



ROMPETROL

**ROMPETROL RAFINARE S.A.
ANNUAL REPORT OF THE MANAGING BOARD for the financial year 2011
Audited financial statements**

ANNUAL REPORT 2011

**OF THE MANAGING BOARD
FOR THE FINANCIAL YEAR 2011**

**COMPANY
ROMPETROL RAFINARE S.A.**

Registered headquarters: **B-dul Năvodari no. 215,
Pavilion Administrativ,
Năvodari, Constanța county**

Phone/Fax: **+(40) 241 506100
+(40) 241 506930**

**Sole Registration Code at the
Trade Register Office attached to the
Constanța Tribunal:**

1860712

Registered in the Trade Register under no.: **J13/534/1991**

**The shares of S.C. Rompetrol Rafinare S.A. are being traded in the
second category of the BUCHAREST STOCK EXCHANGE**

Registered capital subscribed and paid: **4,410,920,572.60 LEI**

Main features of the securities issued by S.C. Rompetrol Rafinare S.A.:

- **Dematerialized nominal common shares, accounted for by
Depozitarul Central S.A. Bucharest**
 - **Total number of shares:** **44,109,205,726**
 - **Nominal value:** **0.10 LEI**
 - **BVB stock symbol** **RRC**



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MAJOR PERFORMANCES IN 2011, DURING A PERIOD OF ADVERSE ECONOMIC CONDITIONS:

The operational and financial results have been influenced by the global financial crisis, the rise of the international petroleum and fuel prices, on one hand, and by a series of internal macroeconomic factors, such as the depreciation of the national currency, on the other. However, the Company achieved major performances in this unfavourable background:

- Production of biofuels (diesel and gasoline) on the basis of biocomponents;
- Compliance with the EU and Romanian product specifications, compulsory as of 01.01.2009: production of Euro 5 fuels;
- Compliance with the national and European environment requirements in what regards the sulphur oxides and nitrogen emissions in the atmosphere, and the storage of dangerous waste;
- 84% yield in white products at Petromidia, the highest in the last 5 years;
- Between 22 October and 8 November 2011, the activity at the Petromidia Refinery was halted to carry-out the scheduled revisions;
- Investments in amount of USD 194,752,104 USD in 2011, both for the Petromidia Refinery and the Vega Refinery, for efficiency increase, environment protection and capacity building.

The most important investments and upgrades carried-out by Rompetrol Rafinare in 2011 were:

- ✓ Reconfiguration of the existing Vacuum Distillate Hydrofining Plant into the Diesel fuel Hydrofining Plant;
- ✓ Upgrade of the Gas Sweetening Plant;
- ✓ Upgrade of the Sulphur Recovery Plant;
- ✓ Building of new luminaries;
- ✓ Building of a new nitrogen plant
- ✓ Upgrade of the compressors;
- ✓ Upgrade of the petroleum products tanks and increase of their operational safety;
- ✓ Upgrade of the electric equipments in the two refineries;
- ✓ Periodic servicing of the two refineries: Petromidia and Vega;
- ✓ Redirection of the sulphur gases from the Vacuum Distillation Plant.

Following the commissioning of the new plants foreseen in the Investment project package, Rompetrol Rafinare will be able to produce, from the second part of 2012, exclusively Euro 5 fuels, by processing sour crude oil only, thanks to an increase of the raw materials processing capacity to 5 million tonnes/year (from 4.03 million tonnes in 2009 and 1.15 million tonnes in 2000 – before the merger with the Rompetrol Group).



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1. ANALYSIS OF THE COMPANY'S ACTIVITY

The international financial background compels companies to adapt their behaviour to the new economic situations.

For Rompetrol Rafinare, member of the Rompetrol Group, the biggest challenge was to reach its performance objectives by streamlining all of its activities and by controlling and cutting its costs, in order to adapt its strategy and business plans for the following years.

1.1. a) Description of the core activity of S.C. ROMPETROL RAFINARE S.A.

Rompetrol Rafinare, member of the Rompetrol Group, operates the Petromidia refinery, located in Năvodari, Constanța county, and the Vega refinery of Ploiești, Prahova county.

According to the Articles of Incorporation of the Rompetrol Rafinare S.A. (hereinafter „the Company”), the main object of activity is the „Manufacture of refined petroleum products” (CAEN code 192), and the main object of activity is „Manufacture of refined petroleum products” (CAEN code 1920). Other secondary objects of activity are listed in the Articles of Incorporation.

Rompetrol Rafinare holds the status of certified warehousekeeper, according to the fiscal provisions in force. Since they are producers of energy products, the Petromidia and Vega refineries are authorized as production tax warehouses and comply with the tax rules regulating the production of energy products.

Rompetrol Rafinare also holds Environment Integrated Authorizations for the two refineries which it operates, issued by the relevant environment authorities, in accordance with the environment legislation.

In 2011, Rompetrol Rafinare continued its upward trend, due to the continuation of investments from previous years for compliance with the European rules on the quality of fuels – Euro 5.



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I) The production activity

Rompetrol Rafinare – Năvodari site (Petromidia refinery)

The 2011 production programme of S.C. ROMPETROL RAFINARE S.A. was designed for a total processing of 4,169,942 tonnes (3,937,183 tonnes petroleum and 232,759 tonnes of other raw materials).

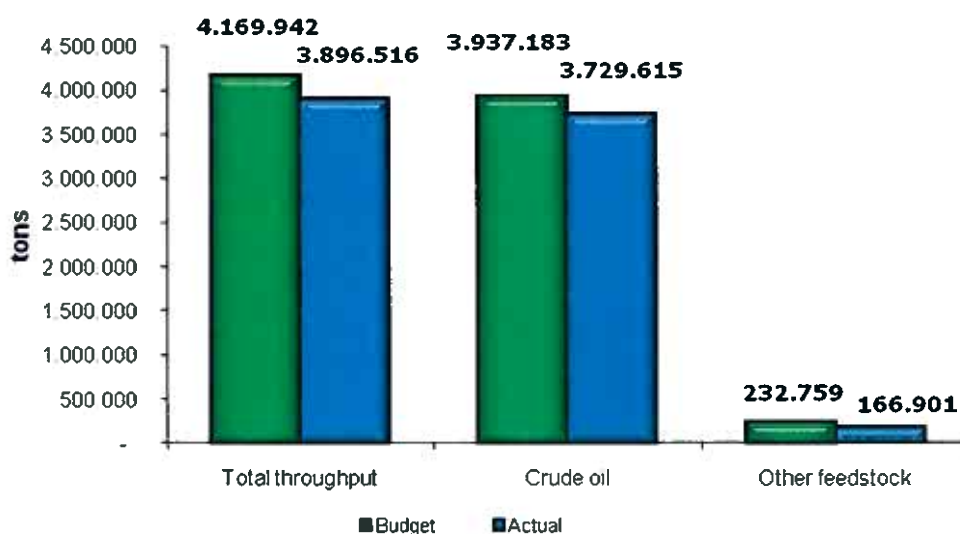
This programme was the basis of the income and expense budget for 2011.

In 2011, the total processed quantity was 3,896,516 tonnes (3,729,615 tonnes petroleum and 166,901 tonnes other raw materials).

This processing represents 93.44% of the programme established for the 2011.

| | <i>Tonnes</i> | |
|----------------------------|----------------------|------------------|
| 2011 | Budget | Achieved |
| Total processed | 4,169,942 | 3,896,516 |
| Processed petroleum | 3,937,183 | 3,729,615 |
| Other raw materials | 232,759 | 166,901 |

2011 Processing, Budget vs Actual





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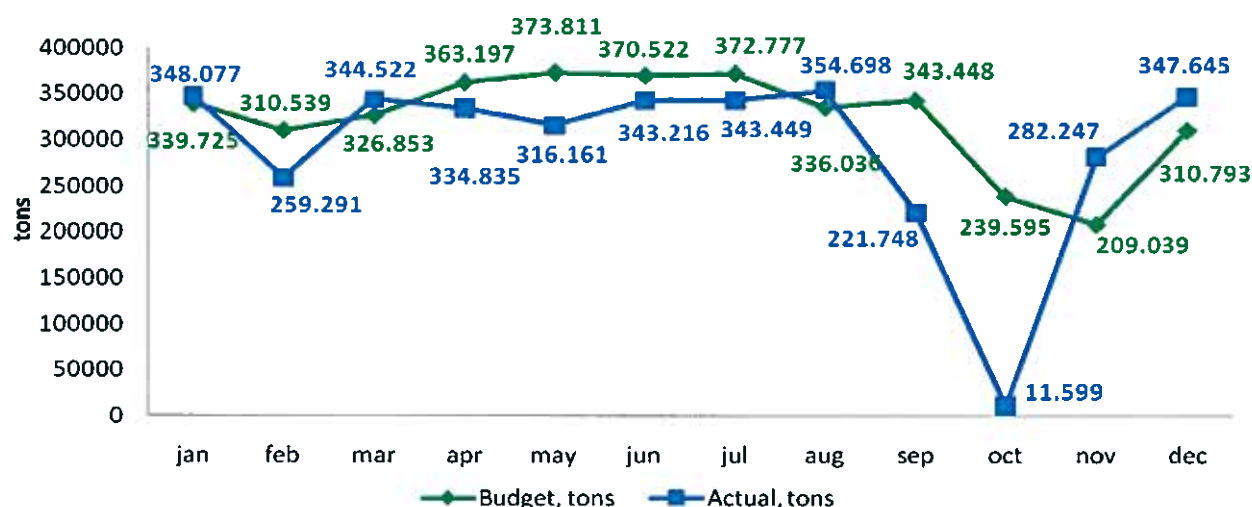
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Another element of the same strategy, that of ensuring a permanent operation of the plants at an increasingly better load, was part of the action to also process other raw materials.

Between 22.10.2011 - 08.11.2011, operation at the Petromidia refinery ceased according to a previously established schedule.

During this scheduled stop, refining-specific maintenance works have been carried out, such as the replacement of catalysts in order to maintain and increase the quality of fuels, but also upgrades to the gas sweetening plant and the conversion of the vacuum distillate sweetening plant into a diesel fuel sulphur removal plant. Furthermore, a new nitrogen production plant and a new luminary system have been completed and integrated into the technologic flow.

2011 Monthly processing evolution versus Budget



In 2011, the structure of the physical production, as compared to the budget, is the following:

| YEAR 2011 | Budgeted [tonnes] | Achieved [tonnes] |
|-------------------------------|----------------------|----------------------|
| Finished products | 4,078,058 | 3,812,199 |
| Gasoline | 1,479,648 | 1,258,126 |
| Diesel fuel | 1,533,884 | 1,497,116 |
| Heavy oil | 108,385 | 150,172 |
| Vacuum distillate - commodity | - | 23,869 |
| Propane-Propylene | 129,483 | 118,970 |
| Coke | 190,435 | 169,027 |
| Sulphur | 35,943 | 32,880 |
| Other products | 600,280 | 562,040 |
| Total used : | 91,884 | 94,044 |
| of which: Technical use | 26,725 | 27,304 |



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| White products manufactured, % | Budgeted | Achieved |
|----------------------------------|----------|----------|
| In relation to total processed | 86.14 | 84.03 |
| In relation to finished products | 88.08 | 85.89 |

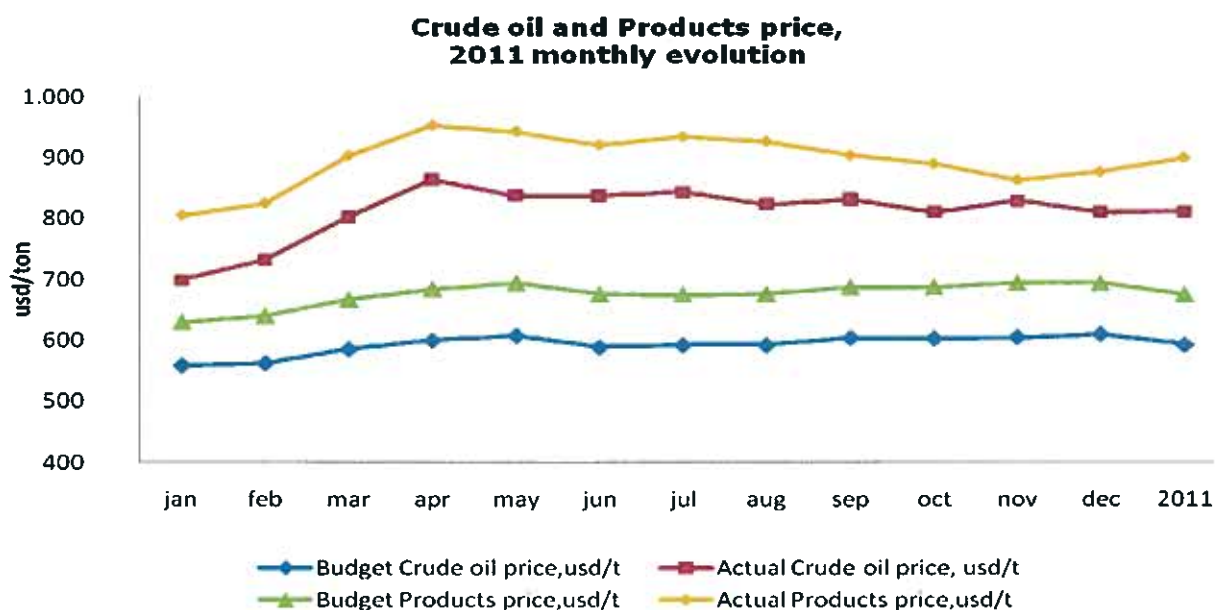
From the comparison budgeted-achieved, it is obvious the desire to generate petroleum products compliant with the market requirements.

Consideration was given to producing gasoline and diesel fuel compliant with the properties required on the external market (Euro 5 products) and the internal market (Bio products).

In 2011, the petroleum purchase price was budgeted at USD 591.69/tonne, with a final average price under USD 810.47/tonne.

The average value of the finished products was budgeted at USD 674.34/tonne for 2011, with an achieved average price of USD 898.66/tonne.

It is obvious that the petroleum market increased by 36.97% as compared to the budget, but the petroleum products price did not follow the same increasing trend of the petroleum, as the increase was only 33.27%.



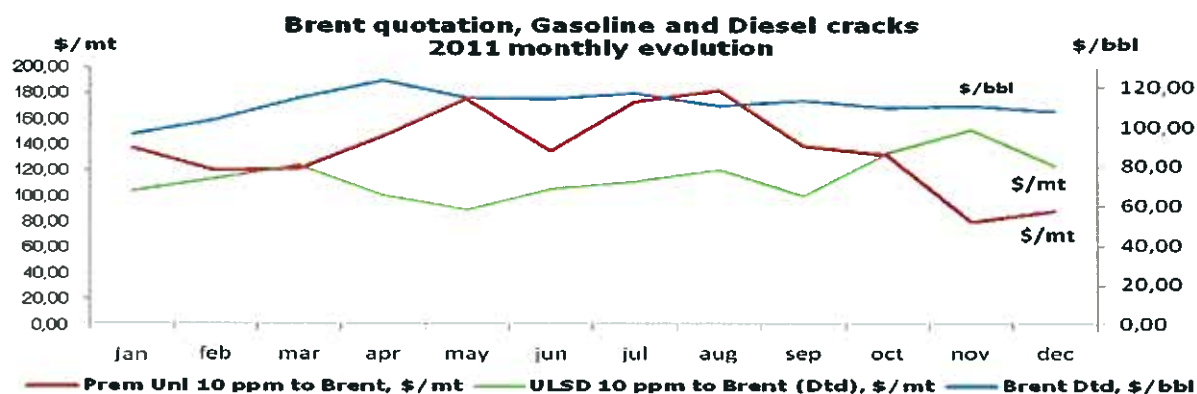
In 2011, gasoline prices exceeded diesel fuel prices with approx. 21 USD/t on average, and the two prices exceeded each other in turn. Thus, in January and February and between April-September, the gasoline price exceeded the diesel price by approx. 45 USD/t (with a peak of 85 USD/t in May). The month of March saw a reversal of prices, when diesel exceeded gasoline by approx. 3 USD/t, and it remained steady above the gasoline price at the end of the year, with approx. 36 USD/t on average (with a peak of approx. 74 USD/t in November).



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Source: Platts



In 2011, the energy consumption (GJ/t) related to a processed tonne increased by 1% compared to 2010.

The cost of energy per tonne of processed matter increase by 0.67 USD/t in 2011 compared to 2010, especially due to the increase of the power and natural gas prices.

The quantitative structure of the deliveries is summarized in the following table:

| OIL PRODUCTS | DELIVERIES | | | | | | |
|--|------------------|------------------|--------------|------------------|--------------|-----------------------|-------------|
| | TOTAL DELIVERIES | INTERNAL * | | EXPORT | | Raw materials at VEGA | |
| | tonnes | tonnes | % | tonnes | % | tonnes | % |
| Gasoline (automotive) | 1,114,575 | 290,544 | 26.07 | 824,031 | 73.93 | 0 | 0.00 |
| Gasoline – chemicalisation | 142,593 | | 0.00 | | 0.00 | 142,593 | 100.0 |
| Petroleums | 99,618 | 78,351 | 78.65 | 0 | 0.00 | 21,266 | 21.35 |
| Diesel fuel (automotive) | 1,472,333 | 1,071,789 | 72.80 | 400,544 | 27.20 | 0 | 0.00 |
| Heavy fuel/FCC Residue | 136,229 | 3,187 | 2.34 | 34,561 | 25.37 | 98,481 | 72.29 |
| Vacuum distillate | 23,869 | 0 | 0.00 | 23,869 | 100.00 | 0 | 0.00 |
| Propylene (mixture of propane and propylene) | 118,970 | 118,970 | 100.0 | | 0.00 | 0 | 0.00 |
| Liquefied petroleum gas | 239,373 | 239,373 | 100.0 | | 0.00 | 0 | 0.00 |
| Petroleum coke | 170,657 | 143,236 | 83.93 | 27,421 | 16.07 | 0 | 0.00 |
| Petroleum sulphur | 28,838 | 122 | 0.42 | 28,716 | 99.58 | 0 | 0.00 |
| Other products | 139,307 | 72,247 | 51.86 | 2,042 | 1.47 | 65,017 | 46.67 |
| TOTAL | 3,686,361 | 2,017,820 | 54.74 | 1,341,184 | 36.38 | 327,357 | 8.88 |

* the internal deliveries include petroleum products sold on the internal market; the deliveries to Vega are listed under "Raw materials".



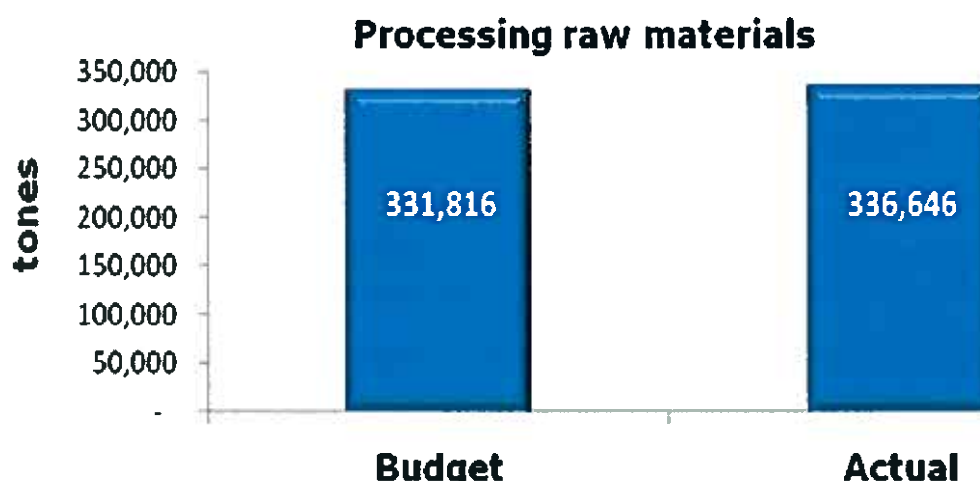
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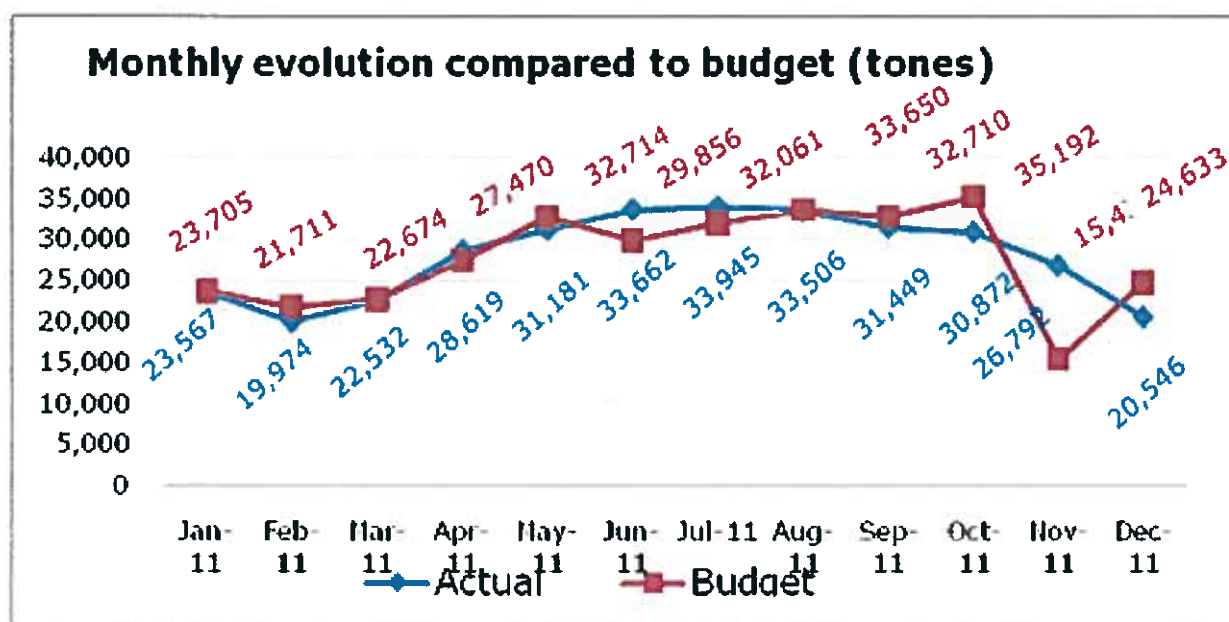
Romp petrol Rafinare – Vega refinery site

The 2011 production programme of the S.C. ROMPETROL RAFINARE S.A., the Vega refinery site, was designed with a total processing of 331,816 tonnes. This programme was the basis of the income and expense budget for 2011.

The processing achieved in 2011 is 336,646 tonnes.
 This processing represents 101.5 % of the programme established for the 2011.



In 2011, the processed quantity exceeded the budgeted quantity by 1.5%, with a monthly average of 28,054 tonnes compared to 27,651 tonnes as budgeted.



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In 2011, the structure of the physical production, as compared to the budget, is the following:

| YEAR 2011 | Budget [tonnes] | Achieved [tonnes] |
|----------------------------|----------------------------|------------------------------|
| Finished products | 326,338 | 320,025 |
| Gasoline | 174,820 | 143,445 |
| n-Hexane | 48,504 | 42,568 |
| White spirit | 13,496 | 20,305 |
| Calor Extra I | 6,457 | 8,665 |
| Light liquid fuel type III | 8,056 | 10,008 |
| Fuel oil | 27,005 | 40,770 |
| Bitumen | 46,901 | 53,270 |
| Other products | 1,100 | 994 |

The comparison between "Budget" and "Achieved" shows the dedication to manufacturing petroleum products compliant with the market requirements.

In 2011, the energy consumption in relation to the tonne of processed matter dropped by 7.78% compared to 2010, due to the volume of the processed raw materials and the measures for the reduction of energy use.

The quantitative structure of the deliveries is summarized in the following table:

| PRODUCT | TOTAL DELIVERIES tonnes | INTERNAL | | EXPORT | |
|----------------------------|--|-----------------|--------------|----------------|--------------|
| | | tonnes | % | tonnes | % |
| Delivered products | 321,295 | 125,750 | 39.14 | 195,545 | 60.86 |
| Gasoline | 144,941 | 20,444 | 14.10 | 124,497 | 85.90 |
| n-Hexane | 42,281 | 3,969 | 9.39 | 38,312 | 90.61 |
| White spirit | 19,702 | 2,780 | 14.11 | 16,922 | 85.89 |
| Calor Extra I | 8,070 | 5,141 | 63.71 | 2,929 | 36.29 |
| Light liquid fuel type III | 9,405 | 9,359 | 99.51 | 46 | 0.49 |
| Fuel oil | 42,551 | 29,805 | 70.05 | 12,746 | 29.95 |
| Bitumen | 53,337 | 53,244 | 99.83 | 93 | 0.17 |
| Other products | 1,008 | 1,008 | 100.00 | - | - |



II) The investment activity

In 2011, the investment activity was dedicated, according to the programme, to the following:

- the increase of the processing capacity of the refineries and the production of fuels compliant with European rules, and the increase in the yield of white products;
- Compliance with the requirements of the European Union and the current environment requirements, especially in order to reduce emissions.
- increase the reliable and safe use of the plants.

The investments carried out in 2011 for both the Petromidia refinery and the Vega refinery amounted to **USD 194,752,104**.

The main projects completed in 2011:

Reconfiguration of the existing Vacuum Distillate Hydrofining Plant into the Diesel fuel Hydrofining Plant

The main objective of this project was to convert the Vacuum Distillate Hydrofining Plant (HDV) into a Diesel fuel Hydrofining Plant (HM), capable of high quality and safe processing at a flow of 180 m³/h.

Upgrade of the Gas Sweetening Plant

The project aimed to modernize the gas sweetening plant, in order to process the increased volume of gases and amine following the increase in the refinery capacity from 5 million tonnes petroleum/year with 1.6% sulphur and the introduction in the refinery process of the MHC plant (hydrocracking).

A new luminary system at the Petromidia refinery

The project aimed to ensure the burning of the gases discharged by the Petromidia refinery plants, the overpressure protection of the equipment, elimination of the explosion risk and protection of the air against hydrocarbon and toxic gas pollution, and compliance with the environment legislation on the protection of atmosphere (OUG no. 152/2005 and OUG no. 195/2005, and the European Commission document – February 2003 on the best available practices in the field of petroleum and gas refineries).



Building of a new nitrogen and compressed air plant

The HPN (High Purity Nitrogen) Plant is part of a complex project for the upgrade of the nitrogen and instrumental and technical air production and distribution plant, necessary for the normal and failure mode operation of the refining and petrochemical plants. The project also includes an increase in the liquid nitrogen vaporization capacity, from 3,000 to 7,500 Nmc/h, which ensures the nitrogen required for the safe start of the plants. Another advantage of the new HPN plant is the specific power consumption, which is 40% lower compared to the replaced plant.

Continuation of the works from the "Investments projects package"

Besides the completed projects, the following projects, initiated in 2006 and included in the „Investments projects package“, have continued in 2011:

- The "Mild hydrocracking" Project;
- The "Hydrogen Factory" Project;
- The "New Sulphur Recovery Plant" Project;

The main objectives of the projects included in the Investment Projects package" are:

- Compliance with the European Union product specifications, compulsory as of 01.01.2009: production of fuels (gasoline and diesel) with a sulphur content below 10 ppm, when processing 100% sulphur petroleum;
- Increase of the Refinery processing capacity from 3.8 to 5 million tonnes/year, by elimination of the operational constraints which allow the operation of the refinery at a 5 million tonnes/year capacity for the production of Euro 5 fuels;
- Increase the diesel yield in the product range of the refinery, following the worldwide increase in the diesel demand;
- Compliance with the European Union environment provisions on atmosphere emissions and storage of dangerous waste.

The investment activity of Rompetrol Rafinare – Vega Refinery site in 2011 was focused on the increase of energy efficiency, diversification of the product range, doubling of the hexane plant efficiency, increase of the operational safety and compliance with the conformity programme.



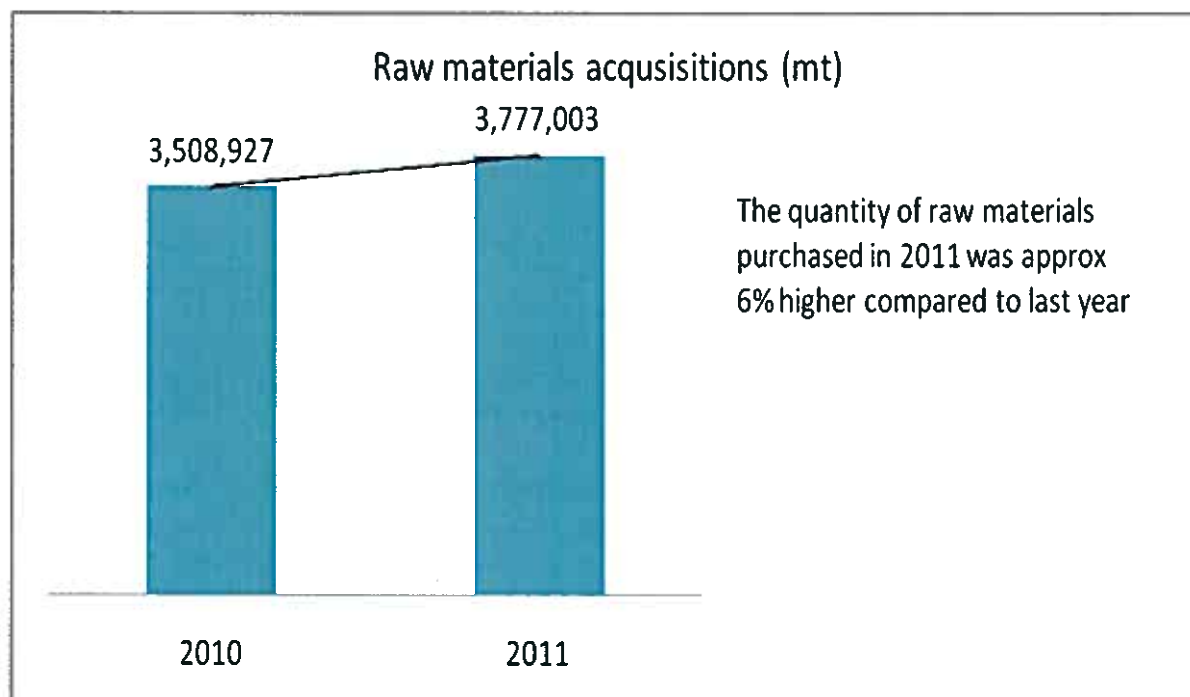
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III) The commercial activity

Rompetrol Rafinare – Năvodari site (Petromidia refinery)

1. Raw materials supply



The purchase price of raw materials increased by 40% in 2011 as compared to the previous year, due to the equivalent increase of petroleum on the international market.



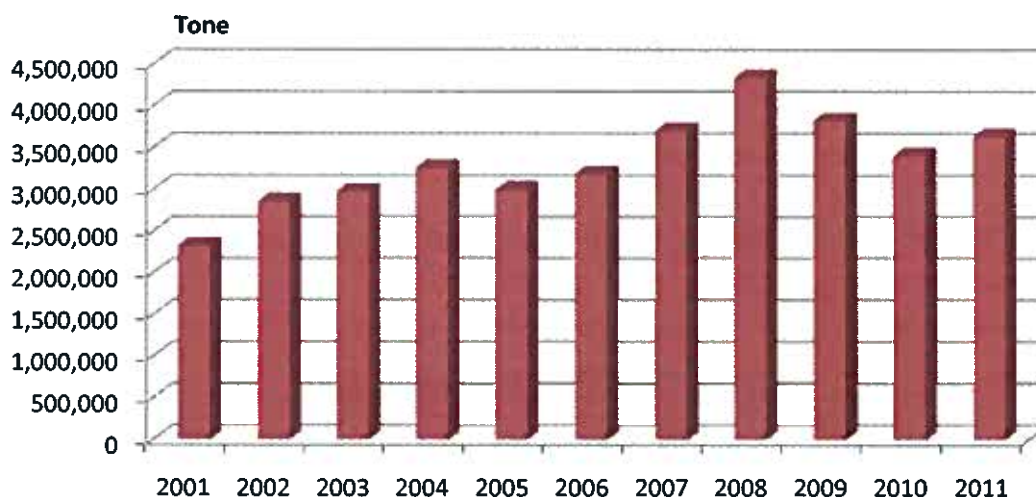
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Evolution of crude quantities purchased by Rompetrol



In 2011, the petroleum acquisitions have been carried out exclusively through Vector Energy A.G., the trading company of the Rompetrol Group.

As compared to 2010, the amount of raw materials from the external market increased by 8%. The value of acquisitions in 2011 was approx. 40% higher in the previous year, following the increase of international prices on the reference markets (in 2011, the average Brent price was around 111 USD/bbl, compared to 80 USD/bbl in 2010).

In 2011, the amount of internal raw materials acquisitions increased by approx. 14% compared to 2010, following the higher external biodiesel acquisitions necessary for the biofuels mixtures required by the legislation in force.

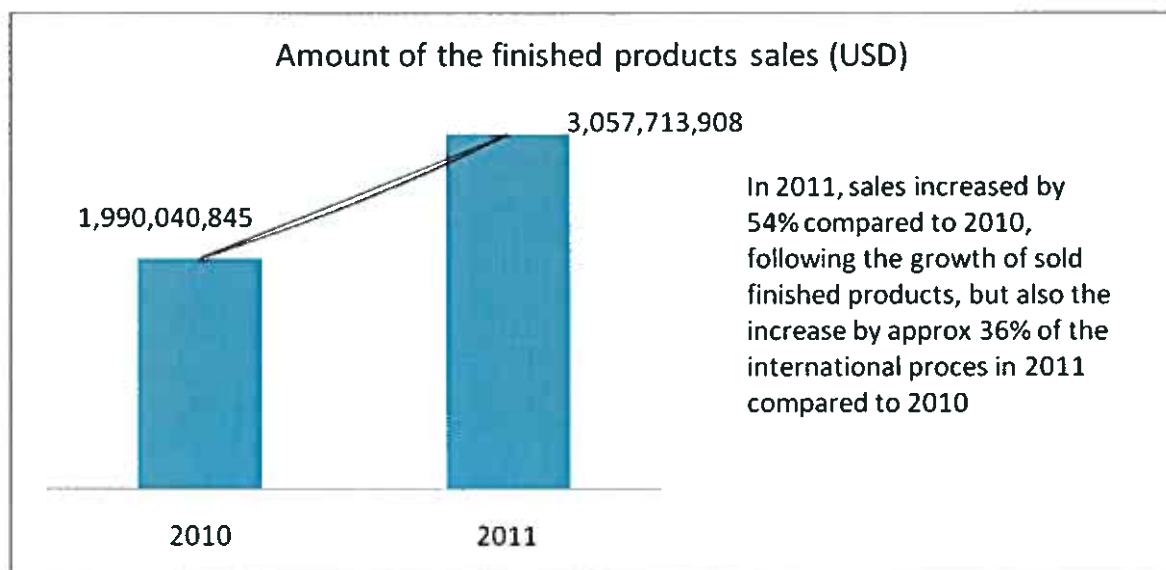
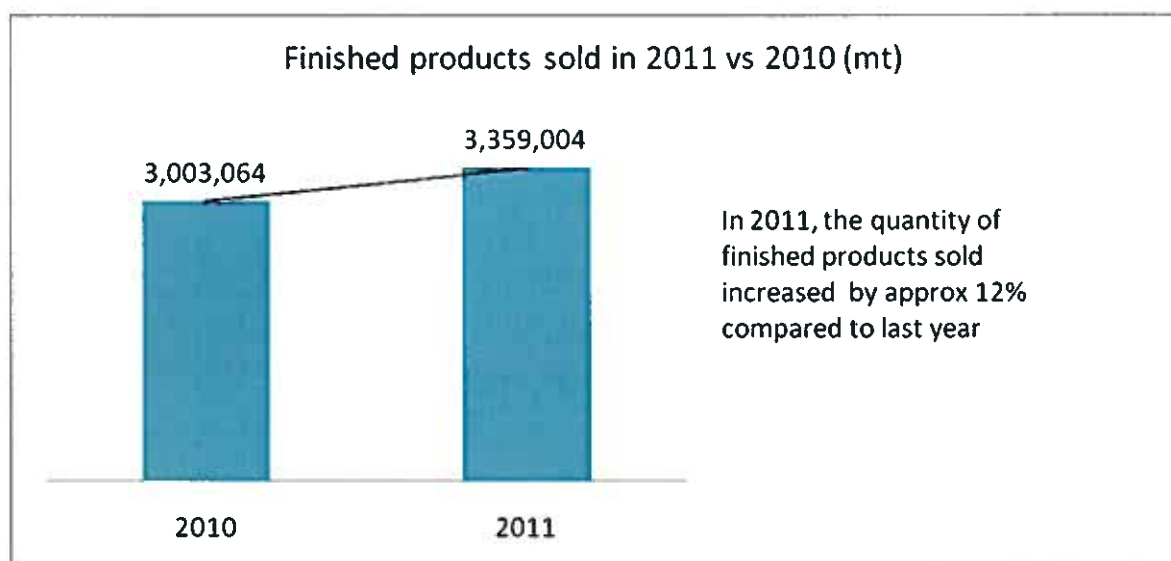
These are complemented by the A-type light naphta from the Vega Refinery, in total amount of 17,857 tonnes.

The internal raw materials suppliers were:

- Rompetrol Petrochemicals S.R.L. – propane pyrolysis
- Viromet Victoria S.A. – methanol
- Prio Biocombustibil S.R.L. – biodiesel
- Marex, Bio Fuel Energy - bioethanol



2. Sales activity

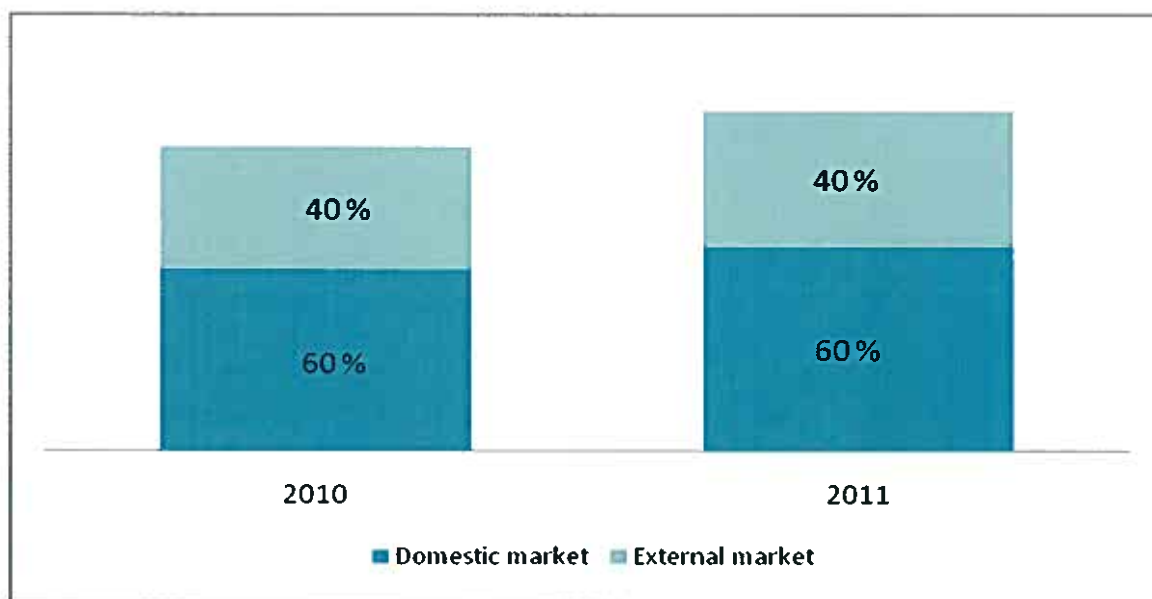




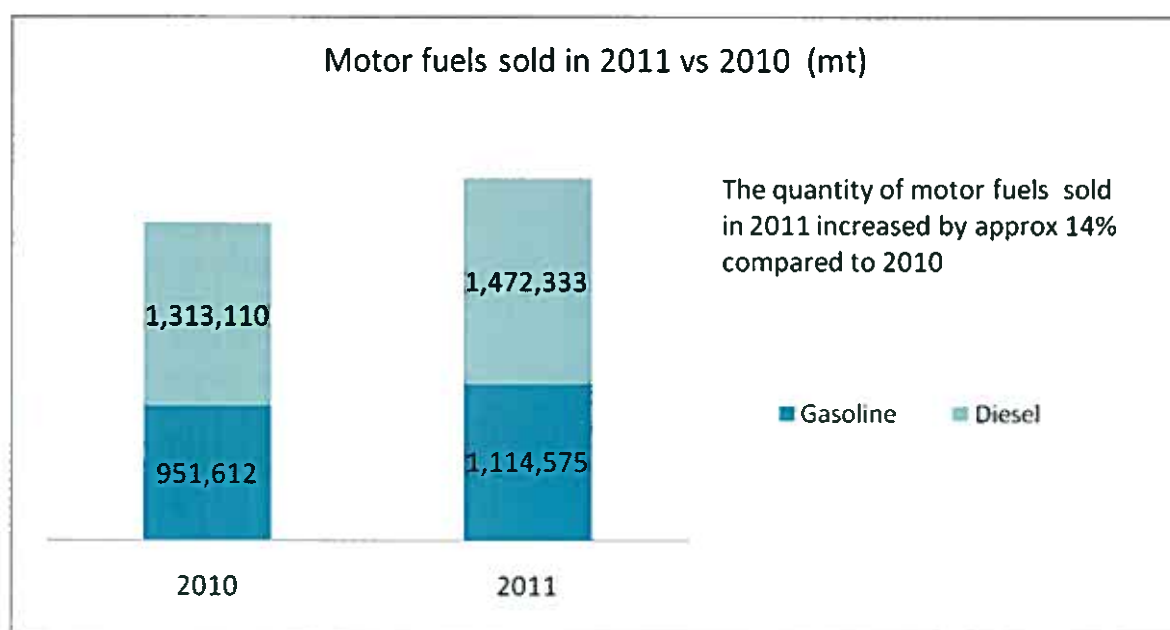
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Structure of the sales per markets



Motor fuels sold in 2011 vs 2010 (mt)





Rompetrol Rafinare – Vega refinery site

The quantitative structure of the petroleum products deliveries in 2011 is summarized in the following table:

| Product group | Total deliveries 2011 | Internal | | External | |
|-----------------------------|------------------------------|-----------------|-------------------------|-----------------|-------------------------|
| | | [tonnes] | % of total sales | [tonnes] | % of total sales |
| Other gasolines | 103,228 | - | - | 103,228 | 52.79 |
| Bitumens | 53,337 | 53,244 | 49.81 | 93 | 0.05 |
| Fuel oil | 42,551 | 29,805 | 27.88 | 12,746 | 6.52 |
| Hexane | 42,281 | 3,969 | 3.71 | 38,312 | 19.59 |
| Ecologic solvents | 23,855 | 2,587 | 2.42 | 21,269 | 10.88 |
| Petroleums and white spirit | 19,702 | 2,780 | 2.60 | 16,922 | 8.65 |
| Fuels | 17,475 | 14,500 | 13.57 | 2,975 | 1.52 |
| Total | 302,429 | 106,885 | 100 | 195,545 | 100 |

In 2011, 65% of the finished products were sold on the external market, while the remaining 35% were sold on the internal market.

The markets and products sold in 2011 were the following:

- Hungary, Serbia for naphtha gasoline;
- Bulgaria, Poland, Austria, India, Turkey, Ukraine, Korea for hexane;
- Germany, Poland, Republic of Moldova, Ukraine for ecologic solvents;
- Bulgaria for fuel oil;
- Bulgaria, Moldova for fuels.

The sales of white products (naphtha gasoline, ecologic solvents, n-hexane and white spirit) represents approx. 63% of the total sales in 2011.

The market

The 2011 sales amounted to 302,429 tonnes.

On the markets, the sales through the two distribution channels represented, on the internal market, approx. 35% from the total finished product amount sold by S.C. Rompetrol Rafinare S.A. – Vega Refinery site.

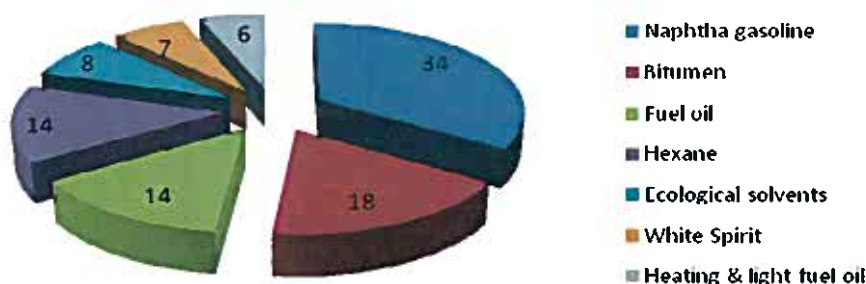


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195,545 tonnes have been sold on the external distribution channel.

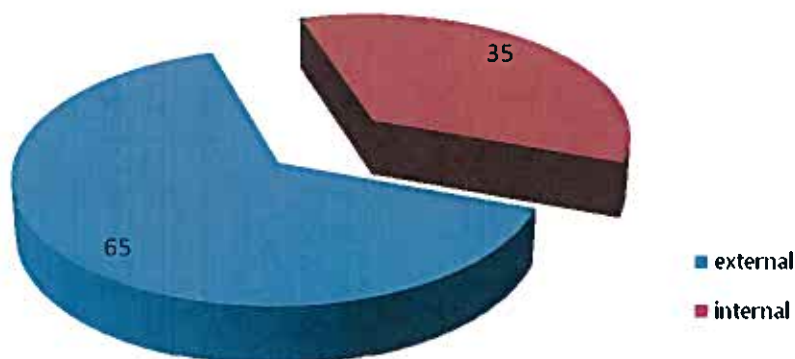
Sales per products groups [%]



From the total quantity of finished products, approx. 34% represented naphtha gasoline, i.e. 103,228 tonnes.

In what regards the markets, the sales on the external market exceeded those on the internal market (approx. 65 % of the total product sales).

**Structure of the finished products
sales per market [%]**





IV) Activity on the Work Quality, Health, Security and Environment Protection (QHSE)

I. QHSE common activities

- *Maintenance of the integrated quality-environment-health and occupational security system – supervisory audits carried out by the representatives of Germanischer Lloyd Industrial Service (in the months of April and December 2011)*
- **Management System Research**
A number of 71 documents have been drafted/reviewed and implemented (guidelines, procedures, manual, policy, objectives)

II. Health, occupational safety, emergency situations

1. Work injuries

The Petromidia Refinery

Two work injuries, resulting in temporary incapacity for work, have been registered at the Constanța Regional Labour Office.

No occupational diseases have been recorded, and no fines have been given following the controls of the Constanța Regional Labour Office.

The Vega Refinery

In 2011, no work injuries or occupational diseases have been recorded on the premises of the Vega Refinery.

2. Events

The Petromidia Refinery

No major events have been recorded in 2011. Moderate events have been investigated and reported in accordance with internal instructions.

The Vega Refinery - no events took place.

3. Risk management

The Petromidia Refinery

- HAZOP studies have been carried out for four technological plants (AFPE – Gasoline mixture, Mud Dehydration Plant, Luminary Upgrade, Vacuum Distillate Hydrofining Upgrade, conversion to Diesel Fuel Hydrofining);
- A power of attorney has been signed for the Ex recertification of all plants from Rompetrol Rafinare, including the newly affiliated ones.
- The work injury and occupational disease hazards for the staff of the Refining Plant and Utilities Plant have been revaluated.
- 50 simulations/applications for emergency situations have been carried out in the production sectors.
- INSEMEX Petroșani re-authorized the operational staff working within the Rescue Station.
- "The Rescue Station Operation Authorization" has also been maintained in 2011, following the supervisory audit carried out by INCD INSEMEX Petroșani.



- For the training of the platform staff, regular simulations of major incidents are carried out, with the involvement of works subcontractors.
- the "Safety Rompetrol" programme has been continued, in cooperation with the DuPont Safety Resources consultancy company, aiming to develop and implement the highest standards of health management and occupational security and achieve a safety level comparable to that of the most prominent companies in the world. As assessed by DuPont Safety Resources, the increase was 2.7 to 2.6 level proposed for 2011.

The Vega Refinery

- revaluation of the occupational injury and/or disease hazards for the Vega Refinery staff;
- 99 simulations/applications for emergency situations have been carried out in the production sectors.
- Insemex Petroșani has recertified 5 technological plants within the Vega Refinery.

III. ENVIRONMENT PROTECTION

1. Accidental pollution

The Petromidia Refinery

- No **accidental pollution** of the environment factors has been recorded.

The Vega Refinery

- an **accidental pollution** occurred (spilling of waste water due to the abundant rain of 17.07.2011); the authorities have been notified and all the required mitigation measures have been applied.

2. The Integrated Environment Authorization (AIM)

The Petromidia Refinery

- Rompetrol Rafinare requested the revision of the Integrated Environment Authorization in what regards the modification of the action plan, and the authorization of the new nitrogen plant (HPN) and the new luminary system for commissioning purposes. On 12.01.2012, the Galați Regional Environmental Protection Agency (ARPM) issued the revised authorization, valid as from 31.12.2012.
- There have been initiated the following projects: Contaminated Site Remediation (Facle-Halde-Senal Area) and sludge removal from Lagoon no. 3
- The other measures of the action plan ending on 31.12.2012 are being implemented, and the environment obligations from the Environment Integrated Authorization of 2011 have been fully completed.

The Vega Refinery

The measures from the Action Programme annexed to the **Environment Integrated Authorization** are on schedule.

3. The Water Management Authorization

Rafinăria Petromidia

- The **Water Management Authorization** has been renewed by the "Romanian Waters" National Administration of Bucharest and the Dobrogea Litoral Water Basin Administration. The new authorization no. 62/15.03.2011 (valid until 01.06.2012) is supported by the Schedule for the works and water quality protection measures.

The Vega Refinery

- The measures from the Schedule attached to the **Water Management Authorization** are on time.

4. CO₂ certificates

The Petromidia and Vega Refineries

- The CO₂ emissions for 2010 have been verified and validated by the accredited controllers (for reporting to the National Agency for Environmental Protection);
- The reports underlying the allocation of the CO₂ certificates for 2013 – 2020 have been drafted. The documents have been validated by accredited controllers and submitted to the ANPM within the legal timeframe (31.07.2011).

5. Other environment aspects:

The Action Plan for waste management reduction has been drafted and implemented; Volunteering and social responsibility projects in the nearby communities have taken place.

IV. QUALITY

1. Certification/supervision products with Competent Bodies

1.1. The Romanian Automobile register – Product Certification Body (RAR-OCP) – auto fuels supervision at Rompetrol Rafinare (seven products), **VEGA additives** (two types of products) in accordance with the requirements of Law no. 375/2005, 671/2002, Government ordinance no. 80/2000, HG 689/2004, OMTCT 2135/2005). The documents which allow the market entry of these products (Conformity certificates, Licenses) have been obtained.

1.2. The Romanian Company for Quality Certification (SRAC) – Road Bitumen Supervision in accordance with standard SR EN 12591 and **Polimer-Modified Road Bitumen certification**, in accordance with SR EN 14023.

2. Trademarks at the State Office for Inventions and Trademarks (OSIM)

The OSIM - PM PETROMIDIA trademark has been renewed.

The exclusive licence contract between Rompetrol Rafinare and Rompetrol Gas S.R.L. for the "green container" has continued.

Rompetrol Rafinare received the sixth place in the CREATIVITY TROPHY, production/services section, recognition given during **the seminary "Novelties in the**



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field of intellectual property at national and European level", organized by OSIM.

Report to the Ministry of Economy, Trade and Business Environment – the information on the quality and quantity of auto fuels and liquid fuels introduced on the internal market have been submitted on a quarterly basis, in accordance with Order 662/2004, HG no. 15/2006 and HG no. 470/2007.



**STATEMENT
OF THE MAIN ECONOMIC AND FINANCIAL INDICATORS
AND OTHER INFORMATION ON 31.12.2011, AS COMPARED TO THE
INCOME AND EXPENSE BUDGET APPROVED BY AGA 2011**

| No. | INDICATOR | LEI | |
|-----------|--|------------------|---------------|
| | | OMFP 3055/2011 | |
| | | Achieved 2011 | BVC 2011 |
| 1 | Processed petroleum and other raw materials (tonnes) | 3,896,516 | 4,169,942 |
| 2 | Net turnover | 10,174,808,952 | 9,002,792,064 |
| 3 | Total income, of which: | 11,796,290,179 | 9,014,853,198 |
| | operational | 10,355,875,579 | 9,003,784,653 |
| | financial | 1,440,414,600 | 11,068,545 |
| 4 | Total expenses, of which: | 12,532,137,763 | 9,302,864,352 |
| | operational | 10,629,975,004 | 9,105,555,521 |
| | financial | 1,902,162,759 | 197,308,831 |
| 5 | Net result, of which: | (735,847,584) | (288,011,154) |
| | operational | (274,099,425) | (101,770,868) |
| | financial | (461,748,159) | (186,240,287) |
| 6 | Income tax | - | - |
| 7 | Total result | (735,847,584) | (288,011,154) |
| 8 | Receivables | 1,312,047,632 | - |
| 9 | Inventories | 906,137,452 | - |
| 10 | Own equity | (134,091,000) | - |
| 11 | Total debts | 6,617,973,868 | - |
| 12 | Average number of employees | 1,103 | 1,155 |

Based on the data above and after a correlation between the results from 31.12.2011 and those approved in the Income and Expense Budget (BVC), the following conclusions can be drawn:

1. In 2011, Rompetrol Rafinare processed 3,729,615 tonnes of petroleum, which is 207,568 tonnes (approx. 94.7%) lower due to the market conditions which imposed a reduced processing, in the context of the global economic and financial crisis which also affected the petroleum and petroleum products market.



The total quantity of processed matter (petroleum and raw materials) ensured a continuous load of all plants to a monthly average of approx. 324,710 tonnes, and the plants did not have to be stopped for reasons of irregular petroleum supply.

2. The turnover on 31.12.2011 is 13% higher than planned, following the increase of the petroleum product prices as compared to the budgeted amounts.
3. The total revenue of the Company at the end of 2011 is higher than foreseen in the approved budget, following both the increase in the turnover and the revenues from exchange rate fluctuations, in amount of 1,438,287,774 LEI.
4. The total expenses at the end of 2011 are higher than foreseen in the approved budget, as the significant excessive amounts occurred in the financial expenses. The supplementary 1,704,853,928 LEI added to the budgeted value under the "Financial expenses" item is mainly due to the following two factors:
 - a) Interest rates for contracted credits in amount of 136,486,259 LEI;
 - b) Exchange rate differences incurred in amount of 1,663,094,772 LEI.
5. In what regards the total result, it shows a negative value of 735,847,584 LEI, with losses from both the operational activity (274,099,425 LEI) and the financial activity (461,748,159 LEI). The total result (both operational and financial) has been strongly influenced by both the global financial crisis, the distortions in the international petroleum prices compared to fuel prices and a series of internal macroeconomic factors (depreciation of the national currency).
6. The total amount paid in 2011 to the state budget and local budgets amounted to 3,795,096,642 LEI (approx. USD 1,255,297,148).

b) The Company establishment date

The Midia-Navodari Petrochemical Complex (the first name of Rompetrol Rafinare S.A.) was designed between 1975-1977, based on Romanian refining technologies and foreign licences.



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In 1991, the Midia Petrochemical Combine was transformed into a share company, with all the assets of the former entity being taken over. The new company, called PETROMIDIA S.A., was incorporated pursuant to Government decision no. 1176/1990, issued pursuant to Law no. 15/1990 on the reorganization of public economic entities as autonomous companies and commercial companies.

In February 2001, following the withdrawal from the Company of the State Property Fund by sale of all its shares, the Rompetrol Group N.V. (ex The Rompetrol Group B.V.) of The Netherlands has become the main shareholder of the Company.

In 2001, the name of the Company has been changed from **"S.C. PETROMIDIA S.A."** to **"S.C. ROMPETROL RAFINARE-COMPLEXUL PETROMIDIA S.A."**, and in 2003, the Company changed its name into **"S.C. ROMPETROL RAFINARE S.A."**.

The Company is registered at the Trade Register of Constanța under no. J13/534/1991, with Sole registration number 1860712.

Considering the current legal provisions, the General Shareholder's Meeting of 17 September 2007 decided to secure full property rights on the plants and equipment of the Vega Refinery of Ploiesti, 146 Văleni St., Prahova County.

After securing property rights and taking possession of the land and all assets at the premises of the Vega Refinery, the Company established an own site in Ploiești and received, as of 1 September 2007, the status of Certified warehousekeeper for energy products and on the Vega Refinery of Ploiești, including the mineral residues processing activity.

Thus, as of 1 December 2007, the Company also operated the Vega Refinery of Ploiești as a second production tax warehouse, besides the production tax warehouse of the Petromidia Refinery.

c) Mergers or significant reorganizations of the Company, its branches or subsidiaries during the financial year.

In 2011, the Company did not take part in any merger.

The information technology activity of the Company was outsourced as of 1.08.2011.

In 2011, the company Contrast S.R.L., indirectly controlled by Rompetrol Rafinare, was deregistered according to the Deregistration Certificate issued on 6 July 2011 by the Trade Register Office attached to the Constanta Tribunal, based on Resolution no. 14161 of 01.07.2011.



The joint venture Moldintergaz S.R.L., indirectly controlled by Rompetrol Rafinare, was deregistered based on the Decision issued on 12.09.2011 by the Kishinev Territorial Office, following the merger by acquisition with the "Rompetrol Moldova" S.A. joint venture, as acquiring company.

d) Acquisitions and asset transfer.

In 2011, the Company did not record shares in other companies and did not transfer any assets.

e) Main results of the Company activity assessment

In 2011, Rompetrol Rafinare S.A. recorded a net turnover of 10,174,808,952 LEI and a net loss of 735,847,584 LEI.

In 2011, the largest share of the turnover is represented by production sold, in amount of 10,165,998,550 LEI.

Rompetrol Rafinare S.A. continued to improve the refining efficiency and to reduce technological consumption and losses.

Investments have been made in the upgrading of the production plants of the refinery, increase of the environment protection, in order to secure compliance with the European Union production rules.

The main objectives of the Company included:

- increase of the refining capacity to maximum 5,000,000 tonnes/year;
- increase of product quality in accordance with the EU provisions (manufacture of products with a low 10 ppm sulphur content);
- compliance with the environment and occupational safety rules;
- compliance of the revision with the schedule (20 days);
- compliance with the proposed technologic consumptions (0.64%).

1.1.1. General assessment elements

| Indicators (LEI) | 2011 |
|---------------------------------------|----------------|
| Profit /(Loss) | (735,847,584) |
| Operating result | (274,099,425) |
| Net turnover, of which: | 10,174,808,952 |
| Export | 4,284,328,214 |
| Operating expenses | 10,629,975,004 |
| Market share (%) | 24.9% |
| Liquidity (cash and cash equivalents) | 43,062,148 |



a) Profit

The Company has incurred losses from both the operational and financial activity. In the operational activity, Rompetrol Rafinare recorded a loss of 274,099,425 LEI, mainly due to distorting conditions on the petroleum and petroleum products market, since product prices did not follow the same increasing trend as the petroleum price.

The financial activity led to a loss of 461,748,159 LEI, mainly because expenses exceeded revenues, largely due to the following:

- net currency exchange differences = 224,806,998 LEI;
- interest on existing loans = 136,486,259 LEI.

Thus, the total result of Rompetrol Rafinare S.A. at the end of 2011 is negative, with 735,847,584 LEI.

b) Turnover

In 2011, the net turnover of the Company was 10,174,808,952 LEI, 13% higher than foreseen by the budget and 43% higher than in 2010.

c) Export

In 2011, the external sales represented approx. 65% of the total sales, a ratio similar to that from the end of 2010. The total amount of external sales in 2011 is approx. USD 1,416,243,079.

We also mention that from the total gasoline production, approx. 74% was sold on the external market, and diesels reached 27%.

d) Costs

In 2011, operating expenses reached 10,629,975,004 LEI, of which 9,701,539,199 LEI (approx. 91.3%) represent raw materials expenses, and 318,990,908 LEI (approx. 3%) represent energy expenses.

Compared to 2010, raw materials expenses increased by 3,146,028,549 LEI, and energy expenses increased by approx. 53,000,466 LEI.



e) Market share

The market share of 2011 was at the same level as in 2008, approx. 24.9%, and was not influenced by major changes in the structure of the other internal market distributors.

f) Liquidity

In what regards the liquidity, the Company made efforts to maintain its capacity to cover current debts from current assets, with a current liquidity indicator of 0.34.

1.1.2. Company's technical level assessment

The main products of S.C. Rompetrol Rafinare S.A in 2011:

The production inventory of Rompetrol Rafinare S.A., Petromidia refinery site, includes a wide range of finished products in the following categories:

1. Liquid fuels

- a) Gasolines
 - Euro Super 98 unleaded
 - Europlus unleaded
 - ALTO 101
 - Efix
 - Natural gasoline type 92
 - Chemical refined
- b) Diesel fuels
 - ALTO 55
 - Euro 5 Diesel
 - Super Diesel Euro 5
 - Efix Diesel
 - Super Euro 4 Diesel
 - Calor Extra 1
 - Slurry
- c) Petroleums
 - A1 jet reactor petroleum
 - Hydrofined petroleum
- d) Calor Economic 3
- e) Fuel oil



2. Liquefied fuels

- a) Liquefied petroleum gas
 - LPG for home use
 - LPG vehicle fuel
 - Propane fuel
 - Propane butane commercial
- b) Propane propylene
- c) Fraction C5-C6
- d) Combustible refinery gas

3. Solid fuels

- Petroleum coke
- Petroleum sulphur

The production inventory of Rompetrol Rafinare S.A., Vega refinery site, includes a wide range of finished products in the following categories:

1. Liquid fuels

- a) Solvents
 - Ecologic solvents
 - Normal hexane
 - Light naphtha type II
 - Light naphtha type A
- b) White spirit and petroleums
 - White spirit
 - P-type non-industrial fuel
- c) Diesel fuels
 - Calor Extra I
- d) Fuels
 - Light liquid fuel type III
 - Calor Economic 3
- e) Fuel oil
- f) Bitumens
 - Road bitumens
 - Special bitumens
 - Polymer-modified bitumens
- g) Additives



Description of the main services provided by Rompetrol Rafinare:

In 2011, the Company provided the following services:

- energy and utilities distribution services. These services have been carried-out by the Thermal-Hydro unit together with the Electric unit, for companies from the Petromidia platform and other companies outside the platform;
 - Utilities produced: instrumental air, technical air, gaseous nitrogen, liquid nitrogen, gaseous oxygen, recirculated water, fire extinguishing water, treated water.
 - Utilities acquired: thermal energy, demineralized water, industrial water, natural gas, electric power, drinking water, hot water, combustible propane.
 - Utilities sold: instrumental air, technical air, nitrogen, liquid nitrogen, oxygen, recirculated water, fire extinguishing water, hot water, returned condensate, waste water treatment, demineralised water, untreated water, filtered water, refinery combustible gases, electric power, thermal energy, drinking water.
 - Services sales: waste water treatment in Waste Water Treatment Unit

All these utilities are transported and distributed through the lines operated by the Utilities Plant. The transport and distribution costs are included in the utility price, except:

- electric power – the low and medium-voltage electric power distribution prices are regulated by the National Regulatory Agency for Energy.
 - Drinking water – the drinking water distribution price is regulated by the National Regulatory Agency for Public Utilities Community Services.
- technical assistance services in what regards information technology and consultancy on the inspections on pressure equipment and their authorization by the ISCIR.

a) The main markets for each product or service and the distribution methods:

Around 60% of the petroleum products sales in 2011 were destined to the internal market. The products of Rompetrol Rafinare have been made available in all the Romanian regions by means of its network of filling stations.

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Approx. 53% of the total auto fuels (gasolines and diesel fuels) has been sold on the Romanian market.

On the external market, the products have been sold on both the EU and non-EU market. The EU market took over approx. 25% of the total exported finished products, with the rest of 75% being sold on non-EU markets.

The products have been sold in the following destinations (breakdown per country and product):

Gasolines - Ukraine, Georgia, Turkey, Lebanon, Bulgaria, Moldova

Diesel fuels - Bulgaria, Serbia, Georgia, Turkey, Moldova, Ukraine

Coke - Ukraine

Sulfphur - Egypt, Greece

In the case of internal sales, the products were distributed by road and railroad. In the case of external sales, the products were distributed mainly by sea transport through the Midia port, but also by road and railroad.

b) The share of each category of products or services in the revenue and in the total turnover of the Company for the last 3 years.

| Indicators | Value-million LEI | | | % in the turnover | | |
|----------------------------------|-------------------|--------------|---------------|-------------------|-------------|-------------|
| | 2009 | 2010 | 2011 | 2009 | 2010 | 2011 |
| Net turnover, of which: | 6,281 | 7,099 | 10,175 | 100% | 100% | 100% |
| Gasolines and diesel fuels | 4,779 | 5,227 | 7,761 | 76% | 74% | 76% |
| Other petroleum products | 1,149 | 1,471 | 1,937 | 18% | 21% | 19% |
| Raw materials for petrochemistry | 133 | 279 | 372 | 2% | 4% | 4% |
| Goods | 110 | 42 | 10 | 2% | 1% | 0,1% |
| Utilities | 94 | 73 | 80 | 2% | 1% | 1% |
| Services | 15 | 8 | 15 | 0% | 0% | 0% |

The largest share of the Rompetrol Rafinare revenues is represented by petroleum products, mainly auto fuels.



c) New substances being considered, for which a significant number of assets will be allocated in the future financial year, and the development stage of such products.

In 2012, Rompetrol Rafinare will continue to deliver exclusively Euro 5 fuels on the internal market (sulphur content max. 10 mg/kg), with a biofuel content of min. 5% (according to the current HG 935/2011).

The Euro 5 fuels are the following:

- Gasoline ALTO 101
- Gasoline Efix
- Europlus unleaded gasoline
- ALTO 55 Diesel
- Efix Diesel
- Euro 5 Diesel

For 2012, Rompetrol Rafinare considers to increase its portfolio by introducing a new product at Petromidia Refinery, white spirit. The product will be delivered to external customers on vessels by means of the existing facilities from berth 9B.

1.1.3. Assessment of the technical-material supply activity

Rompetrol Rafinare SA sourced its raw materials from import and internally; the main raw material - petroleum – was purchased exclusively from external sources.

The company has closed firm annual petroleum supply contracts, which gives safety in the optimal operation of the refinery. The main petroleum supply market is Kazakhstan. The purchased petroleum is shipped by sea, through the Midia terminal. The other raw materials have been sourced both internally and externally.

The purchase prices of the externally and internally sourced raw materials followed the international prices from the reference petroleum markets – thus, they are dynamic and varied. Their level was determined by the fluctuation and the context of the petroleum markets, and computed based on the international reference quotations.



Information on the safety of supply sources, on raw materials prices and the size of the raw materials inventories

The takeover by KazMunayGaz of Kazakhstan of the whole share package owned by the mother company of the Rompetrol Group (Rompetrol Holding N.V.) in the Dutch Company The Rompetrol Group N.V. ensures the stability of the petroleum sources necessary for the optimum operation of the Petromidia Refinery, and financial support from the majority shareholder for investment financing.

The whole quantity of petroleum for 2011 was contracted with Vector Energy A.G. – the Swiss trader company of Rompetrol Group, specialized in sales of petroleum and petroleum products. It ensures imports of crude and other raw materials, and takes over petroleum products for sale on the external markets. The raw materials prices follow the international prices of petroleum and other raw materials on the international reference markets, as the latter represent the base for the purchasing prices of Rompetrol Rafinare. In 2012, no changes are expected in the raw materials supply flow.

Furthermore, the Rompetrol Group has completed, at the end of 2008, the building of the Sea Terminal, fitted with berths for the delivery of petroleum products and the acquisition of raw materials, which guarantees the safety of raw materials supply and petroleum products shipping.

Moreover, contracts have been signed with the service suppliers (S.C. Conpet S.A., Midia Marine Terminal S.R.L) which handle the raw materials and petroleum products in the Constanța and Midia ports.

The chemicals purchased by Rompetrol Rafinare SA (for both refinery) in 2011 may be broken down in:

- catalysts
- additives
- chemical services for water treatment
- other chemicals (inhibitors, process chemicals etc.)
- reagents
- oils



1.1.4. Assessment of the sales activity

a) Evolution of sales on the internal and/or external market and their assessment on the medium and long term.

Rompetrol Rafinare S.A. is a well known-brand on the petroleum markets, both on the internal and external market.

The Romanian petroleum market was also affected this year by the worldwide economic recession, leading to a decrease in the demand for fuels sold in the filling stations, following the weak purchasing power of the population.

Externally, the largest share of the shipped products was distributed on the regional markets, with the following main destinations: Georgia, Bulgaria, Ukraine, Turkey, Moldova, Serbia.

The outlook for 2012 in what regards the sales of petroleum products follows the consolidation of the existing markets, but also the development and entry on new markets.

b) Description of the competition in the field of the Company, of the market share of the Company's products and services and that of its main competitors

The main **competitors** (who are also producers) on the internal market are the following:

- OMV Petrom S.A.
- Lukoil Romania S.A.

The main **competitors** on the external market are the following: OMV, Shell, Mol, Agip.

c) Description of all significant reliance of the Company on a single client or group of clients whose loss would have a negative impact on the Company revenue.

In what regards the significant reliance on a single client or group of clients:

Vector Energy A.G. - owns more than 10% of the company's sales on the external market.

Clients with more than 10% of the company's sales on the internal market: S.C. Rompetrol Downstream S.R.L.



1.1.5. Assessment of aspects related to the employees/staff of the Company

a) Number and training level of the Company's employees and adherence of the staff to trade unions.

On 31.12.2011, Rompetrol Rafinare, the Năvodari site (Petromidia Refinery) had 858 employees, of which: 207 - staff with higher education.

On 31.12.2011, the Company had 230 employees at the Vega Refinery site, of which: 32 - staff with higher education.

TOTAL: On 31.12.2010, Rompetrol Rafinare had a total of 1,088 employees, of which: 239 - staff with higher education

The adherence of the staff to trade unions was 86.95% (946 employees are members of trade unions).

The following trade unions are active in the Company: The Petrochimistul Free Trade Union (653 members), The Vega Free Trade Union (137 members), The Trade Union of the Midia Năvodari Workers (156 members).

Allocation of employees on age groups:

- Rompetrol Rafinare – Petromidia Refinery site

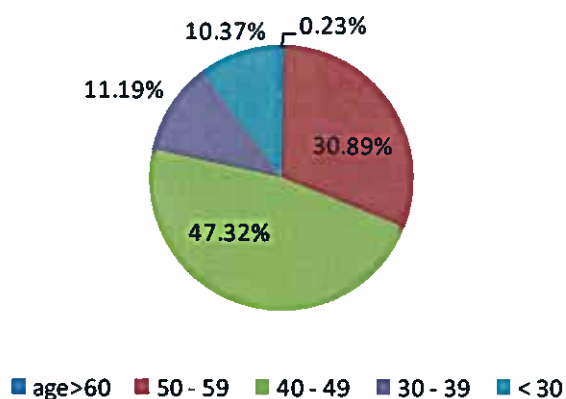
| Age interval | Number of employees | % of total employees |
|---------------------|----------------------------|-----------------------------|
| > 60 | 2 | 0.23% |
| 50 - 59 | 265 | 30.89% |
| 40 - 49 | 406 | 47.32% |
| 30 - 39 | 96 | 11.19% |
| < 30 | 89 | 10.37% |
| Total | 858 | |



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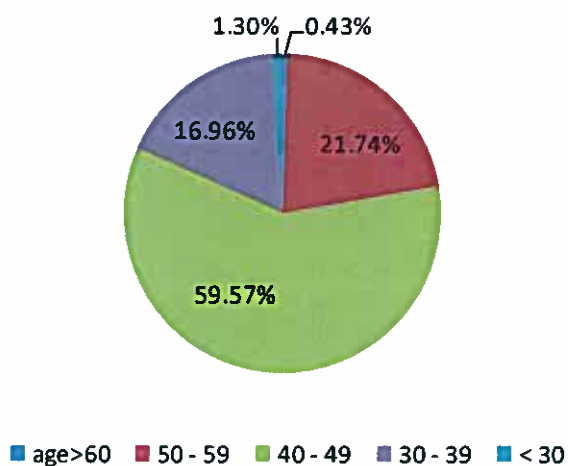
Romp petrol Rafinare - Petromidia Branch



- Rompetrol Rafinare – Vega Refinery site

| Age interval | Number of employees | % of total employees |
|--------------|---------------------|----------------------|
| > 60 | 1 | 0.43% |
| 50 - 59 | 50 | 21.74% |
| 40 - 49 | 137 | 59.57% |
| 30 - 39 | 39 | 16.96% |
| < 30 | 3 | 1.30% |
| Total | 230 | |

Romp petrol Rafinare - Vega Branch





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Actions have been carried out to attract employees from higher education graduates in relevant faculties, but also from undergraduate students, as the Summer Internship Programme was also carried out in 2011.

In this programme, we offer the young graduates or students from terminal years the opportunity to acquaint themselves with the equipment and technological flows of the refinery, with the organizational structure and our work concepts, also enabling them to build a career in a multinational company.

Furthermore, in the reported period, a series of training programmes took place in the following fields: functional skills; general knowledge; foreign languages (Romanian and English); legislation; management skills; communication; presentation skills; QHSE certification; safety; professional skills – support functions, etc.

A total of 611 employees took part at the training programmes, for a total of 20,000 hours, i.e. an average of 32.73 hours/employee.

In 2011, the internal training programmes have continued. The trainers are employees of the Company.

In 2011, the total training costs amount to USD 180,000.

b) Description of the relations between the manager and the employees and of any conflicts between them

The relations between the management and the employees are normal; no actions against the management have taken place, and the management and the trade unions maintain a regular dialogue.

The litigations initiated in 2010 by the trade unions of the Company in what regards the salaries of the Company employees were complete at the date of this report, in favour of the Company.

1.1.6. Assessment of the impact of the main activity of the issuer on the environment

Summary of the impact of the main activities of the issuer on the environment and on any existing litigations on the infringement of environment laws.

The Company owns and operates the Petromidia Refinery of Năvodari, Constanța county, and the Vega Refinery of Ploiești, Prahova county.

By their nature, the petroleum processing activities impact the environment, which is why the management of the Company is permanently concerned to prevent and control the impact of the activities on the environment, allocating significant investment resources for this purpose.

The Petromidia and Vega Refineries hold integrated environment authorizations, regulatory technical-legal acts which warrant that the plants work in accordance with the current legislation in force, OUG no. 152/2005 on the integrated pollution prevention and control, as follows:

1. The Integrated Environment Authorization no. 26/11.10.2007, issued for the Petromidia Refinery, was reviewed on 12.01.2012 and is valid until 31.12.2012.
2. The Integrated Environment Authorization no. 23/14.03.2006, issued for the Vega Refinery, was reviewed on 23.11.2010 and is valid until 31.12.2014.

Both integrated authorizations contain requirements which insure a high level of environment protection, complying with the rules on air, water and soil quality, and the plants will be operated so as to prevent pollution, especially by applying the best available technologies (BAT). To comply with the requirements of the integrated environment authorizations, specific measures have been established for the PETROMIDIA and VEGA refineries, as foreseen in Action programmes to be applied by 31.12.2012, respectively 2014 (for the Vega refinery).

The revision of the Petromidia Refinery Integrated Environment Authorization aimed to commission the new Luminary system plant and the HN-35 (HPN) nitrogen plant, which have been tested during the refinery overhaul in October 2011. The commissioning of these two plants led to beneficial impacts on the environment.

BAT - *Best Available Technologies* (defined according to article 18 (2) of OUG no. 152/2005) are the most effective and advanced stage in the development of activities and their methods of operation which indicate the practical suitability of particular techniques for providing in principle the basis for emission limit values designed to prevent and, where that is not practicable, generally to reduce emissions and the impact on the environment as a whole.

Directive 2008/1/CE (IPPC) concerning integrated pollution prevention and control regulates the authorization of industrial plants relevant for the environment, based on a concept which includes all environments. This approach includes air, water and soil emissions, and the economic aspects related to waste, energy and resource efficiency and accident prevention. It aims to reach a high level of environment protection, as a whole.

The date of 7 January 2013 will mark the beginning of the transposition of the new Directive 2010/75/UE on industrial emissions (integrated pollution prevention and control - recast) – IED, which will completely replace the current Directive 2008/1/CE (IPPC Directive) as of 7 January 2014, a document which will introduce more restrictive or at least equally restrictive levels.

The company has implemented an Integrated Management System in accordance with standards ISO 9001, ISO 14001 and OHSAS 18001, accredited by Germanischer Lloyd; to this extent, the certifying auditor has performed annual supervisory audits at the premises of the two refineries. The Environment Management System (SMM)

represents an essential component of the Integrated Management System, which includes the organisational structure, planning activities, responsibilities, good practices, procedures, processes and resources for the drafting, implementation, performance, assessment and improvement of the environment policy at the company level.

The permanent concern of the Company management for the energy efficiency of refinery plants and for the performance of activities in accordance with the environment legislation has been realized on multiple levels, as follows:

- a) CO₂ emissions control;
- b) permanent measurement and monitoring of the CO₂ emissions;
This continuous action is materialized in the annual greenhouse gas monitoring report, obligation implemented by HG 780/206 and Decision no. 589/2007 of the European Commission. The 2011 report has been drafted by the Company, validated by accredited auditors in accordance with Order no. 1969/2009, and will be submitted at the relevant environment authority (the National Agency for Environmental Protection) before 31 March 2012;
- c) maintain the greenhouse gas management at Company level and integration in the Integrated Management System of the Company, in order to adopt sustainable measures for the reduction of greenhouse gases (greenhouse gases management manual, working procedures and instructions), structured according to the management policy and objectives in what regards greenhouse gases. One of the important objectives of the management is to develop an organizational culture in what regards climate change, and the impact of greenhouse gases on the Company activity.
- d) monitoring of other greenhouse gases resulted from the Company activity (it is not a legal requirement), and the emissions of pollutants in the air, water, soil, subsoil, and monthly and annual reporting of their levels, an obligation established in the integrated environment authorizations issued to the Company;
- e) the permanent concern for the authorized exploitation and disposal of the waste generated by the Company.
In this context, it is necessary to mention the concern of Rompetrol Rafinare for the disposal of acid tar waste generated at the Vega Refinery, and also for the exploitation of the mud stored in the mud dumps 1, 2 and 3 at the Petromidia Refinery, by means of the authorization and commissioning of the Willacy and Petroleum Coke Pelletizing.
The emptying of the mud dump no. 3 was performed in 2011 also by direct extraction and exploitation of the temporarily stored waste, by means of authorized contracted companies, simultaneously with the functioning of the Willacy Plant.
The relevant environment protection agency authorized the environment restoration works for the 5000 sqm contaminated site.
- g) compliance with the requirements of the SEVESO directive (implemented in the internal legislation by means of HG no. 804/2007 on the major hazards involving dangerous substances)
- h) upgrade of DGRS plant for the reduction of flue gas emissions.



The plants of the Refineries are regulated by HG no. 780/2006 on establishing the greenhouse gas certificates trading, according to Annex 1 of the Government Decision mentioned above – petroleum refining plants, emissions from regular operation which also contain CO₂.

Against this background, the refineries hold authorizations for greenhouse gas emissions (no. 19 of 29.02.2008, reviewed on 28.12.2009 for the Petromidia refinery, and no. 5/17.03.2008 for the Vega Refinery, reviewed on 06.01.2010), also valid for the 2008-2012 period.

Furthermore, the CO₂ monitoring plans (integral part of the greenhouse gas emissions authorizations for 2012) have also been submitted in the legal timeframe (before 01.09.2011). Since Romania signed the Luxembourg Treaty in 2005, to become an EU member from 1 January 2007, thus accepting the whole European environment legislation, the government adopted HG 780/2006 establishing the national emission trading scheme.

Our Company litigated against the Ministry of Environment and Forests, claiming that the authorities did not include the new annual emissions estimates in the final form of the National Allocation Plan, according to the authorization issued by the relevant environment authorities for the period established by HG no. 780/2006, and thus it decided to take all the legal steps to modify the allocation of certificates for the Petromidia Refinery at the estimated emission level, according to the authorization. The company responded by the questionnaires issued by the environment authorities for the drafting of the National Allocation Plan, submitting the information required for the historic period 2001-2004, a period which proved irrelevant because, in the period under assessment, the plants or a part of the plants at our refineries worked significantly below capacity or did not work at all, due to the implementation of investments programmes and/or upgrades. Against this background, the CO₂ certificate allocations received by the Company for 2008-2012 corresponded to the production level realized between 2001-2004. In 2011, the litigation was decided in favour of the Company, whereby the Court Decision imposed an additional annual allocation of 515,587 CO₂ certificates compared to the National Allocation Plan. The Ministry of Environment and Forests issued an appeal against this decision, pending at the High Court of Cassation and Justice.



1.1.7. Assessment of the research and development activity

Statement of expenses in the financial year and anticipated expenses in the next financial year for the research and development activity.

Expenses in 2011

Studies and technical assistance expenses **USD 692,025**

Scheduled expenses for 2012

Studies and technical assistance expenses **USD 402,287**

1.1.8. Assessment of the Company activity in what regards risk management

The exposure of the Company to price risk, credit risk, liquidity risk and cash flow risk.

The Company is exposed to the risk caused by the high instability of petroleum and petroleum products prices, which have a direct impact on the gross sales margin.

In what regards liquidity, the current lack of liquidities on the market and the persistence of the economic and financial crisis meant that the company made efforts to maintain its capacity to cover the current debts from current assets, as the current liquidity indicator amounted to 0.34 in 2011.

Description of the Company's risk management policies and objectives

The following risks are inherent to the activity of the Company:

- the market risk derived from exposure to interest rate and EUR-USD/USD-LEU fluctuations, volatility of petroleum products sales prices and petroleum purchase prices;

The company aims to reduce operating costs per tonne of finished product, in order to reduce to a minimum the price risk after the correlation of product prices with market prices. The worldwide evolution of petroleum prices, the basic raw material of the refinery, has a special relevance in the assessment of the price risk.

- the credit risk derives from the possibility that the business partners, clients and suppliers will not fulfil their contractual obligations; it is monitored on a regular basis, by means of assessing the creditworthiness and solvency of the client and by requesting delivery guarantees.
- the liquidity risk derived from possible lack of financial resources, thus preventing the timely fulfilment of outstanding obligations; the Company managements monitors the liquidity level on a daily basis by means of the forecasted cash, and makes sure that the obligations towards suppliers, the public budget, local budgets etc. are fulfilled, according to their due date; the current and immediate liquidity coefficients are permanently monitored.
- the operational risk derived from possible accidents, errors, deficiencies, and the influence of the environment on the operational and financial results; Rompetrol Rafinare S.A. carried on with a complex refinery modernization process, seeking to increase production volume, lower the technological losses, improve the environment performance and eliminate accidental processing interruptions.

The Company is engaged in the continuous protection and improvement of the integrated quality-environment-health and security management system, resulting in the improvement of corporate image, relations with public authorities, the general socio-economic community as a whole, limitation of civil and penal liability, by complying with the legal and regulatory requirements related to quality-environment-security.

Thus, Rompetrol Rafinare has received certifications for all the fuels it sells, and the certification of the Quality Management, Environment, Health and Occupational Security was also maintained in 2011 by means of supervisory audits performed by the certification company Germanischer Lloyds Certification (GLC).

Rompétrol Rafinare S.A. implemented appropriate measures for reaching the occupational health and safety objectives, as well as the required activities necessary to comply with the legal and regulatory requirements.

In 2011, the Company continued to identify and assess the major hazards resulting from regular operation and accidental situations, and to evaluate their probability and degree, by carrying out the HAZOP risk analysis for 4 technological plants (AFPE – gasolines mixture, Mud Dehydration Plant, Luminary System Upgrade, Vacuum Distillate Hydrofining Upgrade, conversion to Diesel Fuel Hydrofining), respectively the What-If study for the 100C5-DAV column.

It also continued to apply the Management of Change (MOC) using the Sharepoint platform (application on the electronic filling-in and approval of the Initiation Form and the Final report), so as to ensure the identification /follow-up / communication / revision and approval of changes before the implementation.

The work injury and occupational disease hazards have been revaluated.

"The Rescue Station Operation Authorization" has also been maintained in 2011, following the supervisory audit carried out by INCD INSEMEX Petroșani. INSEMEX Petroșani re-authorized the operational staff working within the Rescue Station.

For the training of the platform staff, regular simulations of major incidents are carried out, with the involvement of works subcontractors.

The "Safety Rompetrol" programme has been continued, seeking to develop and implement the highest standards of health management and occupational security and to achieve a safety level comparable to that of the most prominent companies in the world. The result of the 2011 assessment showed that we exceeded the objective proposed for 2011 (level 2.6), reaching 2.7 on the evaluation scale.

This programme aims to improve the occupational safety, in order to raise awareness among the workers, including the work subcontractors, on safe behaviour and on the reduction of work injury and/or occupational disease hazards inherent to all the activities carried-out on the Petromidia and Vega platforms.

1.1.9. Company activity perspectives

a) Presentation and analysis of trends, elements, events or uncertainty factors of impact or potential impact upon the company's liquidity compared to the same period of the previous year.

The company made efforts to maintain its capacity to cover current liabilities from current assets, in 2011 compared to 2010, the value of the current liquidity indicator being 0.34 compared to 0.4.

The liquidity risk derives from the possibility that financial sources may not be available such as to honour in time the Company's due obligations. The company management monitors daily, using the expected cash, the liquidity level and the fulfilment of obligations towards the providers, State budget, local budgets, etc. according to their term of settlement. The current and immediate liquidity coefficients are permanently monitored.

Being aware of the effects of such liquidity risks is one of the concerns of the management of Rompetrol Rafinare S.A. for a smooth economic and financial activity. On-going financing resources, at the planned levels, was possible due to an adequate crediting policy, correlated with the identification of current and investment needs.



The company's activity will continue to be influenced by the evolutions of the international context regarding the crude oil and oil products market, as well as a number of internal macroeconomic factors.

Within the specific market context of oil products, characterized by high price volatility, the company management has implemented a risk management policy, whose main objective is to mitigate the price risk impact for crude oil and oil products in the company's financial statements. Also, major interest has also been given to the risk management policy regarding the foreign exchange and interest rate evolution.

b) Presentation and analysis of the current or anticipated capital expenses effects on the company's financial standing, compared to the same period of the previous year.

In 2011, Rompetrol Rafinare S.A. carried on the investment activity started in the previous years, *i.e.*: increasing the volume of realized production and, thus, the sales volume.

The project "Gas Desulphurization Upgrading" was completed in 2011, with performance tests. After the project implementation, the plants will operate in compliance with the designed requirements. Also, in the 4th quarter of 2011, Rompetrol Rafinare implemented a new combustion system for the plants existing at the refinery, and for the new plants included in the investment programme.

Petromidia refinery carried on the projects included in the programme for processing capacity increase to 5 million tons. The first stage of the project for upgrading the plant Vacuum Distillation Hydrogen Refining (VDHR), representing the VDHR switch to Diesel operation. The second stage of the project, which includes new equipment and the upgrading of certain existing equipment, was completed in November 2011, when Petromidia refinery was closed.

Also, the construction works continued at the Hydrogen Cracking plant and Hydrogen Plant, including the underground pipeline networks, scaffolds, process assembly equipment, pipeline connections, etc. The operational staff recruitment/relocation process was completed. At the date hereof, both plants are at the stage of preparation for commissioning, scheduled for April 2012 for the Hydrogen Plant and June 2012 for the Hydrogen Cracking plant. The construction for the new Sulphur Recovery plant is in progress, to be completed also in June 2012. Also, the Carbon-producing plant investment will also be completed until September 2012.



The following projects were fully or partly completed during the first quarter of 2011:

- Hexane delivery through Berth 9 – project initiated in February 2011, whose objective is to ensure the facilities for the hexane deliveries from Vega Refinery through Berth 9, operated by Midia Marine Terminal S.R.L., a company of the Rompetrol Group.
- for the purpose of reducing SO₂ emissions, in compliance with the Integrated Environmental Permit, a compressor was installed, redirecting sulphur dioxide gas from the furnace of the Atmospheric and Vacuum Distillation (AVD) plant at the Amine plant.
- both for the current plant and for the new plants under the projects included in the "Investment projects package", in the 4th quarter of 2011, the new high purity nitrogen (HPN) plant was commissioned, its objective being the production of high purity nitrogen for the current plants and the new plants under the projects included in the "Investment projects package". The HPN plant is designed to produce 3000 Nmc/h nitrogen gas and 60 Nmc/h liquid nitrogen. The Liquid Nitrogen Deposit was upgraded, and the nitrogen vaporization capacity increased from 3000 Nmc/h to 7500 Nmc/h. The project was classified under the category of projects required for the alignment to the European Union's environmental requirements, regarding air emissions and hazardous waste disposal.

c) Presentation and analysis of events, economic changes' transactions with significant impact upon the income from the main activity.

The turnover as at 31.12.2011 is higher than that estimated in the budget, by 1,172,016,888 LEI. This is primarily due to an average price of product capitalization 32% higher than the planned price, following the international quotations' increase.

Although the sale prices had a ascending trend, they were not aligned to the increase in the crude oil acquisition price, leading to an operational loss of 274,099,425 LEI.



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The financial results were strongly influenced by the global financial crisis, the international evolutions of crude oil and fuels quotations.

The operational results of 2011 were influenced by the increase in product prices which did not follow the raw material's ascending trend, the average Brent quotation for 2011 increased by 39% compared to the budget, while the petrol crack increased by only 16.6%, respectively 13% in the case of Diesel oil.

In 2011, the level of utilization of the refining capacity compared to the designed capacity was 80.2%.



2. COMPANY'S TANGIBLE ASSETS

2.1. Location and characteristics of the company's production capacity.

ROMPETROL RAFINARE S.A. is located approximately 20 km North of Constanța Municipality, between the Black Sea and Năvodari Lake (Tașaul), on a land partly recovered from the sea and lake, close to Midia port and Poarta Albă – Midia canal.

Petromidia Refinery is the only profile unit in Romania located at the Black Sea, thus having a competitive advantage due to the immediate access to the maritime and river transport, namely:

- Strategic location in the Black Sea area, close to Constanța Port – one of the largest in the region;
 - Direct access to the Danube – Black Sea Canal;
 - Direct access to the Midia Port;
 - Vicinity to the crude oil pipeline network;
 - Own railroad infrastructure system;
 - Logistic facilities (Midia Marine Terminal S.R.L.), enabling crude oil reception and liquid products' delivery through ships, barges, carloads and road tank cars.
-
- Nominal project capacity since 1975: 3.5 million tons of raw material
 - Used capacity: 3.896 million tons in 2011
 - Future capacity starting with the first part of the second quarter of 2012: 5 million tons per year
 - Infrastructure:
The area of Petromidia Platform is 480 hectares, with more than 20 companies operating in various fields of activity.

The crude oil and other raw materials supply is made primarily through the offshore terminal located close to Petromidia Refinery, approximately 8 km away off the shore and through the Midia port. Alternatively, the supply may also be made through the Constanța port (one of the largest in the region), through the pipeline of OIL TERMINAL S.A., over a distance of approximately 40 km.

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At the end of 2011, the project for the execution of facilities for hexane delivery through Berth 9B was completed.



Starting from December 2007, Rompetrol Rafinare SA has also been the operator of **VEGA** Refinery.

This is located on DN 1A national road, approximately 60 km away from Bucharest, the capital of Romania, close to E 60 European road, with access both to E 60 and to the railway (CF) network. Vega Refinery is located in the North of Ploiești city, approximately 1 km away from Ploiești Nord CFR Railstation, to which it is directly linked. The railway exploitation and handling and transport operations are performed by GFR, whose owner is Rompetrol Logistics SRL.

Currently, the raw materials are carried to the refinery in CF carloads, specialized by type of raw materials. From the specially designed platforms, the raw material is pumped through pipelines to the storage containers within the AFP plant, from where they are taken over for processing by each individual plant.

The refinery has a raw materials and finished products container fleet, the vehicle platform and CF platform for the delivery of oil products. Presently, the deliveries of oil products from Vega Refinery are made only in CF carloads and road tank cars.



2.2. Description and analysis of the company's assets wear and tear degree.

At 31.12.2011, the cumulated depreciation related to the real estate (stated in LEI) is the following:

| Tangible assets | balance as at 01.01.2011 | balance as at 31.12.2011 |
|--------------------------------------|-------------------------------------|-------------------------------------|
| Land-(developments) | 17,032,512 | 17,862,162 |
| Constructions | 620,505,899 | 643,220,764 |
| Technical plants and equipment | 877,809,511 | 974,831,880 |
| Other plants, machines and furniture | 2,680,217 | 3,058,129 |
| Total | 1,518,028,139 | 1,638,972,935 |

2.3. Potential problems regarding the title over the company's tangible assets.

In 2011 the company received no claims related to the title over the tangible assets. On September 10, 2010, ANAF (National Agency for Fiscal Administration) issued a decision for the establishment of distraint upon all of Rompetrol Rafinare's participations in its affiliates, and upon Rompetrol Rafinare's marketable and non-marketable securities, except for stocks. This measure is still valid and has been challenged in court by the Rompetrol Group. At the time of the present report, such distraint had not yet commenced to produce direct effects upon the Company's recurrent operations.

The Rompetrol Group has filed an appeal against this decision and requested the court to cancel the distraint. The main grounds invoked are the fact that, starting with October 1, 2010, Rompetrol Rafinare no longer has any liability to MFP (Ministry of Public Finance), taking into consideration the bonds' conversion to share capital under the Bond Indenture. The management is confident, following the recommendations received from its legal advisers, that the court will rule in favour of Rompetrol Rafinare.



3. MARKETABLE SECURITIES ISSUED BY THE COMPANY

Whereas, in accordance with the provisions of the BVB (Bucharest Stock Exchange) Code provisions, the issuers whose marketable securities are admitted for trading on a regulated market have the obligation to include the Statement on compliance or non-compliance with the provisions of the Corporate Governance Code (the „Apply or Explain” Statement), all the relevant information concerning the corporate governance practices, were included under the Corporate Governance section and in the „Corporate Governance Statement” related to 2011 Annual Report.

3.1. Romanian and other markets on which the marketable securities issued by the Company are negotiated

Starting with April 07, 2004, the Company’s shares are traded on the regulated market operated by Bursa de Valori București S.A. (“BVB”).

The shares of Rompetrol Rafinare are traded entirely under the 2nd category of BVB. On 31.12.2011, the total number of shares issued by the Issuer is 44,109,205,726, representing a total share capital value of 4,410,920,572.6 LEI. The Company’s shares are common, nominal, issued in uncertified form, whose evidences are kept by S.C. DEPOZITARUL CENTRAL S.A. Bucharest, authorized by the Romanian National securities Commission by Authorization No. 3564/14.12.2006.

In compliance with the legal provisions and the Articles of Incorporation, each share held grants the shareholders the right to one vote in the General Meeting of the Shareholders, the right to elect and to be elected in the company’s managing bodies, the right to a share of the benefit and company’s asset upon the company dissolution, as well as other legal rights. The right to ownership and any other attributes over the shares are transferred according to the provisions of the capital market laws.

As far as the shares are concerned, their transfer is not limited, being performed in compliance with the applicable legal provisions and the Company’s Articles of Incorporation.

| Rompetrol Rafinare shares’ symbols: | |
|--|--------|
| Bucharest Stock Exchange | RRC |
| Bloomberg | RRC RO |



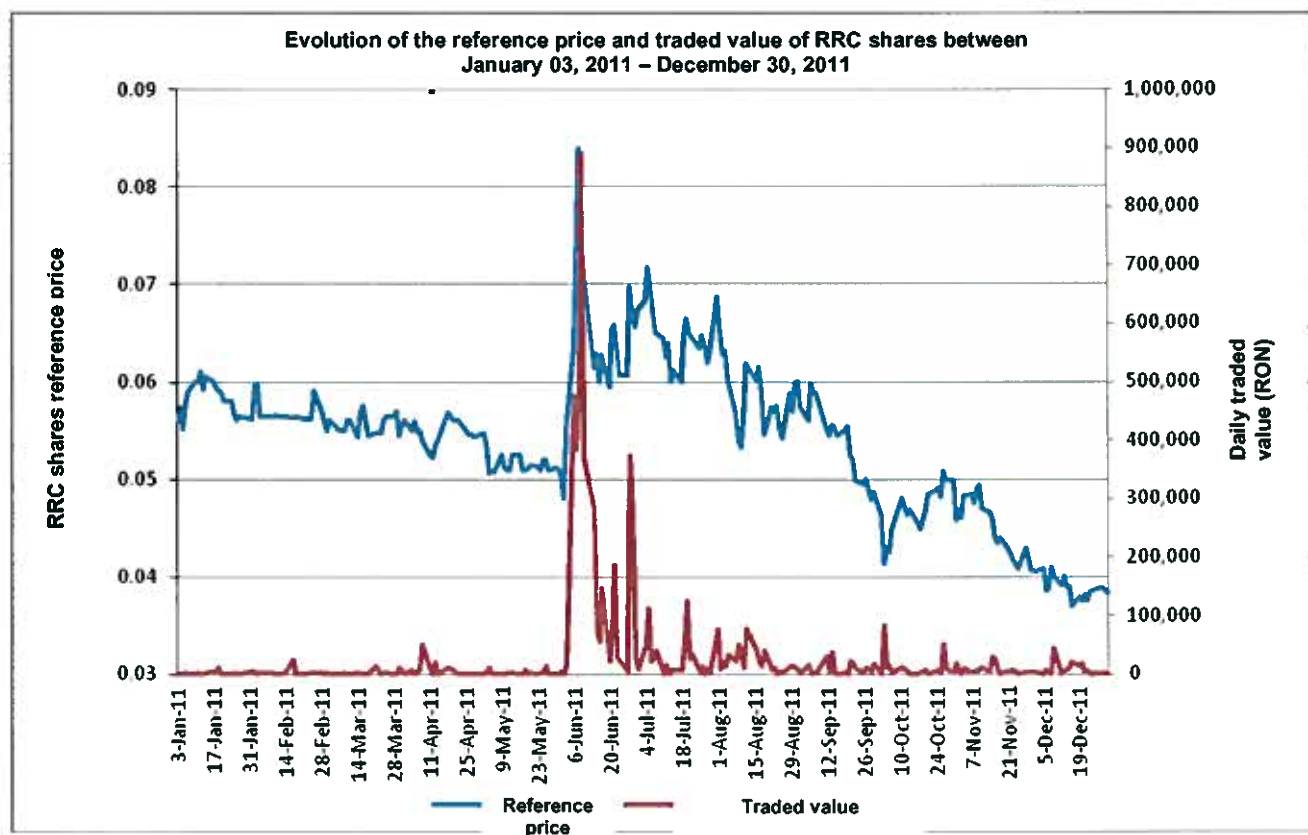
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| Rompotrol Rafinare Shares | 2009 | 2010 | 2011 |
|--|----------------|-----------------------------|----------------|
| Number of shares | 21,099,276,002 | 21,099,276,002 ¹ | 44,109,205,726 |
| Stock exchange capitalization, mill. of lei ² | 1,329.254 | 1,213.208 | 1,689.383 |
| Stock exchange capitalization, mill. of EUR ³ | 316.278 | 282.951 | 391.088 |
| Maximum price, lei ⁴ | 0.0705 | 0.0751 | 0.0839 |
| Minimum price, lei ⁵ | 0.0212 | 0.0530 | 0.0370 |
| Price at the end of the year, lei | 0.0630 | 0.0575 | 0.0383 |



Average Weighted Price (AWP) of RRC shares in 2011 = 0.0656 LEI/share; The volume traded in June represents 65.7454% of the entire volume traded in 2011 (total traded volume in 2011 = 6,388,943.89 LEI)

¹ Number of shares on 31.12.2010 registered with the Shareholders' Register kept by Depozitarul Central S.A. Bucharest. The capital increase from 21,099,276,002 shares to 24,394,196,673 shares, completed by Decision No. 1 of August 19, 2010 of the Company's Board of Directors, was entered with Constanța Trade Register Office on December 27th, 2010 and entered with Depozitarul Central S.A. Bucharest on February 15th, 2011.

² Calculated based on the share price valid on the last trading day of the year of analysis, respectively December 30th, 2011.

³ Calculated at the EUR exchange rate (4.3197) valid during the last trading session of the year of analysis, respectively December 30th, 2011.

⁴ Registered on June 8th, 2011.

⁵ Registered on December 16th, 2011.



Rompetrol Rafinare's Shareholding

During the period under analysis, the following modifications were entered with the Trade Register Office („TRO”) attached to Constanța Tribunal, with the Romanian National Securities Commission and Depozitarul Central Bucharest, influencing the value of the Company's share capital and the significant shareholding structure:

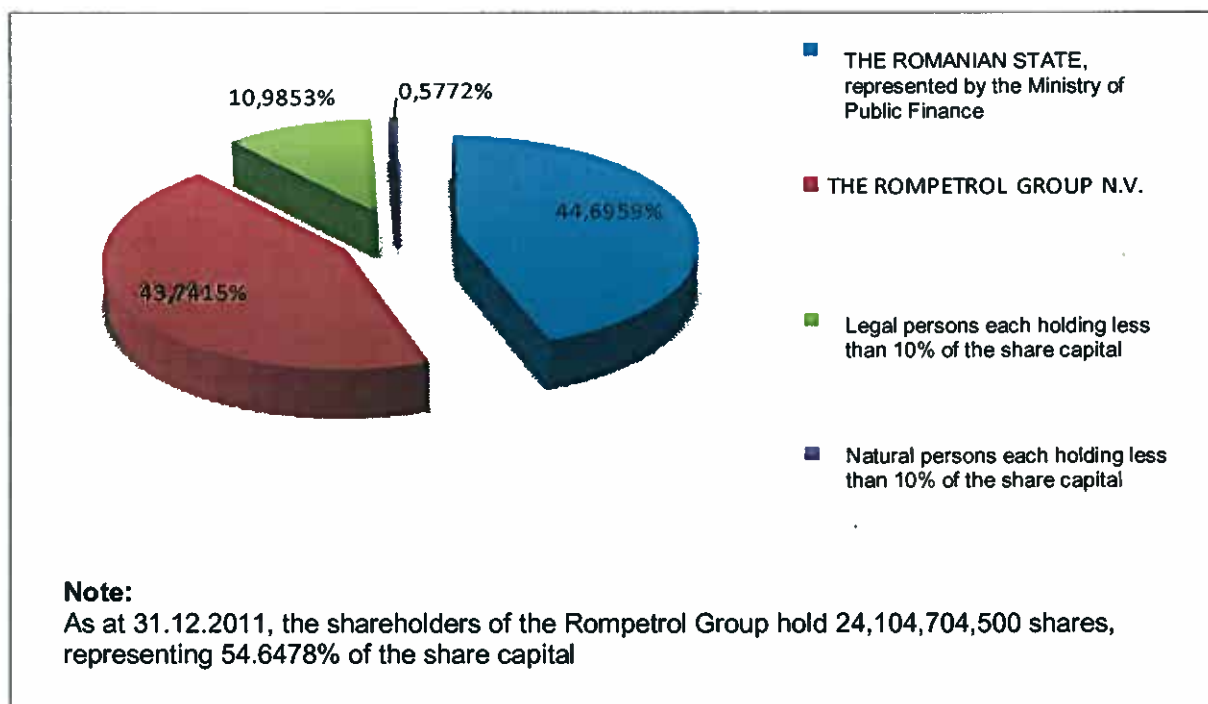
- share capital increase from 2,109,927,600.2 LEI to 2,439,419,667.3 LEI, by 329,492,067.1 LEI, according to Decisions No. 4, 5 and 6 of the Extraordinary General Meeting of the Shareholders („EGMS”) of the Company for initiating the share capital increase and Decision No. 1 of the Board of Directors dated August 19, 2010, corresponding to the share capital increase completion. Based on the Securities Registration Certificate number AC – 2852 3/08.02.2011 issued by the Romanian National Securities Commission, on February 15, 2011 Depozitarul Central S.A. entered with the Shareholders' Register of Rompetrol Rafinare S.A. the above mentioned share capital increase.
- the Company's share capital increase, according to the modifications included in Decision No. 29 of EGMS of September 30, 2010, from 2,439,419,667.3 LEI to 4,410,920,572.6 LEI, according to the law, by 1,971,500,905.3 LEI, representing the amount related to the conversion into shares of 20,652,098 bonds issued by the Company under the Bond Indenture concluded with the Romanian State, through the Ministry of Public Finance, on December 5, 2003 and in compliance with Government Emergency Ordinance No. 118/2003 concerning the measures for regulating certain budgetary liabilities of „Rompetrol Rafinare” – S.A. Constanța, approved as amended by Law No. 89/2005, and unredeemed until the date of the Extraordinary General Meeting of the Shareholders of September 30, 2010. Based on the Securities Registration Certificate number AC – 2852 -4/ October 5, 2011 issued by the Romanian National Securities Commission, on October 19, 2011 Depozitarul Central S.A. entered with the Shareholders' Register of Rompetrol Rafinare S.A. the new holdings and values of the share capital increased by the Romanian State participation, represented by the Ministry of Public Finance as Company shareholder.



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According to the Shareholders' Register consolidated on December 31, 2011, the structure of the Company's significant shareholders is presented in the following graph:



3.2. Dividends.

On December 31, 2009, S.C. ROMPETROL RAFINARE entered a loss of 474,116,085 LEI.

On December 31, 2010, S.C. ROMPETROL RAFINARE entered a loss of 669,762,488 LEI.

On December 31, 2011, S.C. ROMPETROL RAFINARE entered a loss of 735,847,584 LEI.

Considering the afore said, the Company could not grant any dividends to the shareholders for the 2009, 2010 and 2011 financial years.



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3.3. Treasury stocks

On 31.12.2011, S.C. ROMPETROL RAFINARE S.A. held 6,134,701 treasury stocks, having a nominal value of 0.10 LEI each, amounting to 613,470.10 LEI, representing 0.029% of the Company's share capital.

In 2011, the Company did not trade (purchased, respectively sold) any treasury stocks.

3.4. Number and nominal value of the shares issued by the parent company, held in subsidiaries.

In 2011, the company's subsidiaries did not hold any shares issued by Rompetrol Rafinare.



4. COMPANY MANAGEMENT

4.1. Presentation of Company's directors

In 2011, the number of the Board of Directors' members changed as follows:

- on November 29, 2011, the Extraordinary General Meeting of the Shareholders („EGMS”) adopted Decision No. 7/2011 increasing the number of the Board of Directors' members from 3 to 5;
- according to Decision No. 9/2011 of the OGMS of November 29, 2011, for the two new director offices established by Decision No. 7/2011 adopted by EGMS of November 29, 2011, the Company is going to organize elections following the registration with Constanta Trade Register Office of Decision No. 7/2011 and the submission of the Articles of Incorporation including the increase in the number of Board of Directors' members to 5

a) The following table presents some information about the Company's directors existing on 31.12.2011.

| Surname and Name | Age (years) | Position in the Board of Directors and years of office until present | Other information (qualification, professional experience) |
|-------------------------|--------------------|---|---|
| Yerhzan Orynassarov | 43 | <ul style="list-style-type: none"> - President of the Board of Directors since 23.09.2010 until present; - elected director by Decision No. 1/2010 adopted by the Ordinary General Meeting of the Shareholders of 30.04.2010, for a four-year mandate starting with this date | <p>Graduate of Lomonosov State University in Moscow, conferred the Diploma of Excellence in Mathematical Studies and of the Eurasia Market Institute, Economic Management Academy, being conferred an Economist Diploma of Excellence</p> <p>He is also a Member of the Board of Director sat Dyneff SAS – a member of the Rompetrol Group.</p> <p><i>Responsibilities:</i> he is the Senior Vice President at Rompetrol Group, coordinating all operational areas of the Rompetrol Group: Retail, Trading, Refining and Petrochemical, industrial services and Upstream.</p> |



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| | | | |
|----------------------|--------------|--|--|
| Alexandru Nicolcioiu | 60 | <p>Member of the Board of Directors: 23.09.2010 – present;</p> <p>He was the President of the Board of Directors of Rompetrol Rafinare during the following periods:</p> <ul style="list-style-type: none"> - 30.04.2010 – 22.09.2010; - temporary appointment since 25.02.2010 until the Ordinary General Meeting of the Shareholders of 30.04.2010; - 25.02.2006 – 25.02.2010; - 26.02.2001 – 25.02.2006; - 1990 - 1998 | <p>He graduated the Faculty of Oil and Gas Technology, Chemification at Bucharest Faculty of Oil, Gas and Geology, 1975 class, being conferred an Engineering Diploma; He began working for the Company in 1975; between 1990 – 1998 he was the General Manager of the Company. He is one of the few people of Rompetrol Group who has been working for the company for more than 30 years, with wide experience in oil and gas activities.</p> <p><i>Responsibilities:</i> he is the Vice President of the Refining and Petrochemical division of the Rompetrol Group.</p> |
| Arman Kairdenov | 40 years old | Member of the Board of Directors since 23.09.2010 | <p>He graduated the faculty of Organic Substances Technology at the Chemical Technology Institute in Kazakhstan, 1993 class. He joined the Rompetrol Group four years ago, as the Deputy General Manager of Rompetrol Rafinare.</p> <p>Prior to Rompetrol, he worked at KazMunayGaz National Company, first as the Senior Manager of the Petrochemical Division, then as the Deputy Manager of the Oil Processing Division.</p> <p>He began his career at Atyrau Refinery. His ascending career continued in the field of investment projects, where he occupied several positions: Coordinator of the Construction Projects Division, Deputy General Manager of the Constructions Enterprise, Deputy Manager of the Constructions Management Department.</p> <p><i>Responsibilities:</i> Presently, he is also the General Manager of Rompetrol Rafinare (starting from August 9, 2010), as well as a member of the Board of Directors of S.C. Midia Marine Terminal S.R.L, a company of the Rompetrol Group.</p> |



b) Any agreement, understanding or family relationship between the director and any other person, based on which such person was appointed director;

To the directors' best knowledge, there has been no agreement, understanding or family relationship between the administrators and any other person, based on which they were appointed directors.

c) Director's participation to the company's share capital;

According to the Company's Shareholders Register consolidated on 31.12.2011 issued by Depozitarul Central S.A., the directors hold no Company shares.

d) List of company affiliated;

None of the members of the Company's Board of Directors is affiliated to the Company, within the meaning CNVM Regulations No. 1/2006.

4.2. Members of the Company's executive management

a) Term of office for the executive management members;

In compliance with the provisions of the Company's Articles of Incorporation, the only offices delegated with the company's management pursuant to the provisions of Article 143 of Company Law No. 31/1991 are those of General Manager and Economic Manager. Any other manager office within the company (human resources manager, commercial manager, administrative manager, IT manager, etc), irrespective of its name, does not involve company management.

On 31.12.2011, the two managers delegated with the management as indicated above were:

| Surname and name | Office |
|-------------------------|------------------|
| Arman Kairdenov | General Manager |
| Vasile-Gabriel Manole | Economic Manager |

The executive management members exercise the offices held for a mandate valid until 30.04.2014 (together with the directors appointing them to their office).



b) Any agreement, understanding or family relationship between one person and another, based on which the former was appointed member of the executive management;

We are not aware of any understandings, agreements or family relationships between the members of the executive management and other persons, based on which they were appointed to their offices.

c) Such person's share of the company's capital.

None of the two managers presented in the table at point 4.2. a) holds any shares in the Company.

4.3. Possible litigations or administrative procedures in which the persons mentioned at sections 4.1 and 4.2 have been involved in the past 5 years.

Starting with March 22, 2005 and the date hereof, the criminal investigations regarding certain former and current directors, officers and external auditors of S.C. Rompetrol Rafinare S.A. ("RRC") have been carried on officially (despite certain interruptions sometimes occurring during the criminal prosecution). The Terrorism and Organized Crime Investigation Department attached to the High Court of Cassation and Justice of Romania (PICCJ - DIICOT) is currently carrying on investigations regarding only one of the directors.

The accusations made against these individuals from the beginning of the investigation have been: a) the failure to comply with the investment commitments set out in the Group privatization contract; b) the incorrect report on excises and other liabilities to the State budget; c) the keeping of certain inaccurate accounting books in relation to the transactions performed at the Oil Terminal oil terminal. Such accusations are related to events mainly occurring between April 2001 – October 2002. The accusations have been disjoined by the prosecutor's office in the initial file, now forming the object of a separate file on the dockets of PICCJ - DIICOT.

For one of the deeds currently investigated, which do not concern the Group directly, following the disjoining of the case, PICCJ – DIICOT has ordered criminal proceedings against certain officials of The Rompetrol Group N.V. ("TRG"), the parent company of S.C. Rompetrol Rafinare S.A. This file is currently judged on the merits before Bucharest Tribunal. The trial procedure has been slow, several procedural challenges being invoked in this case by the defence counsels. Also, the procedure was suspended between September 17, 2010 – September 14, 2011 following the admission of a constitutional challenge. Presently, the file is still being judged on the merits, at the witness hearing stage.



The Rompetrol Group NV and the Company have publicly declared and still consider, regarding all accusations, that it provided clear, reasonable and legitimate explanations concerning the actions of the Group and of all persons involved therein.

The Group believes that all the accusations made against it have no legal ground. The Group's position has also been confirmed by the court when it admitted the complaint filed by The Rompetrol Group NV and S.C. Rompetrol Rafinare SA against the attachment established upon its assets and shares. Such attachment was unilaterally imposed by the General Prosecutor's Office and finally and irrevocably cancelled by the court.

Moreover, on December 15, 2005, The Rompetrol Group NV submitted an application for claims to the International Centre for Settlement of Investment Disputes of the World Bank ("ICSID") in Washington DC against the Government of Romania, requesting indemnifications. The application states the violation by the Romanian State of the TRG rights resulting under the Agreement on Encouragement and Reciprocal Protection of Investments concluded between the Government of the Netherlands and the Romanian Government, which started to produce effects on February 1, 1995 („The Dutch-Romanian Bilateral Investment Treaty"). The application was entered by ICSID and was subject to an examination of its admissibility, and of ICSID jurisdiction, in this respect the tribunal ruling in favour of the claimant The Rompetrol Group NV. Within this procedure, in 2010 the merits judgment of the case took place, and then each party submitted its written observations. The arbitral tribunal's decision is expected in 2012 (at the end of February or in March 2012, the arbitral tribunal will inform the parties on the judgment stage).

4.4. Amendment of the articles of incorporation

The company's articles of incorporation may be amended by the General Meeting of the Shareholders, according to the provisions of Company Law No. 31/1990, corroborated with the provisions of the Articles of Incorporation. The Articles of Incorporation may also be amended by the Company's Board of Directors, based on the delegation of duties by the shareholders' assembly, pursuant to Article 114 of Company Law No. 31/1990.



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5. FINANCIAL AND ACCOUNTING SITUATION

Analysis of the current economic and financial situation compared to the last 3 years, concerning at least:

a) items on the balance sheet: assets representing at least 10% of the total assets; cash and other liquidities; reinvested profit; total current assets; total current liabilities;

MAIN INDICATORS' SITUATION BETWEEN 31.12.2009 - 31.12.2011

A BALANCE SHEET INDICATORS

| | ASSET | LEI | | LEI | | LEI | |
|-----|--|----------------------|-----------|----------------------|-----------|----------------------|-----------|
| | | December 2011 | % | December 2010 | % | December 2009 | % |
| I. | Long term assets | 4,300,764,385 | 66 | 3,895,812,356 | 63 | 3,569,077,207 | 69 |
| 1 | Intangible assets | 2,271,469 | 0 | 4,586,773 | 0 | 6,922,484 | 0 |
| | other long term assets | 2,240,771 | 0 | 4,506,687 | 0 | 6,891,786 | 0 |
| | advances and intangible long term assets in progress | 30,698 | 0 | 80,086 | 0 | 30,698 | 0 |
| 2 | Tangible assets | 2,265,630,938 | 35 | 1,858,298,977 | 30 | 1,563,231,644 | 30 |
| | land and constructions | 731,439,130 | 11 | 719,840,941 | 12 | 688,202,336 | 13 |
| | technical plants and equipment | 600,351,642 | 9 | 548,766,199 | 9 | 395,179,444 | 8 |
| | other tangible assets | 3,607,785 | 0 | 3,412,511 | 0 | 3,629,815 | 0 |
| | advances and tangible assets in progress | 930,232,381 | 14 | 586,279,326 | 9 | 476,220,049 | 9 |
| 3 | Financial assets | 2,032,861,978 | 31 | 2,032,926,606 | 33 | 1,998,923,079 | 39 |
| | long-term receivables | 57,415 | 0 | 122,043 | 0 | 118,516 | 0 |
| | shares held in affiliates | 2,032,804,563 | 31 | 2,032,804,563 | 33 | 1,998,804,563 | 39 |
| II. | Current assets | 2,261,247,232 | 34 | 2,293,567,467 | 37 | 1,605,779,478 | 31 |
| 1 | Stocks | 906,137,452 | 14 | 902,498,199 | 15 | 636,774,965 | 12 |
| | raw materials and consumables | 435,631,836 | 7 | 594,854,474 | 10 | 427,699,499 | 8 |
| | work in progress | 222,637,534 | 3 | 172,502,103 | 3 | 121,125,554 | 2 |
| | finished products and goods | 212,872,268 | 3 | 122,459,991 | 2 | 71,374,471 | 1 |



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| | | | | | | | |
|-----|---|----------------------|------------|----------------------|-------------|----------------------|------------|
| | advances for stock purchasing | 34,995,814 | 1 | 12,681,631 | 0 | 16,575,441 | 0 |
| 2 | Other current assets | 1,355,109,780 | 21 | 1,391,069,268 | 22 | 969,004,513 | 19 |
| | trade receivables | 1,147,107,652 | 17 | 1,109,461,945 | 18 | 710,395,457 | 14 |
| | other receivables | 164,939,980 | 3 | 253,511,879 | 4 | 208,813,228 | 4 |
| | petty cash and bank accounts | 43,062,148 | 1 | 28,095,444 | 0 | 49,795,828 | 1 |
| III | Prepaid expenses | 1,555,268 | 0 | 2,431,760 | 0 | 1,106,427 | 0 |
| | prepaid expenses | 1,555,268 | 0 | 2,431,760 | 0 | 1,106,427 | 0 |
| | Total assets | 6,563,566,885 | 100 | 6,191,811,583 | 100 | 5,175,963,112 | 100 |
| | LIABILITIES | | | | | | |
| I. | Equity | -134,091,000 | -2 | 581,590,514 | 9.4 | 1,151,854,310 | 22 |
| | share capital | 4,410,920,573 | 67 | 4,410,920,572 | 71 | 2,109,927,600 | 41 |
| | share premiums | 232,637,107 | 4 | 232,637,107 | 4 | | |
| | reserves | 30,517,089 | 0 | 30,517,089 | 0 | 1,958,363,433 | 38 |
| | reevaluation reserves | 215,074,275 | 3 | 194,908,206 | 3 | 195,579,781 | 4 |
| | profit(+) or loss(-) carried forward | -4,287,392,460 | -65 | 3,617,629,972 | -58 | 2,637,900,419 | -51 |
| | profit(+) or loss(-) for the financial year | -735,847,584 | -11 | -669,762,488 | -11 | -474,116,085 | -9 |
| II. | PROVISIONS | 79,684,017 | 1 | 61,660,090 | 1 | 32,977,770 | 1 |
| III | Debts | 6,617,973,868 | 101 | 5,545,701,821 | 89.6 | 3,991,131,032 | 77 |
| | debenture loans | 0 | 0 | 0 | 0 | 66,360,429 | |
| | short term bank loans | 99,534,891 | 2 | 66,626,122 | 1 | 37,664,604 | 1 |
| | commercial debts | 2,485,215,772 | 38 | 1,820,105,561 | 29 | 1,088,206,862 | 21 |
| | advances received on orders in progress | 26,089,949 | 0 | 15,085,398 | 0 | 14,604,176 | 0 |
| | loans from group companies | 3,309,985,228 | 50 | 3,130,255,496 | | 2,426,920,307 | 47 |
| | other debts | 697,148,028 | 11 | 513,629,244 | 8 | 357,374,654 | 7 |
| IV | Deferred income | 0 | 0 | 2,859,158 | 0 | 0 | 0 |
| | deferred income | 0 | 0 | 2,859,158 | 0 | 0 | 0 |
| | Total liabilities | 6,563,566,885 | 100 | 6,191,811,583 | 100 | 5,175,963,112 | 100 |



- i) A significant percentage of the assets (35%) is represented by **tangible assets** – land, constructions, technical plants, long-term assets in progress. At the end of 2011, they reach the value of 2,265,630,938 LEI, higher than in 2010 by 22% and by 45% higher compared to 2009, influenced primarily by two factors:
- new investments made;
 - depreciation (fixed assets' depreciation).

Depending in the increase/decrease of one of these two factors during the year, the long-term assets' value increases or decreases, as the case may be.

- ii) The largest percentage of the **financial assets** (31%), is represented by the equity securities (99.99%).
- iii) The values of the **total stocks** as at 31.12.2011 are similar to those registered at the end of 2010. Compared to the stocks as at 31.12.2009, they are higher by 269,362,487 LEI, such increase being mainly due to the increase in the raw materials' purchasing price:
- if, in 2009, the average purchasing price was 445.57 USD/to, in 2011 its average value was 810.47 USD/ton (an increase by approx. 82%);
 - the semi-finished products stocks increased by approx. 29% and respectively 84% compared to 2010, such increase being due primarily to the raw materials' purchasing price.

- iv) As far as the **receivables** are concerned, they increased compared to 2009, by approx. 61% and remained at a level approximately equal to that of 2010.

- v) **Equities** decreased compared to 2010, by 715,681,514 LEI, which is due to the loss registered at 31.12.2011, for the first time the equities reaching a negative value of 134,091,000 LEI.

At 31.12.2011 the share capital amounted to 4,410,920,573 LEI, compared to 2,109,927,600 LEI at the end of 2009. The share capital significant increase is based on the following:

- Decisions No. 4, 5 and 6 of the Extraordinary General Meeting of the Shareholders of June 30, 2010, approving the initiation of the share capital increase by up to 450,000,000 LEI. Within the term for subscription, the shareholder The Rompetrol Group N.V. subscribed and paid in a number of 3,294,914,165 shares (329,491,416.5 LEI), and the minority shareholders subscribed and paid in a number of 6,506 shares (650.6 LEI).
- Decisions No. 28 and 29 adopted by the Extraordinary General Meeting of the Shareholders of September 30, 2010, pursuant to which the Company converted the unredeemed bonds into shares in favour of the Romanian State (19,715,009,053 shares amounting to 1,971,500,905 LEI). The subscribed and paid in shares could not be registered with the Trade Register on September 30, 2010, due to the law suits filed by the Romanian State. Such Decisions were entered with Constanta Trade Register Office, CNVM and Depozitarul Central S.A. Bucharest in 2011.



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- vi) The **total debts** at the end of 2011 increased by 19% compared to 31.12.2010 and by 66% compared to 2009. Within such debts, the following elements indicated significant increases:
- commercial debts, 37% higher than in 2010;
 - loans from group companies. More specifically, in 2010 a loan was granted by The Rompetrol Group N.V., amounting to 3,105,655,496 LEI, used to ensure the working capital and to finance the (technological and environmental) investment projects. In 2011, several draw-downs and repayments were made from such loan, the balance as at 31.12.2011 being 3,309,985,228 LEI.

b) profit and loss account: net sales; gross sales; cost and expense elements representing at least 20% of the net sales or gross income; provisions for risks and various expenses; reference to any sale or shut-down of any activity segment made during the last year or to be made during the next year; reported and paid dividends;

B FINANCIAL INDICATORS

| | LEI | | |
|---------------------------|-----------------------|----------------------|----------------------|
| | 2011 | 2010 | 2009 |
| NET TURNOVER | 10,174,808,952 | 7,099,249,720 | 6,281,160,059 |
| SOLD PRODUCTION | 10,165,998,550 | 7,066,996,021 | 6,171,259,842 |
| OPERATIONAL INCOME | 10,355,875,579 | 7,215,033,596 | 6,332,902,636 |
| FINANCIAL INCOME | 1,440,414,600 | 1,179,981,642 | 853,305,727 |
| EXCEPTIONAL INCOME | | | |
| TOTAL INCOME | 11,796,290,179 | 8,395,015,238 | 7,186,208,363 |
| OPERATIONAL EXPENSES | 10,629,975,004 | 7,371,057,092 | 6,675,887,362 |
| of which: | | | |
| -raw materials | 9,701,539,199 | 6,555,510,650 | 5,739,614,576 |
| -energy | 318,990,908 | 265,990,442 | 281,651,042 |
| FINANCIAL EXPENSES | 1,902,162,759 | 1,693,688,384 | 984,408,419 |
| EXCEPTIONAL EXPENSES | | | |
| TOTAL EXPENSES | 12,532,137,763 | 9,064,745,476 | 7,660,295,781 |
| OPERATIONAL RESULT | -274,099,425 | -156,023,496 | -342,984,726 |
| FINANCIAL RESULT | -461,748,159 | -513,706,742 | -131,102,692 |
| EXCEPTIONAL RESULT | 0 | 0 | 0 |
| Tax on profit | 0 | 32,250 | 28,667 |
| TOTAL RESULT | -735,847,584 | -669,762,488 | -474,116,085 |



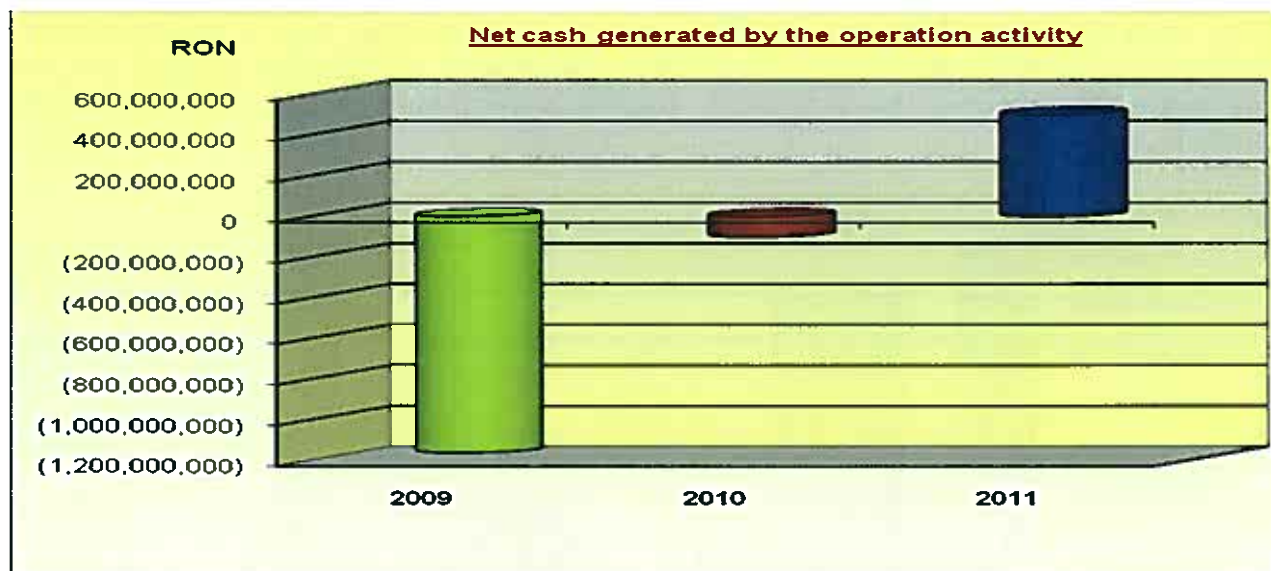
- i. The **turnover** as at 31.12.2011 was by 43% higher than in 2010, and 62% higher than in 2009, the main reason being the increase in the oil products and raw materials' prices during the 3 years of analysis;
- ii. As at 31.12.2011, the **net sales** increased by 44% compared to 2010 and, respectively, 65% compared to 2009, for the same reasons stated above;
- iii. During the period of analysis, the **total expenses** increased by approx. 38% compared to 2010 and by 64% compared to 2009. Like the income, the expenses are correlated with the raw materials' price volatility, the expenses with the purchasing thereof representing approx. 77% of the total expenses.
- iv. As far as the **total result** as at 31.12.2011 is concerned, the Company registered a higher loss compared to 2010 and 2009, by 10% and, respectively, 55%, due to the global economic and financial crisis.

c) cash flow: all the changes occurring at the cash level within the main activity, the investments and the financial activity, the cash level at the beginning and the end of the period.

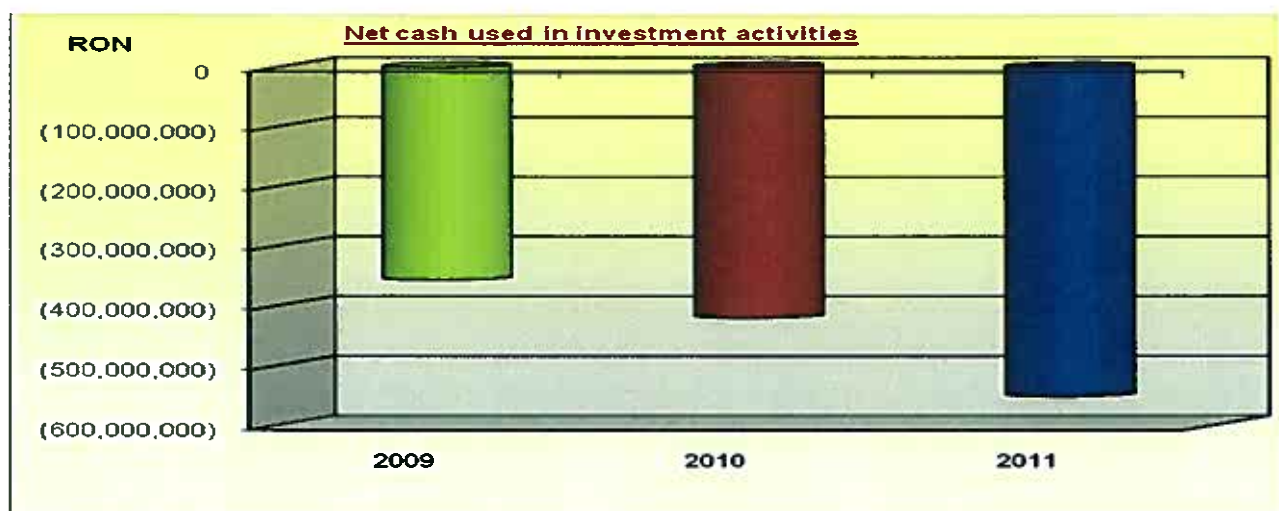
In 2011, the net cash flow situation reflected the company's effort to efficiently harmonize the cash needs within the operation activity, with a balanced financing policy.

The cash flows within the operation activity were influenced by the commercial debts' increase, due to the increase in the crude oil purchasing price. At the end of 2011, Brent crude oil reached the value of 106.51 USD/barrel, compared to the end of 2010, when the value was 92.55 USD/barrel.

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The cash flow from the investment activity reflects the company's efforts to carry on the refinery upgrading investments. In 2011, Rompetrol Rafinare carried on the investments for the implementation of new technologies, to enable the processing of various crude oil types and obtaining products having the quality imposed by the European standards, the compliance with the requirements of the Directives regarding the promotion and use of biofuels and other renewable transport fuels, and increasing the refinery processing capacity and the white goods yield. Another objective of the investment activity was the alignment to the valid European Union requirements and environmental standards, especially for the purpose of reducing nitrous oxides, sulphur, volatile organic compounds and carbon dioxide emissions, and hazardous waste disposal.





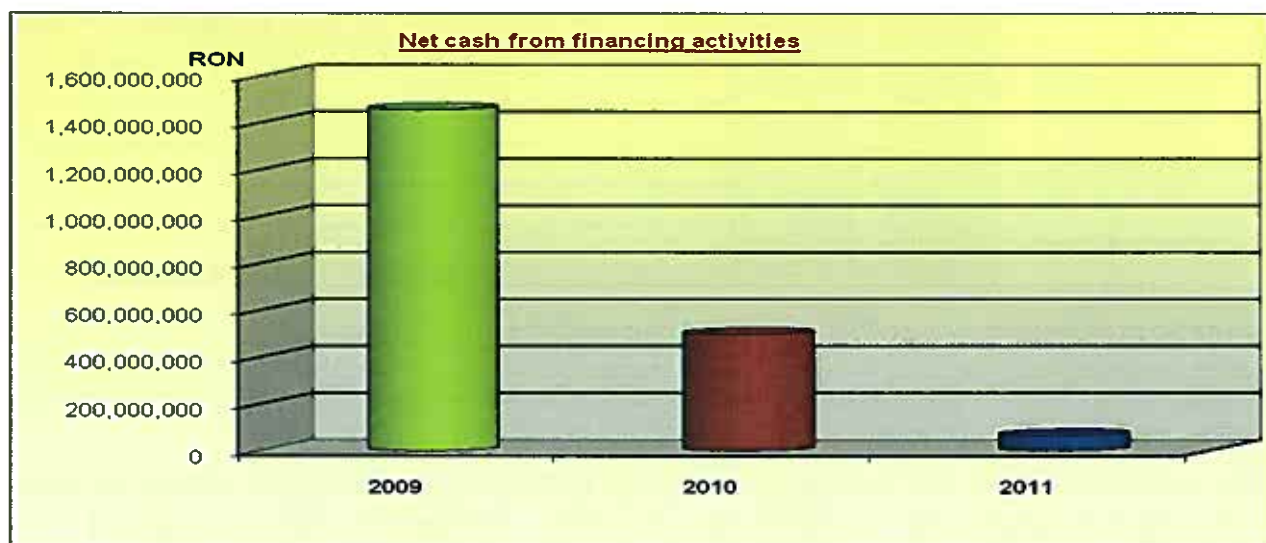
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The cash flow from financing activities has a positive value, due to the fact that the company was supported by the majority shareholder, in relation to both the needs generated by the investment activity, and the development of the refinery operational activity.



6. CORPORATE GOVERNANCE

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

The Company shares are traded with BVB under the market symbol "RRC".

The Corporate Governance Report of Rompetrol Rafinare S.A. for 2011 is drafted based on the Corporate Governance Code ("CGC" or "the Code") adopted by BVB on January 22nd, 2009, on Law no. 297/2004 regarding the capital market, with the subsequent amendments and completions, and of the regulations and orders issued by the National Securities Commission ("CNVM") and on the stock exchange regulations.

The CGC of the BVB includes certain recommendations that complete norms in Romania, that is: Law no. 31/1990 regarding companies, with the subsequent amendments and completions, Law no. 82/1991 regarding accounting, with the subsequent amendments and completions and Law no. 297 regarding the capital market.

The role of the code is to guarantee high transparency and visibility conditions for all shareholders and stakeholders. The CGC rules are grouped in XIX principles stipulated in 41 recommendations listed in 11 articles. The principles and recommendations of the CGC include provisions regarding the Issuers, administrators, auditors, shareholders and other structures of the issuers.

The CGC of the BVB is available in Romanian and English and can be consulted on the BVB website at the following address: www.bvb.ro under the section "About us", subsection "Publications" or at: www.bvb.ro, section "Companies", subsection "Corporate Governance". At the same address one can consult the Implementation Guideline for the Corporate Governance Code and the "Apply or Explain" Statement.



6.1. BVB standard regarding Corporate Governance

As per the BVB regulations included in the CGC, Rompetrol Rafinare is partially and self-imposed compliant with certain principles and recommendations of CGC, also resulting from the "Apply or Explain" Statement. The Company plans to improve the manner of implementing the CGC principles and recommendations of BVB.

As per BVB standards, the Issuers whose financial instruments are traded on the regulated market operated by BVB must send annually to BVB a Compliance or Noncompliance Statement regarding the CGC attached to the Annual Report. The statement pertaining to 2011 is attached to this report.

6.2. Information regarding the Board of Directors

As per the Articles of Incorporation updated on November 30th 2011, the Company's activity is run by a Board of Directors consisting in 5 members, appointed by the Ordinary General Meeting, who can also be shareholders of the Company, natural persons or legal entities, having Romanian or foreign citizenship respectively.

The administrators can be replaced in the following circumstances:

- a) At the expiry of the 4 year term;
- b) In case of resignation or revocation by the General Shareholders Meeting.

As per the Articles of Incorporation, the attributions of the Board of Directors are as follows:

- a) determines the main activity and development directions of the company;
- b) sets the accounting and financial control system and approves the financial planning;
- c) appoints, revokes, concludes and respectively terminated the contracts of the Company's directors;
- d) monitors the activity of the directors;
- e) prepares the annual report, organized the general meeting and implements its decisions;
- f) inserts the request for opening the company's insolvency procedure, as per Law 85/2006 regarding the insolvency procedure;
- g) except for legal deeds that require, as per the imperative orders of the law, the approval of the General Shareholders Meeting in order to be adopted/concluded, approves the adoption/conclusion, on behalf of the company, the deeds whose object exceeds the value of:
 - i) USD **50,000,000** for deeds having as object crude oil supply, respectively distribution of refined products;
 - ii) USD **20,000,000** for deeds with an object other than crude oil supply, respectively the distribution of refined products, approval of participation to



creating companies with a contribution exceeding this cap, other documents with assets exceeding this cap;

These tasks cannot be delegated to the company's directors.

The Board of Directors also has the following tasks delegated by the Extraordinary General Meeting under the conditions stipulated by art. 114 in Law no. 31/1990, republished.

- a) decides regarding the change of the company headquarters;
 - b) decides on changing the company's object of activity (except for the main field and the main activity of the company);
 - c) decides on increasing the share capital by issuing new shares, as per the law.
- The Board of Directors also meets other tasks that is has as per the norms in force.

Regarding the issuing of shares, the Board of Directors may perform this operation within share capital increase operations, carried out based on the tasks delegated as per the provisions of Law no. 31/1990 corroborated with the provisions of Law no. 297/2004.

6.3. Information on the members of the Board of Directors of Rompetrol Rafinare on December 31st, 2011

Name, year of birth, citizenship, duration of the term for every member of the Board of Directors, responsibilities within the Rompetrol Group, professional training and qualification.

The Board of Directors consists in the following members:

Yerzhan Orynbassarov

Born in 1969, Kazakh citizen

Duration of the administrator term: From April 30th 2010 until April 30th 2014

President of the Board of Directors since September 23rd 2010, nonexecutive member.

Member of the Board of Directors also in DYNEFF SAS – company member of the Rompetrol Group.

Responsibilities: Within the Rompetrol Group he fills the Senior Vice President position, coordinating all operational areas of the Rompetrol Group: Retail, Trading, Refining and Petrochemistry, Industrial Services and Upstream.

Professional training and qualification: graduate of the Lomonsov State University in Moscow, being awarded the Excellency Diploma in Mathematical Studies as well as graduate of the Eurasia Market Institute within the Economic Management Academy, being awarded the Excellency Diploma as economist. He has an experience of over 15 years in oil companies such as KazMunaiGas, KazTransOil, Kazakhoil- Emba OJSC or Kazakhoil NOC.



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Alexandru Nicolcioiu

Born in 1951, Romanian citizen

Duration of the administrator term: From April 30th 2010 until April 30th 2014

Currently he is a nonexecutive member of the Board of Directors.

He has filled the position of President of the Board of Directors of Rompetrol Rafinare during the following terms: 1990 – 1998 and February 26th 2001 – February 26th 2006; February 25th 2006 – February 25th 2010; February 26th 2010 – September 22nd 2010

Responsibilities: He fills the Vice President position within the Rompetrol Group for issues regarding Refining and Petrochemistry, one of the key businesses of the Rompetrol Group.

Professional training and qualification: graduate of the Faculty for Technology, Chemification of Oil and Gas within the Faculty for Oil, Gas and Geology in Bucharest, class of 1975. With an activity of 36 years within the Company, he has a vast experience in Oil and Gas activities. During 1990 - 1998 he was General Director of the Company.

Arman Kairdenov

Born in 1971, Kazakh citizen

Duration of the administrator term: From September 23rd, 2010 until April 30th, 2014

Executive member of the Board of Directors

Member of the Board of Directors also in Midia Marine Terminal S.R.L. – company member of the Rompetrol Group.

Responsibilities: He is also General Director within Rompetrol Rafinare S.A.

Professional training and qualification: he has a solid professional experience in the oil and gas industry, in various fields of the industry: management of production, refining and petrochemistry units, developing, coordinating and implementing construction projects. Mr. Arman Kairdenov joined the Rompetrol Group in 2008, as Deputy General Director of Rompetrol Rafinare. Prior to joining Rompetrol, he worked in the KazMunaiGas national company, first as Senior Manager of the Petrochemical Division, than as Deputy Director for the Oil Processing Division. Mr. Arman Kairdenov graduated from the Faculty for Technology of Organic Substances within the Chemical Technology Institute in Kazakhstan, in 1993, and started his career with the Atyrau refinery. His climbing career continued in the field of investment projects, filling several positions: Coordinator of the Construction Projects Division, Deputy General Director of the Construction Enterprise, Deputy Director of the Management Department for Constructions.



The two new administrator positions created by Decision no. 7/2011 adopted by the Extraordinary General Shareholders Meeting on November 29th 2011, approving the increase of the members of the Board of Directors from 3 to 5, are vacant on December 31st 2011.

6.4. The presence of administrators at the meetings of the Board of Directors

As per the Articles of Incorporation, the Board of Directors meets at least once every three months and as often as necessary. During 2011, the Board of Directors met for 25 meetings. The agenda of the Board of Directors' meetings included matters regarding the current activity carried out by the Company or its branches, such as: in view of setting the main activity and development directions of the Company, in view of approving the Annual Report and organizing the ordinary general meeting for approving the annual financial results, in view of approving reports and materials pertaining to bi-annual and quarterly financial results, of summons for general shareholders meetings carried out during 2011, approving/ratifying significant deeds, approving the conclusion of the share capital increase carried out based on Decision no. 30 adopted by the Extraordinary General Shareholders Meeting dated September 30th 2010 for launching and performing the social dialogue between the Company and/or trade union organizations/representative trade union at the level of the Company for implementing work relations or any other agreements for common issues as well as for changing the collective bargaining contract concluded at the Company level, approving the report of the Board of Directors regarding the assets of the Company in order to be presented in the General Shareholders Meeting dated November 29th 2011, approving the new capacity of the Company as recent Borrower, by concluding Addendum no. 16 to the Loan Contract concluded by the companies within the Rompetrol Group with Unicredit Tirioc Bank S.A. amounting to EUR 30,000,000 etc.

The meetings of the Board of Directors had at least 2 administrators present from a total of 3 members who represented the necessary presence of the Board of Directors until November 29th 2011, when Decision no. 7/2011 of the Extraordinary General Shareholders Meeting was adopted, approving the increase of the members of the Board of Directors to 5. After November 29th 2011, all the meetings of the Board of Directors were carried out in the presence of the 3 administrators filling this position. All decisions of the Board of Directors in 2011 were approved unanimously by the present members. Most meetings were carried out as teleconferences/videoconferences.



The table below highlights the presence to the meetings of the Board of Directors of the administrators in function, for the year concluded on December 31st 2011:

| Name | Presence |
|----------------------|----------|
| Yerzhan Orynbasarov | 24/25 |
| Alexandru Nicolcioiu | 25/25 |
| Arman Kairdenov | 24/25 |

[A] The first figure indicates the number of meetings to which the person was present in his capacity as administrator, and the second figure indicates the total number of meetings organized during 2011.

6.5. Advisory Boards, nonexecutive administrators and administrators' independence

Given that the type of organization at the level of the Rompetrol Group also entails the existence of support operational functions with various responsibilities, it was not mandatory to create advisory boards at the level of the entity (audit committees, nominalization, remuneration etc.). The relation between the company and the functions at the level of the Rompetrol Group is regulated through a service provision contract.

The remuneration of the members in the Board of Directors and of the directors (executive and nonexecutive) is presented in the Explanatory Note no. 8 pertaining to the individual annual financial statements at December 31st, 2011.

The assessment criteria for the independency of nonexecutive members of the Board of Directors are stipulated in Principle VIII, Recommendation 16 in the CGC of the BVB. At this moment, none of the active members of the Board of Directors of Rompetrol Rafinare meets the independency criteria stipulated by the abovementioned principle and recommendation.

6.6. Information on the General Shareholders Meeting and shareholders' rights

As per articles 11 in the updated Articles of Incorporation of the Company, corroborated with the applicable legal provisions, *the Ordinary General Meeting is organized at least once a year, within the imperative deadline set by the law, and has the following main tasks:*

- to discuss, approve or change the annual financial statements, based on the reports presented by the board of directors and by the financial auditor, and to set the dividends;
- to elect and revoke the Company's administrators;
- to appoint and set the minimum duration of the financial audit contract, as well as to revoke the financial auditor;



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- d) to set the remuneration for the administrators for every year;
- e) to decide on the management of administrators;
- f) to set the income and expense budget as, as the case may be, the activity schedule for the following financial year;
- g) to decide the guarantee, conclusion or dissolution of one or several units of the Company;
- h) to approve the maxim values of the remuneration of persons filling/performing management functions when the law stipulates this.

The Extraordinary General Meeting has the following tasks:

- a) to change the legal structure of the company;
- b) to change the headquarters of the company;
- c) to change the object of activity of the company;
- d) to create or eliminate secondary offices: branches, agencies, dealerships or other such units without legal structure;
- e) to expand the duration of the company;
- f) to increase the share capital;
- g) to reduce the share capital or to complete it by issuing new shares;
- h) to merge with other companies or to divide the company;
- i) to dissolve the company in advance;
- j) to convert shares from one category to the other;
- k) to convert a category of bonds into another category or in shares;
- l) to issue bonds;
- m) any other change of the articles of incorporation or any other decision requiring the approval of the extraordinary general meeting.

The Extraordinary General Meeting delegates to the Board of the Directors the performance of the tasks under letters b) and c) of the paragraph above.

Furthermore, the Extraordinary General Meeting may delegate to the administrators the increase of the share capital, as per the provisions of art. 236 in Law no.297/2004 regarding the capital market.

The rights of the shareholders of Rompetrol Rafinare are those granted by Law no. 31/1990 regarding public companies, Law no. 297/2004 regarding the capital market, regulations and instructions of the C.N.V.M. and other legal regulations in force.

Performance of the General Shareholders Meeting of Rometrol Rafinare SA, as per its updated Articles of Incorporation:

The General Shareholders Meeting is summoned by the administrators as often as needed, by publishing an announcement in the Official Gazette of Romania, Part IV, and in one of the widely spread local or national newspapers in the locality where the company's headquarters is situated. The general meetings are summoned by the Board of Directors, the summoning is at least 30 days prior to the date of holding the meeting. The Notice to Attend regarding the general meeting is sent at the same time



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to B.V.B and C.N.V.M. and is available at the moment of summoning also on the Company's website at the following address: www.rompetrol.ro, under the section Relations with Investors.

The general meeting can gather at the Company headquarters or in other locations set by the administrators in the notice to attend. At the general shareholders meetings only the shareholders registered in the Company's Ledger of Shareholders can attend and vote, Ledger kept and issued by S.C. Depozitarul Central S.A. Bucharest, at the reference date set in the notice to attend of the general meeting. As per the legal provisions, the shareholders can be present in person (through legal representatives) or through a representative, based on a Special Proxy, or via mail, based on a ballot via mail.

The shareholders may be represented in the general meeting by persons that are not shareholders of the Company, except for the administrators.

The Notice to Attend of the general meeting includes information regarding the availability of special proxy forms, ballots via mail and the deadline until which these documents must be sent/submitted to the Company headquarters, as well as the email address for mail.

Every shareholder, irrespective of the contribution to the share capital, is entitled to ask questions regarding the agenda of the general meetings and the Company may answer to the questions asked by the shareholders by posting the answer on the Company's website. The questions must be pertinent, related to the agenda, they must not affect the confidentiality and the commercial interests of the Company and in writing, either via mail or courier services, or via electronic means. Furthermore, the notice to attend of the general meeting stipulated the deadline for the shareholders to use the abovementioned rights.

One or several shareholders representing, individually or together, at least 5% of the share capital has/have the right, as per the law: a) to bring new issues on the agenda of the general meeting, provided that each issue be accompanied by a justification or by a decision project proposed to be adopted by the general meeting and b) to present decision projects for the issues included or proposed to be included on the agenda of the general meetings.

The Notice to Attend of the general meeting, informative materials regarding the agenda of the general meeting, special Proxy forms, Ballot forms via mail and decision projects are made available to the Company's shareholders, at the Company headquarters or they can be downloaded from the Company's website.

The shareholders will be allowed to request in writing copies of these documents, via courier or e-mail.

The general meeting is presided by the president of the Board of Directors or by a person appointed by the said, appointing, from the members of the general meeting or from the company's shareholders, one to three secretaries, plus a technical secretary from the employees. They draft the attendance list of the shareholders and check the following:

- the identity documents of the persons present at the General Meeting as shareholders or proxies of the said;
- special proxy presented by the shareholders' representatives. One shall also consider that the proxy is valid only for the General Shareholders Meeting for which this was requested.
- vote by mail forms.

The meeting secretary also checks the observance of the conditions regarding the presence quorum of the shareholders for the validity of the general meetings.

If the ordinary or extraordinary general meeting cannot work due to the nonobservance of the legal attendance conditions, the meeting gathering at a second notice to attend can decide on the agenda of the first meeting, irrespective of the quorum, taking decisions with the majority of the votes.

After presenting the materials pertaining to the agenda, the shareholders are invited to ask questions and the President of the meeting subjects to voting the problems debated by the shareholders.

The decisions of the general meeting are taken through an open vote, apart from the cases in which the general meeting decides that the vote be secret or in which the law imposes a secret vote.

Every share allows one vote during general shareholders meetings of Rompetrol Rafinare. The person representing several shareholders based on special proxies expresses the votes of the persons represented by adding all the votes "for", "against" and "abstention" without write-off (for ex. "under point x on the agenda, it represents "a" votes "for", "b" votes "against" and "c" "abstentions"). The expresses votes are validated or, as the case may be, invalidated, based on the third copy of the special proxies, by the secretary of the general meeting. The votes on the special proxy are exercised only according to the wishes of the shareholder.

The meeting secretary or secretaries shall draft the minutes of the general meeting, based on the free votes expressed by the shareholders.

Within 24 hours from the date of the general shareholders meeting, the company sends to B.V.B. and C.N.V.M. the current report pertaining to the decisions adopted by the general shareholders meeting and is published on the Company's website. Furthermore, the decisions of the general meeting are published in the Official Gazette of Romania, Part IV.

Decisions taken by the general shareholders meetings during 2011:

The Extraordinary General Shareholders Meeting of Rompetrol Rafinare dated April 15th 2011 decided the following:

- rejecting the increase of the number of members of the Board of Directors of the Company, from three to five, given that no candidacies were submitted by the Ministry of Public Finance.
- approving the change and completion of the Articles of Incorporation of the Company for reflecting the changes on the address of the registered office and the address of the work point in Navodari, the status of actual holdings as per the last Consolidated Ledger of Shareholders and other necessary changes highlighted in the Company's Articles of Incorporation updated on April 15th 2011.
- approving May 4th 2011 as registration date in the sense of art. 238 para. (1) in Law no. 297/2006 for the identification of shareholders affected by the decisions taken in the EGSM dated April 15th 2011.
- proxy for Mr. Arman Kairdenov, member of the Board of Directors and General Director of the Company, with the possibility to sub-delegate third parties, in order to conclude and/or sign on behalf of the Company and of the Companies' shareholders Decision no. 1/2011 adopted by EGSM dated April 15th 2011 and in order to carry out all legal formalities for the registration, publicity, opposability, performance and publication of the adopted decision as well as for updating and signing the Company's Articles of Incorporation on behalf of the Shareholders.

The Ordinary General Shareholders Meeting ("OGSM") of Rompetrol Rafinare dated April 15th 2011 decided the following:

- given that the proposal to change the number of members in the Board of Directors from three to five, object of point 1 on the agenda of the Extraordinary General Shareholders Meeting dated April 15th 2011 was rejected, the only candidacy submitted for the administrator position of the Company was rejected.
- approving May 4th 2011 as registration date for the identification of the shareholders affected by the decisions taken in OGSM dated April 15th 2011.
- proxy for Mr. Arman Kairdenov, member of the Board of Directors and General Director of the Company, with the possibility to sub-delegate third parties, in order to conclude and/or sign on behalf of the Company and of the Companies' shareholders Decision no. 2/2011 adopted by OGSM dated April 15th 2011 and in order to carry out all legal formalities for the registration, publicity, opposability, performance and publication of the taken decisions.



The Ordinary General Shareholders Meeting of Rompetrol Rafinare dated April 29th 2011 decided the following:

- to approve the annual individual (drafted as per the Romanian Accounting Standards) and consolidated (drafted as per the International Financial Reporting Standards "IFRS") financial statements, audited, pertaining to the financial year 2010, based on the Reports of the Board of Directors and on the Reports of the Financial Auditor;
- relieve of management for all administrators of the Company for the activity carried out during the financial year 2010, based on the presented reports;
- approving the income and expense budget and the activity schedule of the Company for 2011, including the investment plan for 2011;
- determining the remuneration for the financial year 2011 for the members of the Company's Board of Directors in the sense of maintaining the same net value of the remuneration for administrators, valid for 2010.
- approving May 16th 2011 as registration date for the identification of the shareholders affected by the decisions taken in OGSM dated April 29th 2011.
- proxy for Mr. Arman Kairdenov, member of the Board of Directors and General Director of the Company, with the possibility to sub-delegate third parties, in order to conclude and/or sign on behalf of the Company and of the Companies' shareholders Decision no. 3/2011 adopted by OGSM dated April 29th 2011 and in order to carry out all legal formalities for the registration, publicity, opposability, performance and publication of this decision.

The Extraordinary General Shareholders Meeting of Rompetrol Rafinare dated October 10th 2011 decided the following:

- to approve the conclusion of an Addendum by the Company to the Loan Contract no. 448 concluded on September 20th 2010 between the Company and The Rompetrol Group N.V., significant shareholder of the company in order to postpone the due date/rescheduling of the said and change certain contractual provisions, under the terms and conditions described in the informative material made available to the shareholders within the legal deadline, with the proper extension of the guarantee contracts of any nature concluded regarding the Loan Contract.



- to approve and proxy the Company's Board of Directors in order to carry out and validate transactions having as object intangible assets, with a cumulated value throughout the financial year 2011 which shall be allowed to exceed 20% of the total intangible assets, except for receivables, but no more than USD 150,000,000. The transactions shall be represented by deeds for the procurement, alienation, exchange and guarantee, as well as any other subsequent or related deeds and documents, necessary to improve the respective transactions.
- to approve October 26th 2011 as registration date in the sense of art. 238 para. (1) in Law no. 297/2004 for the identification of shareholders affected by the Decisions no. 4/2011, no. 5/2011 and no. 6/2011 in the Extraordinary General Shareholders Meeting dated October 10th 2011.
- proxy for Mr. Alexandru Nicolcioiu, member of the Board of Directors and General Director of the Company, with the possibility to sub-delegate third parties, in order to conclude and/or sign on behalf of the Company and of the Companies' shareholders Decisions no. 4/2011, no. 5/2011 and no. 6/2011 adopted by EGSM dated October 10th 2011 and in order to carry out all legal formalities for the registration, publicity, opposability, performance and publication of this decision.

The Extraordinary General Shareholders Meeting of Rompetrol Rafinare dated November 29th 2011 decided the following:

- to approve the increase of the number of members in the Company's Board of Directors, from three to five.
- to approve the change and/or completion of the Company's Articles of Incorporation for properly changing art. 14.1. in the Articles of Incorporation, consequent to the approval by EGSM of increasing the members of the Board of Directors to 5;
- to confirm the continuation of the Company and the Company's intention to regulate within the deadline set in the law the status of the report between the net assets of the Company and its share capital, as per the provisions of art. 153[^]24 in Law nr. 31/1990 regarding public companies, updated.
- to approve December 16th 2011 as registration date in the sense of art. 238 para. (1) in Law no. 297/2004 for the identification of shareholders affected by the decisions taken in the EGSM dated November 29th 2011.
- proxy for Mr. Arman Kairdenov, member of the Board of Directors and General Director of the Company, with the possibility to sub-delegate third parties, in order to conclude and/or sign on behalf of the Company and of the Companies' shareholders Decisions no. 7 and no. 8 adopted by EGSM dated November 29th 2011 and in order to carry out all legal formalities for the registration, publicity, opposability, performance and publication of these decisions.



The Ordinary General Shareholders Meeting of Rompetrol Rafinare dated November 29th 2011 decided the following:

- to reject the only candidacy submitted for a position of administrator (proposed by the Rompetrol Group N.V. shareholder) and following to organize elections for the two new positions of administrator created by Decision no. 7/2011 adopted by EGSM dated November 29th 2011 during a new Ordinary General Shareholders Meeting, after registration with the Trade Registry attached to the Constanta Tribunal of the Decision no. 7/2011 and submitting the Updated Articles of Incorporation which includes the increase of members in the Board of Directors to 5.
- to approve December 16th 2011 as registration date for the identification of the shareholders affected by the decisions taken in EGSM dated November 29th 2011.
- proxy for Mr. Arman Kairdenov, member of the Board of Directors and General Director of the Company, with the possibility to sub-delegate third parties, in order to conclude and/or sign on behalf of the Company and of the Companies' shareholders Decision no. 9/2011 adopted by OGSM dated November 29th 2011 and in order to carry out all legal formalities for the registration, publicity, opposability, performance and publication of this decision.

Shareholders' right to dividends

If the General Shareholders Meeting approves the allocation of dividends from the net profit made by the Company, those entitled to dividends are all shareholders registered in the Shareholders' Ledger on the date of registration decided by the general meeting also approving the value of the dividends and the deadline in which these are paid to the shareholders.

6.7. Information regarding the executive management of Rompetrol Rafinare

As per article 16.1 in the Company's Article of Incorporation, updated on November 30th 2011, the executive management of the Company has received management tasks from the Board of Directors based on the provisions of art. 143 in Law no. 31/1991 regarding public companies was assured by the General Director and the Chief Economic Officer.

On December 31st 2011, Company's executive managers are the following:

| | |
|---------------------------|--------------------------------------|
| Mr. Arman Kairdenov | - General Director and Administrator |
| Mr. Vasile-Gabriel Manole | - Chief Economic Officer |



6.8. Other elements regarding Corporate Governance

6.8.1. Transparency, communication and periodic and continuous reporting

Rompetrol Rafinare deems as very important the transparency in communication and information of shareholders and investors. During 2011, reports, presentations and press releases were drafted regarding the financial results, the GSM and the decisions adopted by the GSM, periodic reporting (quarterly, bi-annually, annually), significant transactions, reporting litigations that the Company was involved in etc. The information which was the object of current and periodic reporting were communicated to the market operator, the Bucharest Stock Exchange, the C.N.V.M. and were made available by being posted on the Company's website, www.rompetrol.ro under the Section Relations with Investors/Rompetrol Rafinare/Presentations.

As per the legal provisions, the individual and consolidated financial statements are audited by Ernst & Young Assurance Services S.R.L., independent financial auditor, appointed by the General Shareholders Meeting since April 29th 2009, for a period of four years.

6.8.2. Corporate Social Responsibility 2011

The Rompetrol Group thinks that social responsibility is a contribution taken voluntarily for the development of the company, closely related to the company's activity, the international laws and the group's resources.

Mission and Values

As a Top Corporate Entity, we try to act responsibly in all our actions. As a multinational company, whose success was built on innovation, passion for quality and individual management, we claim high corporate and personal responsibility standards wherever we carry out our activity - with the end purpose of improving the activity and the quality of life of those we influence.

We have committed to:

1. Sustainable, responsible development, expanding beyond the operations that we undertook;
2. Acting ethically and responsibly regarding the safety, health and welfare of our employees and of the partners within the industry;
3. The best corporate management practices given that these influence all interested parties, including our employees, local and regional communities, suppliers, investors and partners;
4. Investing time and energy in promoting leadership through entrepreneurial and educational initiatives.

Our commitment to corporate social responsibility offers work principles for all management decisions and we focus on using the best practices in the industry, encouraging the company and the community to participate in common projects in

order to increase standards in fields such as: successful business, environment, health and safety, social responsibility, youth education and leadership.

Basic principles

The Rompetrol Group's approach regarding corporate social responsibility is present in the motto "Live Energy", being a call to constant, active involvement in projects that meet our objectives toward social corporate responsibility.

The Rompetrol Group defines the following basic principles of its Corporate Social Responsibility policies:

1. Respect toward employees: Respecting the employees and helping to improve their lifestyle through development opportunities and employment practices based on equal opportunities and best professional and security practices.
2. Constant involvement: involving the authorities, the communities and other interested persons at the proper level in all decisions that affect all these parties.
3. Health and safety: Ensuring the health and safety of our employees, suppliers and of the communities where we carry out our activity.
4. Risk management: identification, evaluation, management and mitigation of risks pertaining to communities that host us, the employees, the contractors, the environment and our business.
5. Education and leadership: promoting leadership, especially among the youth, through civic involvement and educational activities that encourage social and entrepreneurial responsibility initiatives.
6. Respecting the local communities: respecting, protecting and promoting human rights, culture, customs and values of the communities where we carry out our activity.
7. Best practices: we respect the ten principles of the United Nation Global Compact regarding human rights, labor, environment and anti-corruption.

The Rompetrol Group, a socially responsible company, is constantly involved in events and actions that have a strong impact in the following directions:

- ✓ **External Corporate Social Responsibility**
 - Social partnership and sponsorships
 - Environmental Protection



✓ **Internal Corporate Social Responsibility**

- Human Resources Development
- Occupational health and safety
- Projects and causes supported by all Rompetrol employees

In order to comply with the Group's basic principles, the following rules shall be observed:

1. All corporate social responsibility projects shall be met in the spirit of transparency, fairness and respecting human rights and labor practices and anti-corruption.
2. All corporate social responsibility projects require a pro-active answer from all employees and are coordinated by the Communication and Corporate Affairs Department.
3. All corporate social responsibility projects are revised, monitored and measured constantly.
4. The Company shall support projects that promote the development of social involvement between the co-interested parties.

External Corporate Social Responsibility

1. Social partnership and sponsorships

In order to ensure assistance and financial support to the vulnerable sectors of the company, the Rompetrol Group launched the Corporate Social Responsibility platform "Energy comes from the heart" in May 2009, including the national programme "Together for Everyone" and the specific projects in the fields of health and environmental protection, the two directions that the group chose to support. At the level of the Rompetrol Group, in 2011, the value of contributions invested in social cases exceeded 1 million dollars.

In 2011, within the national programme "**Together for everyone**", 195 projects were registered on the website www.impreunapentrufiecare.ro - 123 in health and 72 in environmental protection. After the assessment period, 19 projects were selected for financing in the counties Bihor, Braila, Botosani, Caras-Severin, Cluj, Tulcea, Vaslui, Neamt, Constanta, Sibiu, Hunedoara, Teleorman. The projects consisted in two components: rehabilitation of medical units in the rural and urban areas and environmental project - building rain water collection points, stations for recycling waste water, locating solar panels for heating schools, -water-air-soil heat pumps and a second component consisting in organizing educational and cultural activities for the members of the community. The total value invested in implementing the 19 projects was USD 275,000.

Other specific projects, from the fields of health and environmental protection, were developed in 2011 as part of the "Energy comes from the heart" platform.



In the field of health, the Rompetrol Group, the **SMURD** (mobile emergency rescue service) Foundation and the General Aviation Inspectorate (IGAV) concluded a partnership for supporting aerial emergency interventions, transporting medical staff and victims. During this cooperation, the Rompetrol Group, through Rompetrol Rafinare, ensured in 2011 a total quantity of 206,292 tons of Jet A1 fuel, an estimated quantity for the operation of the three helicopters in Bucharest, Arad, Targu Mures.

Sponsorships

The Rompetrol Group is involved in social partnerships, common projects or programmes or charity events.

Special attention is given to the national campaign "Every Child in School" initiated by the **Ovidiu Rom Association**. This partnership started in 2005 advocates for: school programmes and materials, free hot lunches for children coming from families with low incomes; meal vouchers; implementing legislation in the field of education and child rights etc.

Since 2008, Rompetrol is a partner and the main sponsor of the **Civil Society Gala** - annual competition awarding the best projects of the year, projects launched by NGOs, associations, natural persons etc.

Moreover, in 2011, the company concluded various social partnerships or it sponsored initiatives of Junior Achievement Romania (leadership programme for high school teenagers), Freedom House Romania (for supporting young journalists in Romania) and others.

2. Environmental Protection

The Rompetrol Group observes all environmental protection standards, as per the legislation in force issued by the European Union.

The strategy in the field of environmental protection has the following areas of interest:

- Complying activities and installations with the requirements of the national and international legislation;
- Maximum reduction of incidents regarding the environment;
- Minimizing the consumption of resources and quantities of generate waste;
- Best functioning installations from an energy point of view and reducing CO₂ emissions;
- Maintaining a certified environment management system;
- Constant training of the specialty personnel in the field;
- Ensuring an excellent communication both within the Group and with the interested public, state authorities, NGOs etc.

At the level of the Rompetrol Group, for 2011, there was no environment related incident leading to accidental pollution.

The group holds five IPPC installations which carried out their missions for last year: 2 installations in the sector of oil refining (Petromidia and Vega Refineries), 1 installation in the petrochemistry sector (Rompetrol Petrochemicals S.R.L.), 1 installation in the metallurgic industry (Rominserv IAIFO Zalau S.R.L.) and 1 installation in the field of waste storage (Ecopark – dangerous waste storage, opened in 2010). Furthermore, throughout 2011 there were no exceeding limits of emissions for monitored specific pollutants.

Since 2008, the Rompetrol Group has been a member of CONCAWE (Conservation of Clean Air and Water in Europe) – international organization in 1963 researching several aspects related to environmental protection in the field of oil products. Along with the affiliation to CONCAWE, all companies that are part of the Rompetrol Group shall also benefit from assistance for complying with the REACH European Directive (Registration, Evaluation, Authorization and Restriction of Chemicals) This is by far the largest legislative project adopted by EU in the past years. This regulation has the role of determining a uniform, transparent and safer management of chemical substances in the European Union.

The companies that are members of the Rompetrol Group maintained their Germanischer Lloyd certifications for the integrated management systems (ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007). Moreover, in 2011 two other companies obtained the certification of integrated management systems: *The Rompetrol Group Corporate Center S.R.L.* and *Rompetrol Bulgaria*.

In 2011, the Rompetrol Group invested approximately 25 million dollars in environmental protection, the most important projects being carried out in the refining sector.

Internal Corporate Social Responsibility

1. Human Resources Development

The Rompetrol Group pays special attention to human resources development and training.

The Group has provided specialty and professional development courses for 3779 employees, depending on the specific needs, for the type of activity carried out and the position filled within the Group. They could develop both technical skills (ACCA and MBA programmes, IFRS, Project Management; specific courses in the field of oil and gas, English courses and Romanian for expat employees etc.) and behavioral skills as well (leadership, customer relations, management skills etc.).

Rompetrol Rafinare, the refinery division of the Rompetrol Group, carried out in 2011 a vast technical training programme for nine employees/operators of the company Agip KCO Kazakhstan, responsible for exploration and production activities in the first phase of the Kashagan project (Caspian Sea). The objective of the "On the Job Training" programme had the role to familiarize the nine operators with the crude oil processing flow within the Petromidia Refinery. As the same time, the programme was structured so as to ensure acquiring specific knowledge of the refining process, controlling the main parameters, issues regarding occupational health and safety, environmental protection but also working in DAV installations (Atmospheric and Vacuum Distillation), DGRS (Gas Desulfurization and Sulfate Recovery) and Water Stripping.



The Rompetrol Group had the same consistent approach regarding the education and development of youth competences by involving them in activities carried out within certain companies of the Group. In 2011, on the Petromidia platform, the companies Rompetrol Rafinare, Rompetrol Petrochemicals and Rominserv carried out several programmes for selecting students with potential, providing them an organized framework in order to improve their necessary competences for professional development.

Internship 2011

2011 was the 9th consecutive year when the Rompetrol Group organized and carried out this type of programme, dedicated to university and high school graduates in the technical field of study.

The programme consists in an active internship in the company, for two months, concluded with an assessment consequent to which part of the participants are selected for the "Trainee" programme. Carried out in August - September 2011, the programme included 39 students from five university centers (Constanta, Cluj, Iasi, Bucharest, Ploiesti).

2011 Trainee Programme

The Trainee Programme is the final selection phase of the most competent participants. The performance duration is 6 months, from October 1st 2011 to March 31st 2012, period in which the selected students (12 with average education, 14 with higher education) have the possibility to put in practice their knowledge in several sectors within the work units on the Petromidia platform. This experience is followed by a final assessment of their performance and the hiring of the best students in the organizing companies.

The costs for Internship and Trainee programmes (salaries, accommodation, transport) are borne entirely by the Rompetrol Group. During 2002 - 2011, 400 higher and average education graduates have attended these programmes, out of which 111 people started their career within the company.

2. Occupational health and safety

In 2011, the priority of the Rompetrol Group continued to be ensuring a safe working environment, both for its own employees and for those of our contractors.

Regarding the area of occupational health, the Group's concerns focused on the employees' health, by facilitating access to medical services that observe both the legal requirements and the highest standards of medical practice.

Being aware of the great importance of our employees' health, we made sure that the entire personnel are physically and mentally fit for performing their professional tasks. Through a constant process monitoring, along with the constant assessment of related health risks, we have created the proper environment for performing all specific activities.

Training and awareness raising actions for employees and contractors continued this year as well regarding a safe performance of activity, by implementing Group procedures and policies. For the Petromidia and Vega platforms, the actions for



increasing the *safety* culture continued by maintaining the programme carried out along with DuPont Safety Resources.

In 2011, we witnessed an increase of the level of involvement of the Rompetrol Group's employees regarding the identification and elimination of all unsafe actions and conditions found on the job.

The target of the Rompetrol Group's performance indicators was improved with a 0.5 decrease (from 3.00 to 2.50) compared to the target objectives for 2010 (incident rate, frequency of cases resulting into labor incapacity, accidents' frequency and severity rate, car accidents' rate), all these objectives being met.

Regarding 2012, the Rompetrol Group has the objective to reduce by another 0.5 (from 2.50 to 2.00) performance indicators, compared to the target objectives pertaining to 2011.

3. Social cases supported by Rompetrol employees

The employees of the Rompetrol Group committed to a socially and ethically responsible working method, making efforts to constantly improve the group's performances and best practices. Thus, 2011 meant new projects developed by the employees to the benefit of the communities - the World Theater Day celebrated on March 27th and dedicated to children in foster care centers, the International Children's Day - marked by collecting toys and raising funds for poor children, a social campaign carried out at the headquarters in order to gather toys and clothing that were donated to families in need in the Dambovită County.

The corporate social responsibility objectives of the Rompetrol Group for 2011 were the following:

1. Supporting social entrepreneurship and civic involvement in the community;
2. Improving the quality of life of the communities we influence, through environmental, public health and educational projects developed as part of the Corporate Social Responsibility platform "Energy comes from the heart".
3. Education for the young population and promoting a pro-active, entrepreneurial spirit;
4. Promoting a responsible behavior among the Rompetrol Group's employees, by encouraging social initiatives and launching an internal Corporate Social Responsibility programme - "Little things that matter". This programme was focused on projects in the fields of environmental protection, health and education and includes, among other, recycling paper, blood donations and educational activities.

***Internal Control and Risk Management Systems Regarding Financial Reporting Procedures***

The company has constantly adopted the internal control mechanism as an assembly of procedures and work methods with the purpose of preventing deeds contrary to the economic interests of the Company and to the regulated framework for performing activities, for identifying flaws and determining the necessary measures to reestablish the regulated framework. This targets the financial relations, phenomena and processes with the main purpose to ensure a proper functioning of the economic activity. Moreover, one analyzes the opportunity, needs and savings issues of operations carried out by the company. Regarding the financial reporting procedures, both internal and external reporting procedures are developed. The procedures are revised periodically by the specialized departments of the company. The financial reporting systems rely on principles, norms and regulations in force.

Description of policies and objectives of public companies regarding risk management

Given the nature of its activity, the company is subject to certain risks:

- the market risk deriving from exposure to the fluctuations of the EUR/USD, USD/RON exchange rate, from the volatility of sale prices for oil products and purchase prices for crude oil. In order to reduce the impact of these risks, the company adopted a risk management system in 2011 so as to mitigate the impact of these risks; hedging operations for oil products and crude oil and for the exchange rate were implemented in 2011.
- the loan risk deriving from the possibility of not observing the contractual obligations of the business partners, customers, suppliers and creditors is monitored periodically through creditworthiness and solvency of the customers, guarantee systems and credit control.
- the liquidity risk deriving from the possibility that the financial sources are not available to observe upon deadline the due obligations. The company management follows daily with the help of the forecasted cash the level of liquidities and ensuring the observance of the obligations toward suppliers, the state budget, the local budgets etc. as per their maturity date. The current and immediate liquidity coefficients are monitored constantly.
- the operational risk deriving from the possibility to cause accidents, errors, faulty functioning as well as from the environmental influences on the operational and financial results. Rompetrol Rafinare S.A. continued a complex process of modernizing the refining technology, improving environmental performances as well as eliminating accidental breakdowns of the processing system. Furthermore, the company is concerned to maintain and constantly improve the integrated management system for quality-



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environment-safety with results on improving the image of the organization, through environmental protection and labor safety, improving relations with public authorities, the social and economic community as a whole, limiting the civil and criminal liability, by meeting the legal regulations regarding quality - environment - safety.

The Financial Calendar proposed for 2012

| Financial Calendar | Date |
|---|--------------------------------|
| Presenting the preliminary, unaudited, individual and consolidated results for 2011 and IVth quarter for 2011 | February 15 th 2012 |
| The Ordinary General Shareholders Meeting for approving the annual financial results for 2011 | April 27 th 2012 |
| Publication of the Annual Report 2011 (i.e. annual financial results for 2011) | April 27 th 2012 |
| Presenting the results for the first quarter in 2012 | May 11 th 2012 |
| Presenting the results of the 1 st semester and 2 nd quarter of 2012 | August 10 th 2012 |
| Presenting the results for the 3 rd quarter and for January – September 2012 | November 9 th 2012 |

Important information and news targeting the interests of the shareholders, analysts and investors, regarding the Company's activity, is available on the website www.rompetrol.ro, under section Relation with the Investors, subsection Rompetrol Rafinare.

Contact for the Relation with the Investors

The annual, bi-annual and quarterly reports are made available to the shareholders, at their request. Requests can also be sent via electronic format, i.e. e-mail to the following address: office.rafinare@rompetrol.com.



2. ANNEXES

a) Variations of the Company's Articles of Incorporation

The articles of incorporation of the company can be modified by the General Shareholders Meeting, as per the provisions of Law no. 31/1990 regarding public companies, corroborated with the provisions of the Articles of Incorporation. The Articles of Incorporation may also be modified by the Company's Board of Directors, based on delegating the tasks by the shareholders' meeting, delegation given based on art.114 in Law no. 31/1990 regarding public companies.

In 2011, the Company's Articles of Incorporation were modified and updated as follows:

I) Modification of the Company's Articles of Incorporation consequent to the capital increase based on the Decision no. 1 dated August 19th 2010 of the Company's Board of Directors, increase initiated by Decisions no. 4, 5 and 6 of the Extraordinary General Shareholders Meeting ("EGSM") dated June 30th 2010.

This modification was included in the Articles of Incorporation updated and drafted on August 20th 2010 (Annex to this Report) and registered with the Trade Registry Constanta on December 27th 2010 based on the Office Registration no. 68984 issued by the Trade Registry Constanta on December 27th 2010. This registration no. with the Trade Registry Constanta refers to the Civil Sentence no. 958/November 10th 2010 issued by the Constanta Tribunal, regarding the registration of the comments included in the Decision no. 1 dated August 19th 2010 of the Company's Board of Directors, with the object of increasing the share capital initiated by Decisions no. 4, no. 5 and no. 6 adopted by the Extraordinary General Shareholders Meeting dated June 30th 2010.

Based on the Securities Registration Certificate, bearing the number AC—2852 3/February 8th 2011 issued by the National Securities Commission, on February 15th 2011 Depozitarul Central S.A. registered in the Ledger of the shareholders of Rompetrol Rafinare S.A. the abovementioned increase of the share capital.

II) Modification and completion of the Articles of Incorporation of the Company for reflecting the changes on the address of the registered office and the address of the work point in Navodari, the status of actual holdings as per the last Consolidated Ledger of Shareholders and other necessary changes highlighted in the Company's Articles of Incorporation updated on April 15th 2011.



III) Modification of the Company's Articles of Incorporation consequent to completing the increase of the share capital initiated through Decisions no. 28 and no. 29 of the Extraordinary General Shareholders Meeting dated September 30th 2010. Through Decisions no. 28 and no. 29 dated September 30th 2010 adopted by the Extraordinary General Shareholders Meeting the bonds held on September 30th 2010 by the Romanian State were converted in new stocks issued by the Company and 19,715,009,053 new stocks were allocated to the Romanian State through the Ministry of Public Finance, representing 44,6959% of the Company's share capital, capital increased up to the total number of 44,109,205,726 stocks. Through this action, the Romanian State acquired the capacity of Company shareholder. The Romanian State, through the Ministry of Public Finance claimed against the respective decisions in court, registering the said decisions with the Trade Registry until July 19th 2011 when the Trade Registry attached to the Constanta Tribunal issued the Certificate for registering comments no. 15314 dated July 15th 2011, regarding the registration of the modification of the Articles of Incorporation of Rompetrol Rafinare included in the Decision no. 29 adopted by EGSM dated September 30th 2010, that is:

- increasing the Company's share capital, from 2,439,419,667.3 LEI to 4,410,920,572.60 LEI, expressed in 44,109,205,726 stocks, amounting to 1,971,500,905.3 LEI, which represents the amount pertaining to the conversion into stocks of the 20,652,098 bonds issued by the Company and which were not bought back until the date of the EGSM, September 30th 2010;
- awarding directly to the Romanian State represented by the Ministry of Public Finance the total number of 19,715,009,053 new stocks issued by the Company for the conversion of the bonds, at a nominal value of 0.1 LEI each, representing 44.6959% from the Company's increased capital;
- proper modification of the relevant chapters in the Company's Articles of Incorporation, that is art. 1 "*Shareholders*" and art. 6 "*Share Capital*" so as to reflect the share capital increase resulting from the conversion and acquiring the capacity of shareholder by the Romanian State, through the Ministry of Public Finance.

IV) Modification of the Company's Articles of Incorporation consequent to approving the increase of the members in the Company's Board of Directors, from three to five, as per the Decision no. 7/2011 adopted by the Extraordinary General Shareholders Meeting dated November 29th 2011. Changing the number of members of the Board of Directors to five is highlighted in the Company's Articles of Incorporation updated on November 30th 2011.



b) Important contracts concluded by the Company during the year for which the reporting is carried out.

Important contracts where Rompetrol Rafinare has the capacity of supplier:

- Addendum no. 3/January 1st 2011 for extending Contract RR 1/January 4th 2010 for 2011 concluded with S.C. Rompetrol Downstream S.R.L., with the object of selling oil products;
- Contract 2011 – 731/December 23rd 2010, concluded with Vector Energy A.G., with the object of selling oil products for export for 2011;
- Contract no. RR 511/December 12th 2003, renewed automatically in 2011, concluded with S.C. Rompetrol Petrochemicals S.R.L., with the object of selling propane propylene mixture;
- Contract no. 38/September 10th 2008, renewed automatically in 2011, concluded with Rompetrol Gas S.R.L., with the object of selling liquefied petroleum gas;
- Contract no. RR 350/2008, renewed by Addendum no.1/October 21st 2009, extended automatically in 2011, concluded with S.C. Rompetrol Petrochemicals S.R.L., with the object of selling utilities;
- Contract no. RR 109/2004, extended automatically in 2011, concluded with S.C. UZINA TERMOELECTRICA MIDIA S.A., with the object of selling fuel gas;
- Contract no. RR 264 and 265/2003, renewed automatically in 2011, concluded with S.C. Rompetrol Petrochemicals S.R.L., with the object of selling and distributing electricity.

Important contracts where Rompetrol Rafinare has the capacity of beneficiary:

- Feedstock Contract 2011 (respectively no. RR 651/December 3rd 2010) concluded with Vector Energy A.G., in view of purchasing crude oil;
- Contract RR 1 (respectively no. 731/December 23rd 2011), concluded with Vector Energy AG in view of purchasing biodiesel;
- Contract no. RR 350/July 15th 2010 (respectively no. 1382406/June 24th 2010 – SC TINMAR IND), concluded with SC TINMAR IND for the purchase of electricity, renewed with Addendum no.3/February 17th 2011 and Addendum no.5/May 20th 2011.



- Contract no. RR 478/September 28th 2010 (respectively no. 1660709/August 30th 2010 – SC TINMAR IND), concluded with SC TINMAR IND. for the purchase of import natural gas for Navodari and mixture Vega, renewed with Addendum no.4/February 17th 2011 until March 31st 2011.
- Contract no. RR 4/March 22nd 2011, renewed with Addendum no.2/December 21st 2011 concluded with SC OMV PETROM GAS SRL. for the purchase of mixture natural gas for Navodari and Vega.
- Contract no. RR 377/December 31st 2008 (respectively no. 1/2008 – Midia Thermal Power Plant), concluded with Uzina Termoelectrica Midia S.A., for the purchase of thermal power, extended with Addendum no.5/December 22nd 2011;
- Contract no. RR 22/January 24th 2008 (respectively no.3/2008 – Midia Thermal Power Plant), concluded with Uzina Termoelectrica Midia S.A. for the purchase of demineralized water, extended with Addendum no.4/December 22nd 2011.
- Contract no. RR 1/June 7th 2011 (respectively no.197/June 2nd 2011 – OMV PETROM SA), concluded with OMV PETROM SA for the sale-purchase of natural gas pipeline.
- Contract no.RR448/20.09.2010 in amount of 1,2 billion USD signed with The Rompetrol Group for working capital, extended until 20.09.2012 by addendum no.1/20.09.2011.

c) resignation/dismissal documents for members of the administration, executive management, censors.

There were no resignations/dismissals of the members of the Board of Directors, of the executive management or of the external financial auditor of the Company.

d) list of branches of the public company and of the companies controlled by the said.

At the end of 2011, the Company held two work points, i.e.:

- i) The work point in Navodari, 1-283 Navodari Bd. Constanta County;
- ii) Work point in Ploiesti, 146 Valeni Street, Prahova County, performing its activity on the premise owned by the Company, referred to as "*Rompetrol Rafinare - Punctul de lucru Rafinaria VEGA*" (*Rompetrol Rafinare – VEGA Refinery Work Point*).



ROMPETROL RAFINARE S.A.

ANNUAL REPORT OF THE MANAGING BOARD for the financial year 2011

Audited financial statements

Currently, S.C. Rompetrol Rafinare S.A. controls the following companies:
directly:

- S.C. Rompetrol Logistics S.R.L;
- S.C. Rompetrol Petrochemicals S.R.L.;
- S.C. ROM OIL S.A.;
- S.C. Rompetrol Quality Control S.R.L.
- S.C. Rompetrol Downstream S.R.L.

indirectly:

- S.C. Global Security Sistem S.A.;
- S.C. Rompetrol Gas S.R.L.

e) list of persons affiliated to the public company⁶

S.C. Rompetrol Rafinare S.A. is part of the Rompetrol Group.

The Rompetrol Group is registered with CNVM and on December 31st 2011 it consisted of the following companies:

- The Rompetrol Group N.V.
- Rompetrol S.A.
- Rompetrol Downstream S.R.L.
- Rompetrol Well Services S.A.
- Palplast S.A.
- Ecomaster Servicii Ecologice S.R.L.
- Rompetrol Logistics S.R.L.
- Rominserv S.R.L.
- Rom Oil S.A.
- Global Security Sistem S.A.
- Uzina Termoelectrică Midia S.A.
- Rompetrol Petrochemicals S.R.L.
- Rompetrol Quality Control S.R.L.
- Rompetrol Financial Group S.R.L.
- Rompetrol Gas S.R.L.
- Midia Marine Terminal S.R.L.
- The Rompetrol Group Corporate Center S.R.L.
- Byron Shipping S.R.L.⁷
- Rominserv Valves Iaifo S.R.L.⁸
- Byron Shipping LTD
- Mixed Enterprise "Rompetrol Moldova" S.A.
- Rompetrol Georgia LTD

⁶ Since the GEO no. 28/2002 defining the term "affiliated person" was annulled and without another norm issued by the institutions of the capital market defining this term, all companies within the Rompetrol Group were listed under this point.

⁷ Registered in February 2011

⁸ Registered in November 2011



ROMPETROL

ROMPETROL RAFINARE S.A.

ANNUAL REPORT OF THE MANAGING BOARD for the financial year 2011

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- Rompetrol France SAS
- Dyneff SAS
- Dyneff Espagne SL
- BIONEFF SL
- Dyneff Gas Stations Network SL
- TMP SAS (Terminal Midi Pyrenees)
- DPPLN SAS (Depot Petrolier de Port-la Nouvelle)⁹
- Rompetrol Ukraine LTD
- AGAT LTD.
- Byron Shipping LTD
- Rominserv Kazakhstan LLC
- TRG PETROL TICARET ANONIM ŞİRKETİ¹⁰
- Rompetrol Bulgaria AD
- Vector Energy A.G.
- Rompetrol Albania Downstream Sh.A - undergoing liquidation
- RP Albania Wholesale Sh.A - undergoing liquidation
- Rompetrol Albania ShA - undergoing liquidation
- Rompetrol Distribution Albania Sh.A. - undergoing liquidation
- KazMunaiGaz PKOP Investment B.V.

BOARD OF DIRECTORS:



Yerzhan ORYNBASSAROV



Alexandru NICOLCIOIU



Arman KAIRDENOV



Chief Economic Officer



Vasile-Gabriel MANOLE

⁹ Registered in July 2011

¹⁰ Registered in Turkey in November 2011