

ANNUAL REPORT OF THE BOARD OF DIRECTORS OF ROMPETROL RAFINARE ON THE CONSOLIDATED FINANCIAL STATEMENTS PREPARED FOR THE FINANCIAL YEAR 2011

2011 figures include consolidated financial statements in accordance with International Financial Reporting Standards („IFRS”). Consolidated financial statements of Rompetrol Rafinare include the results of the parent company Rompetrol Rafinare and its subsidiaries Rompetrol Petrochemicals S.R.L., Rom Oil S.A., Rompetrol Downstream S.R.L., Rompetrol Quality Control S.R.L and Rompetrol Logistics S.R.L. (with its subsidiary Rompetrol Gas S.R.L.).

COMPANY HISTORY

Rompetrol Rafinare (formerly known as Petromidia) is the main refining facility of the Rompetrol Group located in Navodari, Constanta. Starting with December 1, 2007, the company also operates Vega refinery, located in Ploiesti. “Complexul Petrochimic Midia Navodari” (the former name of Rompetrol Rafinare S.A.) was part of the large oil refining plants which appeared after 1975. The plant was designed between 1975 and 1977. In 1991, Combinatul Petrochimic Midia Navodari became a stock company, by taking over all the assets of the former unit. In February 2001, as a result of the privatization of the company by the State Ownership Fund, The Rompetrol Group NV became the main shareholder. In 2003, by Decision no. 50640 of Trade Registry Directorate, based on the General Shareholders' Meeting as of February 20, 2003, the company was renamed S.C. Rompetrol Rafinare S.A. The company processes a variety of crude oils with different content of sulphur, reaching an average percent of 1.26% sulphur. The crude oil feeding (approx. – 90%) is carried out mainly through the marine terminal built by the Group, close to Petromidia Refinery, and the rest of 10% is carried out through Oil Terminal facilities in Constanta port. The products obtained can be delivered by railway, road and by sea.

At the end of 2008 the company also finalized the operations for the 350% expansion of the transit capacity for finished products through Midia harbour, by building two new loading and offloading berths, Berth 9B and Berth 9C.

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

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

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

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



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

Rompetrol 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

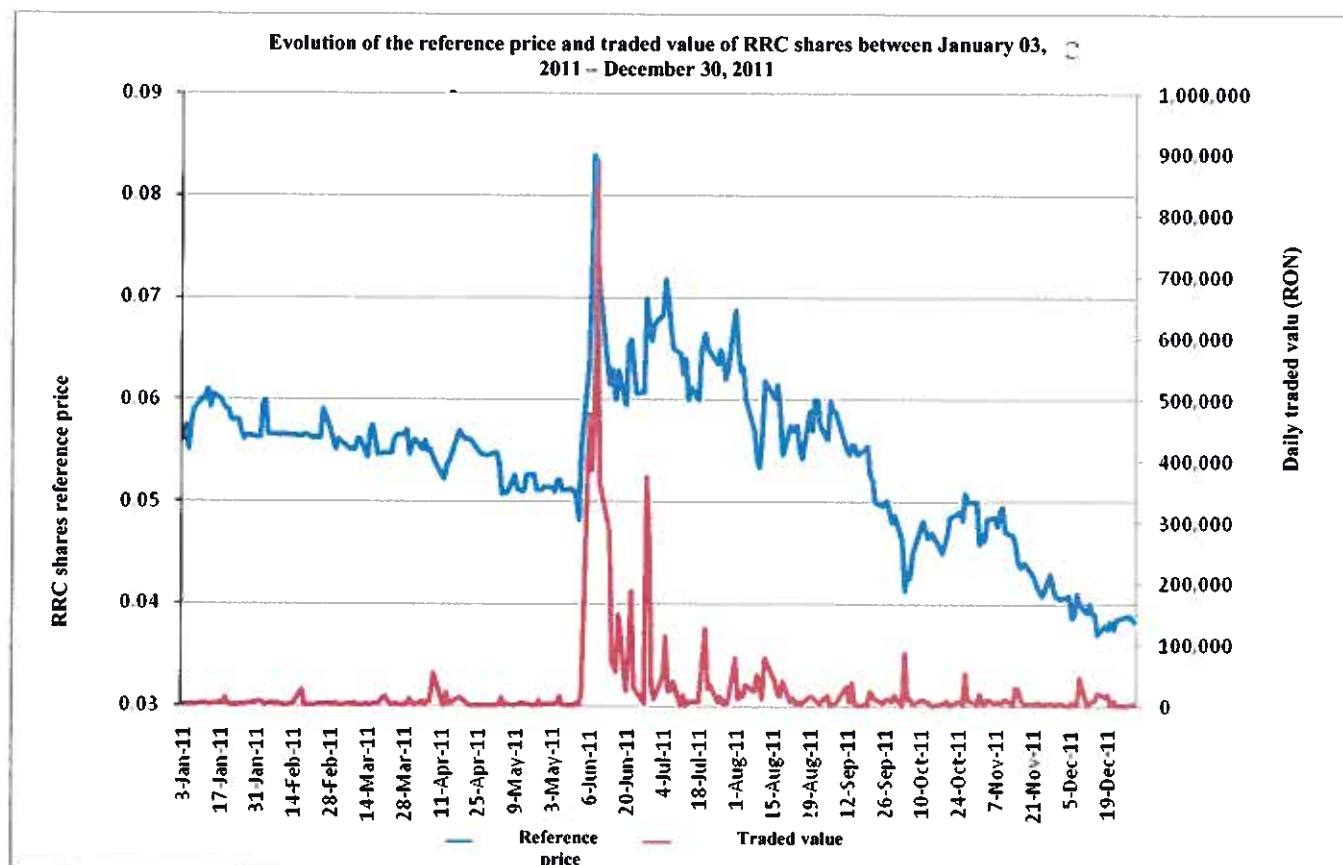
¹ Number of shares on 31.12.2010 registered with the Shareholders' Register kept by Depozitarul Central S.A. Bucharest. The capital increase from 21,099,276,002 shares to 24,394,196,673 shares, completed by Decision No. 1 of August 19, 2010 of the Company's Board of Directors, was entered with Constanța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

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

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

⁴ Registered on June 8, 2011.

⁵ Registered on December 16, 2011.



Weighted Average Price (WAP) of RRC shares during 2011 = 0,0656 lei/share;

The volume traded in June 2011 represents 65.7454% of the entire volume traded in 2011 (total traded volume in 2011 = 6,388,943.89 lei)

Rompetrol Rafinare Shareholders Structure

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:

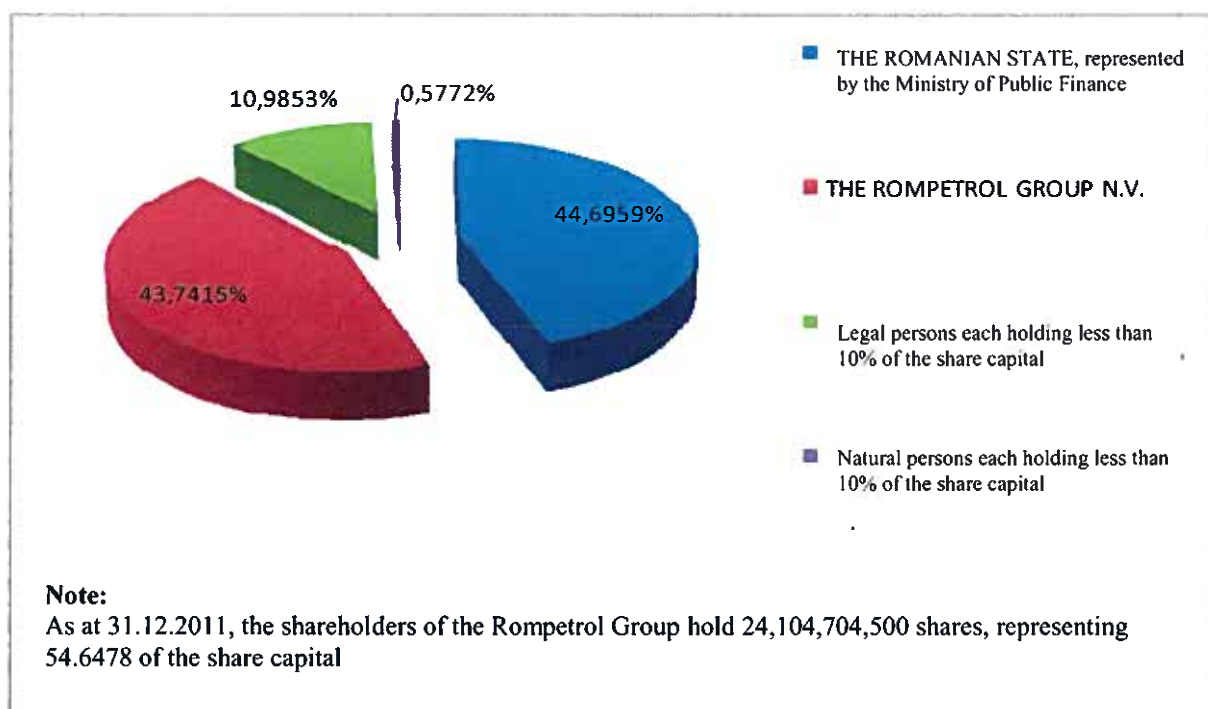
- share capital increase from 2,109,927,600.2 Lei to 2,439,419,667.3 Lei, by 329,492,067.1 Lei, according to Decisions No. 4, 5 and 6 of the Extraordinary General Meeting of the Shareholders („EGMS”) of the Company for initiating the share capital increase and Decision No. 1 of the Board of Directors 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.



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- 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 „Rompétrol 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.

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



Company's own shares

At 31.12.2011, ROMPETROL RAFINARE S.A. held a number of 6,134,701 shares, having a nominal value of RON 0,10 per share and a total value of RON 613,470.10, which represents 0.029% of Company's share capital.

The Company did not trade (by acquiring or selling) its own shares during 2011.

The Financial Calendar proposed for the year 2012

Financial Calendar	Date
<i>Presentation of the preliminary, unaudited, individual and consolidated results of the year 2011 and IVth Quarter of 2011</i>	<i>February 15th, 2012</i>
<i>Ordinary General Assembly of Shareholders, to approve the annual financial results of year 2011</i>	<i>April 27th, 2012</i>
<i>Publication of the 2011 Annual Report (i.e. publication of the financial results of 2011)</i>	<i>April 27th, 2012</i>
<i>Presentation of the results recorded during the first quarter of 2012</i>	<i>May 11th, 2012</i>
<i>Presentation of the results recorded during the first semester and second quarter of 2012</i>	<i>August 10th, 2012</i>
<i>Presentation of the results recorded during the third quarter of 2011 and between January – September 2012</i>	<i>November 9th, 2012</i>

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

Investor Relations Contact

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

**HIGHLIGHTS - CONSOLIDATED**

	2011	2010	%	2011	2010	%
Financial	USD	USD		RON	RON	
Gross Revenues	4,812,587,305	3,554,159,541	35%	16,070,672,787	11,868,404,955	35%
Net Revenues	3,922,906,083	2,782,957,387	41%	13,099,760,283	9,293,129,602	41%
EBITDA	5,866,927	5,901,220	N/A	19,591,430	19,705,945	N/A
EBITDA margin	0.1%	0.2%		0.1%	0.2%	
EBIT	(183,207,529)	(112,912,969)	N/A	(611,784,901)	(377,050,277)	N/A
Net profit / (loss)	(258,175,945)	(199,204,306)	N/A	(862,126,932)	(665,202,939)	N/A
Net Profit / (loss) margin	-6.6%	-7.2%		-6.6%	-7.2%	

Rompetrol Rafinare Constanta (RRC) gross revenues reached USD 4.8 billion in 2011. The increase in gross revenues, compared to the same period last year, is mainly the result of higher international quotations for petroleum products, on gasoline as well as on diesel, as well as the increase of volume of petroleum products sold. Petroleum products quotations that did not follow the increasing trend of crude oil quotations, therefore in 2011 Brent quotations increased by 39% compared with the budget while gasoline cracks increased only with 16.6%, respectively 13% on diesel.



ENVIRONMENT

		2011	2010	%
Brent Dated	USD/bbl	111.26	79.50	40%
Ural Med	USD/bbl	109.60	78.16	40%
Brent-Ural Differential	USD/bbl	1.65	1.34	23%
Premium Unleaded 10 ppm FOB Med	USD/t	978	729	34%
Diesel ULSD 10 ppm FOB Med	USD/t	957	682	40%
RON/USD Average exchange rate		3.05	3.18	-4%
RON/USD Closing exchange rate		3.34	3.20	4%
RON/EURO Average exchange rate		4.24	4.21	1%
RON/EURO Closing exchange rate		4.32	4.28	1%
USD/EURO Closing rate		1.29	1.34	-3%
Inflation in Romania*		3.13%	7.90%	

Source: Platts, *INSSE

2011 was marked by first half year with healthy economic growth, followed by a slow-down in economic activity in the second one. The renewed down-turn affected OECD economies in particular, with a real threat of these countries being stuck in a recession, whereas non-OECD Asia exhibited comparatively high growth rates, even if lower than previously high levels. Latest economical studies showed that parts of Europe did in fact enter a recession towards the end of 2011, with two straight quarters of negative growth.

The weakening economy affected petroleum market to a greater extent, with oil demand decreasing substantially. However, price decrease was limited given geopolitical risk factors such as the Arab spring, and sanctions on Iran. In stark contrast to the 2008/2009 crisis, a fall in crude prices in this recession to levels in \$40-50 per barrel territory remains extremely unlikely. Quotes for Brent and Urals rose to record highs in 2011, with yearly averages around 40% above levels seen the year before at above \$110 per barrel.

The high crude price environment seen over the course of 2011 in combination with weakening product demand in the second half of the year have translated into increasing pressure on refining margins. Refiners in Europe and alongside the US Atlantic Coast are feeling most of the pressure as these markets are hit hardest by the financial crisis and rising competition from more aggressive refiners in other regions. In this respect, growing exports of gasoline and distillates out of the US Gulf Coast are clearly changing the product trade picture in the Atlantic Basin.

In the product slate, middle distillates were the demand growth driver throughout 2011, with demand for gas oil/diesel and jet fuel/kerosene growing. World gasoline demand has declined. This was attributed to the rising surplus in the US and Europe, where demand remains below seasonal norms, while rising production in Asia also played a role.

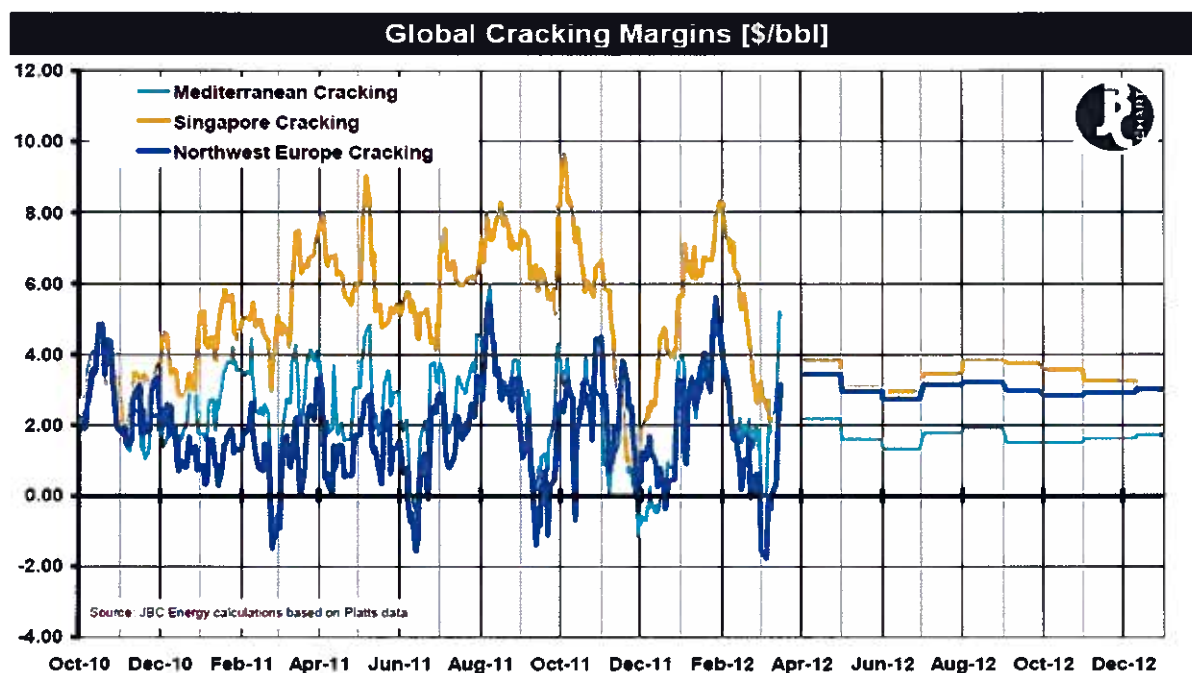
Gasoline crack registered a yearly average of 135.9\$/bbl, slightly increasing compared to 127.5\$/bbl in 2010, but main difference is that in 2011 cracks plummeted from 131\$/bbl in October to 80\$/bbl in November. This was the direct consequence of a combination between sinking demand and oversupply. European gasoline market was severely hit by the lack of arbitrage opportunities to the US due to decreasing demand, efficiency gains and competitive US refining operations. Gasoline will remain the most critical product in the upcoming period. Several indicators, including recession in Europe, weak growth in the United States and the slowdown in most emerging economies, offer a gloomy outlook. While the US is on its way to strengthen its position as a net exporter of gasoline, Europe is feeling the pressure due to a lack of arbitrage opportunities.



Middle distillate cracks were relatively robust for the better part of the year. Diesel crack to Brent registered a yearly average of 114.9\$/bbl in 2011, huge improvement from 80.5\$/bbl in 2010. After a slump of 20\$/bbl in September compared to August, it showed a remarkable improvement during the last trimester even reaching a high of 151.5\$/bbl in November. However, cracking margins, especially in Europe, were stuck at low levels due to a sharp narrowing in gasoline cracks at that time. Towards the end of the year, the strength in the middle of the barrel diminished as pressure grew from end of turnarounds, lower demand – including for heating oil (due to the recession, pressured by high prices and warmer weather conditions).

Refining margins also came under strain as a price improvement in the light distillate segment, especially for gasoline, failed to counterbalance a weakening in middle distillates amid a worsening economy. Cracking margins in Northwest Europe (Brent) and the Med (Urals Med) averaged just below \$3 per barrel each in 2011, 17% and 20% below 2010 levels, according to JBC Energy calculations based on Platt's assessments. Given the double impact from high flat prices and waning demand, the margin environment might remain weak for an extended period.

High crude prices, the lack of Libyan barrels for much of the year and weaker margins have forced many refiners, predominantly in Europe and US East Coast, but partially also in Asia to curb utilization rates. In Europe, which also suffers from a structural gasoline surplus, refinery run rates decreased slightly over 2011 to below 77% of capacity.



Looking at supply for 2012, OPEC members have agreed on a new output ceiling of 30 million bbl/day of crude including output from Iraq, which was excluded from the target production scheme before, and Libya. Targeted ceiling remains close to demand registered in 2011 of 30.3 million bbl/day. The outcome of the meeting in Vienna demonstrates that there is stronger cohesion within the group, increasing the likelihood of a quick reaction to major shifts in global oil supply/demand balances.

The combination of the bearish demand outlook and the increasing supply mismatch in product markets are ingredients making the future of refiners look more and more uncertain. The imbalance between the gasoline surplus in the Atlantic Basin and growing diesel demand in markets East of Suez will be particularly hard for refiners to digest as substantial investment is imperative in times of financial tightening.



REFINING

		2011	2010	%	2011	2010	%
Financial		USD	USD		RON	RON	
Gross Revenues	USD/RON	4,118,169,894	2,822,071,920	46%	13,751,804,727	9,423,744,762	46%
Net Revenues	USD/RON	3,362,589,233	2,212,742,024	52%	11,228,694,226	7,389,009,441	52%
EBITDA	USD/RON	(36,730,131)	(28,541,307)	N/A	(122,652,926)	(95,307,986)	N/A
EBITDA margin	%	-1.1%	-1.3%	N/A	-1.1%	-1.3%	N/A
EBIT	USD/RON	(114,105,510)	(72,707,218)	N/A	(381,032,529)	(242,791,213)	N/A
Net profit / (loss)	USD/RON	(171,575,478)	(143,128,288)	N/A	(572,941,994)	(477,948,293)	N/A
Net profit / (loss) margin	%	-5.1%	-6.5%		-5.1%	-6.5%	
Gross cash refinery margin/tonne	USD/(RON)/t	30.35	34.53	-12%	101.36	115.30	-12%
Gross cash refinery margin/bbl	USD/(RON)/bbl	4.18	4.75	-12%	13.96	15.88	-12%
Net cash refinery margin/tonne	USD/(RON)/t	(4.40)	(2.81)	56%	(14.69)	(9.39)	56%
Net cash refinery margin/bbl	USD/(RON)/bbl	(0.61)	(0.39)	56%	(2.02)	(1.29)	56%
Operational							
Feedstock processed	Kt	3,882	3,496	11%			
Gasoline produced	Kt	1,284	1,162	11%			
Diesel & jet fuel produced	Kt	1,563	1,397	12%			
Motor fuels sales - domestic	Kt	1,441	1,283	12%			
Motor fuels sales - export	Kt	1,225	1,060	15%			
Export	%	46%	45%				
Domestic	%	54%	55%				

Note: Refining segment comprises only the results of the refinery (parent company of Rompetrol Rafinare), including the operations of Vega. Rompetrol Rafinare computes Gross cash refinery margin as follows – (Oil Product Sales – Cost of Feedstock) / Quantity of Feedstock related to the sales. Net Cash Refinery margin is the EBITDA of the refinery divided by quantity of feedstock related to sales.

The gross revenues of the refining segment reached USD 4.118 billion in 2011 higher by 46% compared with the same period last year. The increase in gross revenues compared with the same period last year is mainly the result of higher international quotations for petroleum products and higher sales of products, mainly fuels.

The financial results were negatively influenced by the provisions recorded in 2011 in amount of USD 28.3 million.

In 2011 the refining average monthly throughput was higher by 11% compared to 2010 due to the planned shutdown (starting with 20th of September 2010 the refinery was shut down for 43 days for general turnaround).

In 2011 the refining capacity utilization rate was 80.2% by 3% higher than in 2010 when the refining capacity utilization was 77.56% (when the refinery was shut down for 43 days for general turnaround).

Regarding Vega refinery, in 2011 total feedstock was higher by 9% compared to 2010. In 2011 the production of n-hexane increased by 47%, white spirit production increased by 129%, and the production of bitumen increased by 45% compared to 2010. 2011 was the year with the lowest technological consumption in the last seven years. The production of n-hexane increased due to a higher n-hexan recovery from raw materials, the quality of raw materials received from Rompetrol Rafinare and a higher demand compared with 2010. The production of white spirit and bitumen increased compared with 2010 due to a higher demand on the market.

Rompetrol Rafinare continued to be an important contributor to Romania's fiscal budget with over USD 1.2 billion in 2011.

Rompetrol Rafinare started the last phase of its capacity increase program for the Petromidia Refinery, from 3.8 million tons, to over 5 million tons of processed raw materials.

During 2011, the following projects, that were started in 2006 and included in „Investment Projects Package”, continued:

- “Mild Hydrocracking” project;
- “Hydrogen Plant” project;
- “New Sulfur Recovery Plant” project.

The main objectives of the projects included in „Investment Projects Package” are:

- Alignment with EU product specification, which became mandatory starting with 01.01.2009: production of fuels (gasoline and diesel) with a sulphur content below 10 ppm, while processing 100% sulphur oil;
- Increase of refining processing capacity from 3.8 to 5 million tonnes/year, by removing the operational constraints that allow a refining processing capacity of 5 million tonnes/year in order to obtain EURO 5 fuels
- Increase the efficiency of diesel in refinery products structure, due to increased demand for diesel on the worldwide market;
- Alignment with EU environmental requirements, in terms of air emissions and hazardous waste disposal.

The refinery's capacity increase investment program will be finalized at the beginning of Q2 2012, and will allow the consolidation and development of Rompetrol's presence in Central and Western Europe, in Romania, Bulgaria, Republic of Moldova, Ukraine and Georgia, where we have Rompetrol gas-stations, as well as in countries such as Turkey, Serbia or Greece.



MARKETING

		2011	2010	%	2011	2010	%
Financial		USD	USD		RON	RON	
Gross Revenues	USD/RON	2,857,631,805	2,199,075,415	30%	9,542,489,886	7,343,372,533	30%
EBITDA	USD/RON	38,481,433	31,544,508	22%	128,501,049	105,336,576	22%
EBIT	USD/RON	(21,676,174)	(21,377,277)	1%	(72,383,248)	(71,385,141)	1%
Net profit / (loss)	USD/RON	(51,506,773)	(37,190,335)	38%	(171,996,568)	(124,189,685)	38%
Operational							
Quantities sold in retail	Kt	709	732	-3%			
Quantities sold in wholesale	Kt	778	666	17%			
Retail Gross Margin	USD/t	123	114	8%	411	381	8%
Wholesale Gross Margin	USD/t	50	47	6%	167	157	6%

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

Gross revenues increased by 30% in 2011 due to higher volumes sold by 6% compared with year 2010 and higher selling prices for petroleum products mainly influenced by international quotations variation.

The financial results were negatively influenced by unfavorable foreign exchange differences: for 2011 USD/RON average exchange rate was 3.05, lower by 4% compared with the same period last year.

Also, the financial results were negatively influenced by provisions recorded in 2011 in amount of USD 16.9 million.

Globally, markets were affected by significant variances of crude oil and petroleum products quotations, uncertainties standing at a high level. Therefore, the first part of the year was defined by significant quotations increases influenced by encouraging economic indicators of both China and USA, plus the conflicts in the Northern Africa and the Middle East which affected the crude oil production levels. The earthquake in Japan (which significantly affected the economy), the extended economic crisis in the Euro area and the signals that indicated a slower rate of growth than the predicted level of growth for the largest economies in the world (China and USA), induced the feeling that the economic downturn has not yet been overcome, reversing the upward trend of quotations in May-October 2011.

In Q4 2011, overall quotations of crude oil and finished products were higher than in early 2011. The significant daily fluctuations that were recorded during this period, are an indicator of a low level of predictability of the market affected by speculative movements and conflicting expectations on economic development.

In 2011 the market share was in line with 2008, reaching 24.9% and was not influenced by major changes in the structure of other domestic distributors.

At the end of Decembrie 2011, Rompetrol Downstream sector operated a network of 762 stations of which: 131 own stations (of which 82 Hei stations and 4 Litro stations), 155 gas stations operated in franchise system, 126 express stations, 154 RIB (Rompetrol Internal Basis) and 196 CUVA stations.



PETROCHEMICALS

		2011	2010	%	2011	2010	%
Financial		USD	USD		RON	RON	
Revenues	USD/RON	355,088,274	265,705,434	34%	1,185,746,273	887,270,156	34%
EBITDA	USD/RON	967,306	14,025,240	N/A	3,230,125	46,834,484	N/A
EBIT	USD/RON	(47,426,554)	(4,268,613)	N/A	(158,371,492)	(14,254,179)	N/A
Net profit / (loss)	USD/RON	(41,572,845)	(8,862,867)	N/A	(138,824,202)	(29,595,772)	N/A
Operational							
Propylene processed	kt	119	107	11%			
Ethylene processed	kt	103	72	44%			
Sold from own production	kt	217	175	24%			
Sold from trading	kt	12	20	-41%			
Total sold		229	195	17%			
Export	%	60%	55%				
Domestic	%	40%	45%				

Rompetrol Petrochemicals gross revenues reached USD 355 million in 2011, by 34% higher compared with the same period last year. The increase in gross revenues is the result of higher international quotations for petrochemical products, as well as higher quantities sold.

In 2011 versus 2010, the company's financial results were negatively influenced by lower margins, mainly due to unfavorable market conditions, following the conflicts in Libia, therefore EBITDA reached USD 0.9 million, lower compared with the same period last year.

The financial result of the company was negatively influenced by the provisions recorded in 2011 in amount of USD 35.6 million.

The increase in the quantity of raw materials processed in 2011 compared with the same period last year is the result of HDPE unit restart, at the end of 2010. HDPE unit restart in 2010 influenced the level of sales, leading to an increase by 24% in 2011 against the same period last year.

In 2011 Rompetrol Petrochemicals improved the average quality of its products, thus the weight of high quality rated, polymers products reached 98.1% compared with an average of 96.9 % in the 2010.

In order to support the petrochemical activities, the company has started the last phase of modernization of the high-density polyethylene installation, in view of the product range expansions, to which four new kinds of items were added (large containers – up to 200 l, thin film, pipe grade PE 100). The project will be finalized in April 2012 when technological tests are scheduled.

Rompetrol Petrochemicals is the sole polypropylene producer in Romania, in 2010 and 2011 the company was also the sole producer of polyethylene, given the economic circumstances on the market, thus constantly increasing its market share. Its dynamic development strategy has secured the company a competitive position on the domestic and regional markets – in the Balkans Region. One of the advantages of the company is determined by its proximity to its customers, providing the products required Just - In - Time, as well as offering technical consulting and monitoring of their production cycle.



APPENDIX 1 – CONSOLIDATED INCOME STATEMENT 2011, AUDITED

	2011	2010	%	2011	2010	%
	USD	USD		RON	RON	
Gross Revenues	4,812,587,305	3,554,159,541	35%	16,070,672,787	11,868,404,955	35%
Sales taxes and discounts	(889,681,222)	(771,202,154)	15%	(2,970,912,504)	(2,575,275,353)	15%
Net revenues	3,922,906,083	2,782,957,387	41%	13,099,760,283	9,293,129,602	41%
Cost of sales	(3,755,535,121)	(2,571,847,316)	46%	(12,540,858,427)	(8,588,169,741)	46%
Gross margin	167,370,962	211,110,071	-21%	558,901,856	704,959,861	-21%
Selling, general and administration	(274,335,906)	(305,779,609)	-10%	(916,089,891)	(1,021,089,849)	-10%
Other expenses, net	(76,242,585)	(18,243,431)	N/A	(254,596,866)	(60,920,289)	N/A
EBIT	(183,207,529)	(112,912,969)	N/A	(611,784,901)	(377,050,277)	N/A
Finance, net	(80,755,088)	(78,946,215)	N/A	(269,665,464)	(263,625,096)	N/A
Unrealized net foreign exchange (losses)/gains	4,663,826	2,744,171	N/A	15,573,913	9,163,610	N/A
Realized net foreign exchange (losses)/gains	1,811,829	(9,296,932)	N/A	6,050,241	(31,045,245)	N/A
EBT	(257,486,962)	(198,411,945)	N/A	(859,826,211)	(662,557,008)	N/A
Income tax	(688,983)	(792,361)	N/A	(2,300,721)	(2,645,931)	N/A
Net result	(258,175,945)	(199,204,306)	N/A	(862,126,932)	(665,202,939)	N/A
EBITDA	5,866,927	5,901,220	N/A	19,591,430	19,705,945	N/A



APPENDIX 2 – CONSOLIDATED BALANCE SHEET DECEMBER 31, 2011, AUDITED

	December 31, 2011 USD	December 31, 2010 USD	%	December 31, 2011 RON	December 31, 2010 RON	%
Assets						
Non-current assets						
Intangible assets	15,869,666	29,244,456	-46%	52,993,573	97,656,010	-46%
Goodwill	82,871,706	82,871,706	0%	276,733,488	276,733,488	0%
Property, plant and equipment	1,079,404,528	1,022,541,570	6%	3,604,455,538	3,414,573,063	6%
Financial assets and other	5,084,463	3,390,005	50%	16,978,546	11,320,240	50%
Total Non Current Assets	1,183,230,363	1,138,047,737	4%	3,951,161,145	3,800,282,801	4%
Current assets						
Inventories	341,849,388	357,368,919	-4%	1,141,537,661	1,193,362,031	-4%
Trade and other receivables	308,347,816	324,492,795	-5%	1,029,665,863	1,083,578,790	-5%
Derivative financial Instruments	5,832,080	-		19,475,065	-	
Cash and cash equivalents	53,058,268	53,177,253	0%	177,177,474	177,574,801	0%
Total current assets	709,087,552	735,038,967	-4%	2,367,856,063	2,454,515,622	-4%
Total assets	1,892,317,915	1,873,086,704	1%	6,319,017,208	6,254,798,423	1%
Equity and liabilities						
Total Equity	(274,950,767)	(17,175,833)	N/A	(918,143,094)	(57,355,258)	N/A
Non-current liabilities						
Hybrid instrument - long-term portion	-	-		-	-	
Long-term debt	-	1,907,918	-100%	-	6,371,110	-100%
Other	22,904,807	31,832,739	-28%	76,486,023	106,299,065	-28%
Total non-current liabilities	22,904,807	33,740,657	-32%	76,486,023	112,670,175	-32%
Current Liabilities						
Trade and other payables	866,114,149	709,940,734	22%	2,892,214,969	2,370,705,086	22%
Provisions - current portion	3,279,571	-		10,951,471	-	
Short-term debt	1,274,970,155	1,146,581,146	11%	4,257,507,839	3,828,778,420	11%
Total current liabilities	2,144,363,875	1,856,521,880	16%	7,160,674,279	6,199,483,506	16%
Total equity and liabilities	1,892,317,915	1,873,086,704	1%	6,319,017,208	6,254,798,423	1%

Risk Management

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

Commodity price risk

The Group is exposed to changes in commodity prices both on the purchase of crude oil and the eventual sale of the finished oil products. The Group is an importer of crude oil and was influenced by the increase in average crude oil prices in 2011 and 2010. The Group exports almost half of its petroleum products on external markets, the rest being sold on the Romanian market. The prices for crude oil and petroleum products bought/sold are determined by reference to international quotations, while the price of petroleum products for domestic market are mainly market driven.

Interest rate risk

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

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

Foreign exchange risk

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

Liquidity and cash flow risks

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

One of the concerns of the management of Rompetrol Rafinare is to know the effects of all these risks in order to ensure that the economic-financial activity of the company is carried out without any problems. During 2011 the company enjoyed continuous financing resources at the needed levels and ensured that no cases of temporary lack of financial resources or of lack of liquidity of the company occurred, as a result of selling products guaranteed with payment instruments and negotiating receipt terms from clients and payment terms to suppliers that are advantageous, maintaining at the same time a good relation with the business partners.

Credit risk

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

Trade receivables

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

Financial instruments and bank deposits

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

Commodity price risk

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

Operational risk

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



ROMPETROL

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

The functional currency, as basis for preparing the financial statements, is USD. RON currency is used as currency for presenting the informations in USD, according to the International Financial Reporting Standards. All the RON information were obtained by multiplying the USD values with the exchange rate USD/RON = 3.3393 as of 31 December 2011.

PRESIDENT OF BOARD OF DIRECTORS
Yerzhan ORYNBASSAROV

MEMBER OF THE BOARD OF DIRECTORS:
Alexandru NICOLCIOIU



MEMBER OF THE BOARD OF DIRECTORS:
Arman KAIRDENOV

CHIEF FINANCIAL OFFICER
Vasile-Gabriel MANOLE