	86	-	-
5-Other items of own equity (acc. 103)			
Credit balance	87	-	-
Debit balance	88	-	-
TOTAL (rows 82+83+84+85-86+87-88)	89	4,410,920,573	4,410,920,573
II. EQUITY PREMIUMS (acc. 104)	90	232,637,107	232,637,107
III. REVALUATION RESERVES (acc. 105)	91	-	-
IV. RESERVES			
1. Legal reserves (acc. 161+1681-169)	92	10,882,193	15,096,793
2. Statutory or contractual reserves (acc. 1063)	93	-	-
3. Other reserves (acc. 1068)	94	3,155,268,394	3,157,499,501
TOTAL (rows 92 to 94)	95	3,166,150,587	3,172,596,294

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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
Exchange rate differences from conversion of the annual financial statements in a different currency than the functional currency (acc. 1072)			
Credit balance	96	-	-
Debit balance	97	-	-
Own shares (acc. 109)	98	-	-
Gains in respect of own capital instruments (acc. 141)	99	-	-
Losses in respect of own capital instruments (acc. 149)	100	-	-
V. CARRIED RESULT, EXCEPTING THE CARRIED RESULT DERIVING FROM THE IMPLEMENTING IAS 29 FOR THE FIRST TIME (acc. 117)			
Credit balance	101	-	-
Debit balance	102	5,530,720,047	6,605,582,026
VI. CARRIED RESULT, DERIVING FROM THE IMPLEMENTING IAS 29 FOR THE FIRST TIME (acc. 118)			
Credit balance	103	-	-
Debit balance	104	27,324,008	27,324,008
VII. PROFIT OR LOSS AT THE END OF THE REPORTING PERIOD (acc. 121)			
Credit balance	105	-	84,291,996
Debit balance	106	1,074,861,979	0
Profit distribution (acc. 129)	107	-	4,214,600
TOTAL EQUITY (rows 89+90+91+95+96-97-98+99-100+101-102+103-104+105-106-107)	108	1,176,802,233	1,263,325,336
The public patrimony (acc. 1026)	109	-	-
TOTAL EQUITY (rows. 108+109)	110	1,176,802,233	1,263,325,336

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Profit and loss statement 31.12.2015

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Name of indicator	Line no.	Previous financial year	Current financial year
A	B	1	2
1. Net turnover			
(rows 02+03-04+05)	01	13,490,672,651	9,811,196,252
Production sold			
(acc. 701+702+703+704+705+706+708)	02	13,442,003,721	9,789,590,618
Income from sales of commodities (acc. 707)	03	52,454,259	25,126,572
Granted trade discount (709)	04	3,785,329	3,520,938
Income from operating subsidised 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	135,011,136	191,467,341
3. Income from the production of assets and real estate investments (acc. 09+10)	08	1,561,279	15,164,282
4. Income from the production of tangible and intangible assets (acc. 721+722)	09	1,561,279	15,164,282
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	3,355,000	1,402,039
- out of which, income from subsidies for investments (acc. 7584)	17	-	-
OPERATING INCOME - TOTAL	18	13,360,577,794	9,636,295,232
(rows 01+06-07+08+11+12+13+14+15+16)			
12. a) Expenses with raw materials and consumables (acc. 601+602)	19	12,614,399,471	8,496,772,375
Other material expenses (acc. 603+604+608)	20	1,793,356	1,707,853
b) Other external expenses (energy and water) (acc. 605)	21	347,023,338	310,087,726
c) Merchandise expenses (acc. 607)	22	50,988,411	25,008,689
Trade discounts received (acc.	23	-	-
13. Staff costs (rows 25+26) out of which:	24	98,472,669	105,982,644
a) Salaries and indemnities (acc. 641+642+643+644)	25	76,575,456	81,015,760

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Name of indicator	Line no.	Previous financial year	Current financial year
A	B	1	2
b) Social security contributions (acc. 645)	26	21,897,213	24,966,884
		-	-
14. a) Value adjustments concerning plant and equipment, real estate investments and biologic assets valued at cost (rows 27-28)	27	200,210,984	200,600,799
a.1) Expenses (acc. 6811+6813+6816+6817)	28	200,210,984	200,600,799
a.2) Revenues (acc. 7813+7816)	29	-	-
b) Value adjustments concerning current assets 31-32)	30	38,101,588	(221,827,256)
b.1) Expenses (acc. 654+6814)	31	115,183,999	19,541,696
b.2) Revenues (acc. 754+7814)	32	77,082,411	241,368,952
15. Other operating expenses (rows 34 to 42)	33	170,314,850	313,752,393
15.1. Expenses for external service provisions (acc. 611+612+613+614+615+621+622+623+624+625+626+627+628)	34	103,125,213	259,919,821
15.2 Expenses with other taxes, duties and similar expenses, expenses representing transfers and contributions owed on the basis of special normative acts (acc. 635+6586)	35	30,271,313	23,516,712
15.3. Expenses with environment protection (acc. 652)	34	14,047,329	14,226,260
15.4 - Expenses related to non-current assets (or groups designed for leasing) held for sale (acc. 653)	37	-	-
15.5. Income from the revaluation of tangible and intangible assets (acc. 655)	38	-	-
15.6 Expenses related to real estate services (acc. 656)	38	-	-
15.7. Income related to biologic assets and agricultural products (acc. 657)	40	-	-
15.8 - Expenses related to calamities and other similar events (acc. 6587)	41	-	-
15.9 Other expenses (acc. 6581+6852+6583+6585+6588)	42	22,870,995	16,089,600
Provision adjustments (rows 44-45)	43	(10,191,716)	-
Expenses (acc. 6812)	44	-	-
Income (acc. 7812)	45	10,191,716	-
OPERATING EXPENSES - TOTAL (rows 19 to 22-23+24+27+30+33+43)	46	13,511,112,951	9,232,085,223
OPERATING RESULT			
- Profit (rows 18-46)	47	-	404,210,009
- Loss (rows 46-18)	2.	150,535,157	-
16. Income from shares held with subsidiaries (acc 7611)	49	621,985	583,817
17. Income from shares held with related entities (acc. 7612)	50	-	-
18. Income from shares held with related entities and mutually controlled entities (acc. 7613)	51	-	-

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Name of indicator	Line no.	Previous financial year	Current financial year
A	B	1	2
19. Income from operations with titles and other financial instruments (acc. 762)	52	-	-
20. Income from operations with derivative instruments (acc. 763)	53	-	-
21. Income from differences in the exchange rate (acc. 765)	54	82,418,990	162,968,275
22. Income from interests (acc. 766)	55	1,102,141	2,685,147
- of which, income from group entities	56	-	2,673,534
23. Income from operating subsidiaries for the owed interest (acc. 7418)	57	-	-
24. Income from short term financial investments (acc. 7617)	58	-	-
25. Other financial revenues (acc. 7615+764+767+768))	59	899,760	838,378
FINANCIAL INCOME – TOTAL (rows 49+50+51+52+53+54+55+57+58+59)	60	85,042,876	167,075,617
26. Value adjustment in respect of financial assets and financial investments held as current assets (rows. 62-63)	61	375,591,760	-
Expenses (acc. 686)	62	375,591,760	-
Revenues (acc. 786)	63	-	-
27. Expenses regarding operations with titles and other financial instruments (acc. 661)	64	-	-
28. Expenses related to operations with derivative instruments (acc. 662)	65	-	-
26. Interest related expenses (acc. 666 - 7418)	66	33,724,240	58,526,236
- of which, expenses in respect of group entities	67	31,691,600	44,092,470
30. Other financial expenses (acc. 663+664+665+667+668)	68	600,053,698	656,505,477
FINANCIAL EXPENSES – TOTAL (rows 61+64+65+66+68)	69	1,009,369,698	715,031,713
FINANCIAL RESULT:			
- Profit (rows 60-69)	70	-	-
- Loss (rows 69-60)	71	924,326,822	547,956,096
TOTAL INCOME (rows. 18+60)	72	13,445,620,670	9,803,370,849
TOTAL EXPENSES (rows 46+69)	73	14,520,482,649	9,947,116,936
31. GROSS RESULT:			
- Profit (rows 72-73)	74	-	-
- Loss (rows 73-72)	75	1,074,861,979	143,746,087
32. Current income tax (acc. 691)	76	-	-
33. Deferred income tax (acc. 692)	77	-	-
34. Income from deferred tax (acc. 792)	78	-	228,038,083
35. Other taxes not shown under the above items (acc. 698)	79	-	-

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Name of indicator	Line no.	Previous financial year	Current financial year
A	B	1	2
36. PROFIT OR LOSS AT THE END OF THE REPORTING PERIOD			
- Profit (rows 74-76-77+78-79)	80	-	84,291,996
- Loss (rows 75+76+77-78+79) (rows 76+77+79-74-78)	81	1,074,861,979	-

Informative data as at 31.12.2015

Code 30

I. Data about the recorded retained earnings	Row no.	No. Units		Amounts
A	B	1	2	
Profit-making units	01	1	84,291,996	
Units which registered loss	02	-	-	
Units that have registered neither profit, nor loss	03	-	-	
II. Data on overdue payments	Row no.	Total col. 2+3	Of which:	
			For current activity	For investments
A	B	1	2	3
Overdue payments-total (rows 05+09+15 to 19+23) of which:	04	1,672,713,391	1,378,471,674	294,241,717
Overdue suppliers-total (rows 06 to 08), of which	4.	1,672,713,391	1,378,471,674	294,241,717
- over 30 days	06	698,338,130	698,313,387	24,743
- over 90 days	07	658,646,886	658,602,411	44,475
- over 1 year	08	315,728,375	21,555,876	294,172,499
Overdue payments to the social security budget – total (rows 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 (rows 20 to 22) of which	19	-	-	-
- overdue after 30 days	20	-	-	-
- overdue after 90 days	21	-	-	-
- overdue after 1 year	22	-	-	-
Outstanding interest	23	-	-	-

III. Average headcount		31 December previous year	31 December current year
A	B	1	2
Average headcount	24	1,272	1,173
The actual number of employees at the end of the fiscal year, namely on December 31st	25	1,223	1,183

IV Interests, dividends and royalties paid during the financial year. Subsidies cashed and outstanding receivables	Row no.	Amounts (RON)
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	60,916,903
- 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	122,258,932
- 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	124,717
- tax due to the state budget	45	18,707

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IV Interests, dividends and royalties paid during the financial year. Subsidies cashed and outstanding receivables	Row no.	Amounts (RON)
A	B	1
Gross income from royalties paid to not-resident associated legal entities*) from the EU Member States, of which:	46	-
- tax due to the state budget	47	-
Royalties paid during the reporting period for public interest goods, held in concession, of which:	2.	-
- 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 reporting period for lands	52	-
Gross income from services paid to non-resident persons, of which:	53	8,884,651
- tax due to the state budget	54	-
Gross income from services paid to non-resident persons from the EU Member States, of which:	55	15,429,562
- tax due to the state budget	56	-
Subsidies received during the reporting period, of which:	57	-
- subsidies received during the reporting period, related to assets	58	-
- subsidies related to income, of which:	59	-
- Subsidies for stimulating the work force	60	-
Outstanding receivables, which were not received by the deadlines stipulated in the commercial agreements and/or regulations in force, out of which:	61	390,418,101
- outstanding receivables from entities held in majority or totally by the state	62	10,537,871
- outstanding receivables from entities from the private sector	63	379,880,230

V. Luncheon vouchers	Row no.	Amounts (RON)
A	1	2
Value of luncheon vouchers given to the employees	64	2,212,330

VI. Research and development expenses		31 December previous year	31 December current year
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	-	-

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

VIII. Other information	row no.	31 December previous year	31 December current year
A	B	1	2
Advance payments for intangible non-current assets (acc. 4094)	73	-	-
Down payments granted for tangible assets (acc. 4093)	74	3,928,655	2,860,945
Financial assets, in gross amounts (acc. 76+84), out of which:	75	2,189,376,414	2,189,376,414
Shares in affiliates, investments, other long term investments and bonds in gross amounts (rows 77 to 83), out of which:	76	2,189,376,414	2,189,376,414
- listed shares issued by residents	77	-	-
- non-listed shares issued by residents	78	191,216,660	191,216,660
- shares issued by residents	79	1,998,159,754	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 (rows 85+86), of which:	84	-	-
- 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. 4091+acc. 4092 + 411 + 413 + 418) out of which:	87	799,310,086	863,838,426
- external trade receivables, advances paid to external suppliers and other similar accounts, in gross amounts (acc. 4092 + from acc. 411 + from acc. 413 + from acc. 418)	88	492,569,588	424,386,248
Trade receivables unpaid on due date from acc. 4092+ from acc. 411+ from acc.413+ acc. 4091	89	410,075,294	390,418,101
Personnel-related receivables and similar accounts (acc. 425 + 4282)	90	240,845	226,721
Receivables related to social security budget and state budget (acc. 431 + 437 +4382 + 441 + 4424 + 4428 + 444 + 445 + 446 + 447 + 4482) , (rows 92 to 96) out of which:	91	54,870,045	292,501,467
- receivables related to social security budget (acc. 431+437+4382)	92	162,280	250,076
- fiscal receivables related to state budget (acc. 441+4424+4428+444+446)	93	54,194,564	291,738,270
- subsidies to receive (acc. 445)	94	-	-
- special funds - taxes and similar levies (acc. 447)	95	122	-

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VIII. Other information	row no.	31 December previous year	31 December current year
A	B	1	2
- other receivables related to the social security budget (acc. 4482)	96	513,079	513,121
Receivables in connection with affiliates (acc. 451)	97	50,537,766	68,271,933
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) (rows 101 to 103) out of which:	100	124,402,510	136,221,256
- 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	124,402,510	136,221,256
- 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) , out 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) (rows 108+114), out 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	-	-
- bonds issued by non-residents	114	-	-
Other amounts receivable (acc. 5113 + 5114)	115	-	-
Petty cash in Lei and foreign currency (rows 117+118), out of which:	116	5,216	3,720
- in RON (acc. 5311)	117	5,216	3,720
- in foreign currency (acc. 5314)	118	-	-
Petty cash in Lei and foreign currency (rows 120+122) , out of which:	119	13,395,103	6,133,312
- in RON (acc. 5121) , out of which	120	2,984,440	2,095,018
- current accounts in RON opened with non-resident banks	121		0
- in foreign currency (acc. 5124) , out of which:	122	10,410,663	4,038,294
- current accounts in foreign currency opened with non-resident banks	123	18,495	20,731

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VIII. Other information	row no.	31 December previous year	31 December current year
A	B	1	2
Other current accounts in banks and letters of credit (rows 125+126), out of which:	124	501,646	634,258
- amounts under settlement, letters of credit and other amounts receivable, in RON (acc. 5112 +5125 + 5411)	125	501,646	634,258
- amounts under settlement, and letters of credit in foreign currency (acc. 5125 + 5412)	126	-	-
Debts (rows 128+131+134+137+140+143+146+149+152+155+156+159+163+165+166+171+172+173+174+180) out of which:	127	4,839,805,505	5,101,423,822
debenture loans in gross amounts (acc. 161)(rows 129+130), out of which	128	-	-
- in lei	129	-	-
- in foreign currency	130	-	-
Interest related to debenture loans in gross amounts (acc. 1681) (rows 132+133), of which:	131	-	-
- in lei	132	-	-
- in foreign currency	133	-	-
- Short-term internal bank loans (acc. 5191 + 5192 + 5197), (rows 135+136), out of which:	134	211,510,112	156,210,584
- in RON	135	104,552,067	123,900,000
- in foreign currency	136	106,958,045	32,310,584
- Short-term internal bank loans and related interests (rows 5198) ,(rows 139+139), out of which:	137	-	-
- in lei	138	-	-
- in foreign currency	139	-	-
Short-term external bank loans (acc. 5193+5194+5195), (rows 141+142) out of which:	140	-	-
- in lei	141	-	-
- in foreign currency	142	-	-
Interests related to short-term external bank loans (from acc. 5198) (rows 144+145) out of which:	143	-	-
- in RON	144	-	-
- in foreign currency	145	-	-
Long-term bank credits (acc. 1621 + 1622 + 1627), (rows 147+148) out of which:	146	-	299,687,700
- in RON	147	-	-
- in foreign currency	148	-	299,687,700
Long-term bank loans and related interests (from acc. 1682) (rows 150+151), of which:	149	-	460,929
- in RON	150	-	-
- in foreign currency	151	-	460,929
Long-term external bank loans (acc. 1623 + 1624 + 1625) (rows 153+154) out of which:	152	-	-
- in RON	153	-	-
- in foreign currency	154	-	-

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VIII. Other information	row no.	31 December previous year	31 December current year
A	B	1	2
Long-term bank external bank loans and related interests (from acc. 1682) (rows 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	236,233	174,985
- in RON and expressed in RON, the settlement of which will depend on a foreign exchange rate	160	236,233	-
- in foreign currency	161	-	174,985
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	3,332,275,262	2,759,648,136
- 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	2,763,419,484	1,933,411,491
Personnel-related payables and similar accounts (acc. 421 + 423 + 424 + 426 + 427 + 4281)	165	4,527,021	5,749,427
Payables related to the social insurance budget and State Budget (acc. 431 + 437 + 4381 + 441 + 4423 + 4428 + 444 + 446 + 447 + 4481) (rows 167 to 170) out of which:	166	167,054,194	151,873,556
- receivables related to social security budget (acc. 431+437+4382)	167	3,132,940	3,830,029
- fiscal debts related to state budget (acc. 441+4423+4428+444+446)	168	136,310,509	120,456,403
- special funds - taxes and similar levies (acc. 447)	169	27,610,745	27,587,124
- Other payables related to the social insurance budget (acc. 4481)	170	-	-
Debts of the entities in relation to the related entities (acc.451)	171	1,123,288,431	1,727,618,185
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) rows (175 to 179) out of which:	174	-	320
- 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) 1) (from acc. 462+from acc 472+from acc.473)	176	-	320
- 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	-	-

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VIII. Other information	row no.	31 December previous year	31 December current year
A	B	1	2
- Interest payable (acc. 5186)	180	-	-
Value of loans received from the economic operators	181	-	-
Subscribed and paid in share capital (acc. 1012), out 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	2,134,642,371	2,124,628,616
Patents and licenses (from acc. 205)	187	22,343,241	22,966,703

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	-	-

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. Information related to goods privately held by the state and subjected to inventory according to OMFP no. 668/2014		31 December previous year	31 December current year
Net value of the goods	192	-	-

XII. Paid up share capital	Row no.	31 December previous year	31 December current year
Paid up share capital (acc. 1012), (rows 19194+197+201+202+203+204), out of which:	193	4,410,920,573	4,410,920,573
- held by public institutions (rows 194+195), out of which:	194	1,971,500,905	1,971,500,905
- held by public institutions in central subordination (rows	195	1,971,500,905	1,971,500,905
- held by public institutions in local subordination	196	-	-
- held by companies with state capital, of which:	197	-	-
- integral state capital	198	-	-
- majority state capital	199	-	-
- minority state capital	200	-	-
- held by autonomous companies	201	-	-
- held by companies with external capital:	202	2,414,138,657	2,414,224,107
- held by natural persons	203	25,281,011	25,195,561
- held by other entities	204	-	-

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A	Row no.	Amounts	
	B	2014	2015
XIII. 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:	205	-	-
- to central public institutions	206	-	-
- to local public institutions	207	-	-
- to other shareholders in which the state / territorial and administrative units / public institutions hold shares or participations directly/indirectly, regardless of their weight	208	-	-

A	Row no.	Amounts	
	B	2014	2015
XIII. 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:	209	-	-
- dividends / payments from the profit of the previous financial year, of which distributed:	210	-	-
- to central public institutions	211	-	-
- to local public institutions	212	-	-
- to other shareholders in which the state / territorial and administrative units / public institutions hold shares or participations directly/indirectly, regardless of their weight	213	-	-
- dividends / payments from the profit of the previous financial years, of which distributed:	214	-	-
- to central public institutions	215	-	-
- to local public institutions	216	-	-
- to other shareholders in which the state / territorial and administrative units / public institutions hold shares or participations directly/indirectly, regardless of their weight	217	-	-

A	Row no.	Amounts	
	B	2014	2015
XV. Receivables taken over by cession from legal entities			
- Receivables taken over by cession from legal entities (at their nominal value), of which:	218	116,322,608	-
- receivables taken over by cession from affiliated legal entities	219	116,322,608	-
- Receivables taken over by cession from legal entities (at their purchase value), of which:	220	116,322,608	-
- receivables taken over by cession from affiliated legal entities	221	116,322,608	-
XVI. Income obtained from agricultural activities	Row no.	Amounts	
A	B	2,014	2,015
Income obtained from agricultural activities	222	-	-

Fixed assets statement as at 31.12.2015

Code 40

Fixed asset items	R o w n o .	Gross amounts				
		Initial balance	Increases	Decreases		Final balance
				Total	Of which - dismantling and cassation	(column 5=1+2-3)
A	B	1(1)	2(2)	3(3)	4(4)	5(5)
I. Intangible assets						
Development costs	1	1,106,220	150,123	1,106,220	x	150,123
Other assets	2	46,044,048	-9,6520	-	x	45,947,528
Intangible assets for exploration and evaluation of mineral resources	3	-	-	-	x	-
Advance payments for intangible non-current assets	4	-	-	-	-	-
TOTAL (rows 01 la 04)	5	47,150,268	53,603	1,106,220	-	46,097,651
II. Tangible assets						
Land	6	185,487,305	6,992,702	-	-	192,480,007
Buildings	7	1,821,502,791	32,102,878	-	-	1,853,605,669
Plant and machinery	8	2,916,085,160	426,769,858	3,088,856	3,088,856	3,339,766,162
Other plant, machinery and fixtures	9	12,093,480	64,015	3,155	3,155	12,154,340
Investment property	10	-	-	-	-	-
Tangible assets for exploration and evaluation of mineral resources	11	-	-	-	-	-
Intangible assets in execution	12	110,982,177	419,275,603	465,124,020	-	65,133,760
Real estate investments in execution	13	-	-	-	-	-
Advance payments for tangible assets	14	3,928,655	-	1,067,710	-	2,860,945
TOTAL (rows 06 to 14)	15	5,050,079,568	885,205,056	469,283,741	3,092,011	5,466,000,883
III. Biologic assets	16	-	-	-	-	-
IV. Financial assets	17	2,189,376,414	-	-	-	2,189,376,414
NON-CURRENT ASSETS - TOTAL (rows 05+15+16+17)	18	7,286,606,250	885,258,659	470,389,961	3,092,011	7,701,474,948

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Statement of fixed assets amortization

Fixed asset items	Row 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	19	1,106,220	12,510	1,106,220	12,510
Other assets	20	29,408,066	3,194,071	-	32,602,137
Intangible assets for exploration and evaluation of mineral resources	21	-	-	-	-
Total (rows 19+20+21)	22	30,514,286	3,206,581	1,106,220	32,614,647
II. Tangible assets					
Land	23	20,670,379	1,550,580	-	22,220,959
Buildings	24	830,582,968	46,761,469	-	877,344,437
Plant and machinery	25	1,270,108,593	148,308,393	3,088,124	1,415,328,862
Other plant, machinery and fixtures	26	4,713,001	774,048	3,155	5,483,894
Investment property	27	-	-	-	-
Tangible assets for exploration and evaluation of mineral resources	28	-	-	-	-
TOTAL (rows 23 to 28)	29	2,126,074,941	197,394,490	3,091,279	2,320,378,152
II. Biologic assets	30	-	-	-	-
TOTAL AMORTIZATIONS (rows 22+29+30)	31	2,156,589,227	200,601,071	4,197,499	2,352,992,799

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	32	-	-	-	-
Other assets	33	-	-	-	-
Intangible assets for exploration and evaluation of mineral resources	34	-	-	-	-
Total (rows 32 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 (rows 36 to 43)	44	3,217,220	-	-	3,217,220
III. Biologic assets	45	-	-	-	-
IV. Financial assets	46	560,356,359	-	-	560,356,359
ALLOWANCE - TOTAL (rows 35+44+45+46)	27	563,573,579	-	-	563,573,579