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ROMPETROL RAFINARE S.A.
ANNUAL REPORT OF THE BOARD OF DIRECTORS for financial year 2010
Unaudited financial statements

2010 ANNUAL REPORT

OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR 2010

Company
ROMPETROL RAFINARE S.A.

Legal head office: **215, Năvodari Blvd.,
Administrative Pavilion,
Năvodari, Constanța County**

Phone/Fax no.: **+(40) 241 506100
+(40) 241 506930**

**Unique Company Registration number
in the Trade Register Office attached
to Constanța Court:**

1860712

Entry number in the Trade Register:

J13/534/1991

**The shares of S.C. Rompetrol Rafinare S.A. are being transacted in
Class II of BUCHAREST STOCK EXCHANGE**

Subscribed and paid share capital: **Lei 2,439,419,667.30**

**Subscribed share capital currently in process of registration at the
Trade Register Office:** **Lei 4,410,920,572.60**

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

- **Non-material common nominal shares, as recorded by Central Securities Depository S.A. Bucharest**
 - **Total number of shares:** **24,394,196,673**
 - **Nominal value:** **0.10 lei**
 - **Share symbol at BSE:** **RRC**
- **Bonds issued as per Government Urgent Order n. 118/2003 –
matured on 09/30/2010:**
 - **Issue value** **Euro 570,302,441**
 - **Total number of bonds issued:** **22,812,098**
 - **Nominal value:** **EURO 25**
 - **Issue symbol:** **PTRM**



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MAJOR PERFORMANCES FOR 2010 WITHIN AN UNFAVOURABLE ECONOMIC ENVIRONMENT:

The operational and financial results have been influenced by the global crisis, by the international evolution of the quotes of crude oil and fuels, as well as by some macroeconomic internal elements along with the depreciation of the national currency. Against such unfavourable background, the Company has nevertheless achieved some major performances, like:

- Production of biofuels (gasolls and gasolines) using bio-components;
- Observance of European norms regarding the quality of fules produced – Euro 5;
- 84% outputs for white products from Petromidia, the largest from the past 5 years;
- Between September 19 and November 1, 2010, the Petromidia refinery has been stopped due to major revision works, planned once every five years;
- Approx. USD 132 million investes in 2010 for increase in efficiency and capacity as well as environment protection. The most important investment and modernization projects finalized in 2010 in Rompetrol Refinery were:
 - ✓ Fluid Catalytic Cracking Unit Revamp;
 - ✓ Revamping of heaters;
 - ✓ Revamping of compressors;
 - ✓ Vacuum Unit and Delayed Coker Unit Heat integration;
 - ✓ Revamping of static equipments from Rompetrol Rafinare , point work Navodari (Petromidia Refinery) and point work Vega Refinery;
 - ✓ Revamping of electrical equipments Rompetrol Rafinare, point work Navodari (Petromidia Refinery)and point work Vega Refinery;
 - ✓ General turnaround of PEM Refinery and periodic turnaround of Vega Refinery
- 98% of raw materials for Vega Refinery is taken from Petromidia Refinery. This was the first year in which Vega used exclusively petroleum from Petromidia Refinery to produce bitumen;
- 40% growth in the hexane volume obtained by Vega Refinery as compared to 2009;
- Double eurobitumen quantity in Vega Refinery as compared to 2009.

By following-up its development projects, Rompetrol Rafinare shall be able to produce only Euro 5 fuels starting from 2012 by processing exclusively sour crude oil, based on increasing the processing capacity of raw materials to 5 million tons/year, from 4.03 million tons for 2009 and 1.15 million tons for 2000, before joining the Rompetrol Group.



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1. ANALYSIS OF THE COMPANY'S ACTIVITY

The international financial context determines companies to adapt their behaviour so as to face the new economic situations.

The great challenge for Rompetrol Rafinare, a Company member of the Rompetrol Group, has been to reach its performance targets by increasing the efficiency of all of its activities by cost control and reduction, so that the business strategy and plans for the next years may be at all possible.

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

Rompetrol Rafinare, a Company member of Rompetrol Group operates the Refinery located in Năvodari, Constanța County, as well as the Vega Refinery from Ploiești.

As apparent from the Articles of Association of Rompetrol Rafinare S.A. (hereinafter referred to as "the Company"), its main area of activity is „the manufacture of products resulted from processing crude oil” (CAEN code 192), while the main activity is „the manufacture of products resulted from processing crude oil” (cod CAEN 1920). Further secondary activities are to be found in the Articles of Association.

Rompetrol Rafinare has the quality of authorized warehousekeeper, according to the applicable tax legislation. The Petromidia and Vega refineries are authorized as fiscal production warehouses, being manufacturers of energy products in full observance of the fiscal norms which govern the manufacturing activity of energy products.

Rompetrol Rafinare also holds Complete Environment Authorizations for the 2 refineries which it operates, issued by the competent environment authorities as determined by the environment legislation, pentru cele 2 rafinării operate.

In 2010, Rompetrol Rafinare has continued the ascending trend in its activity, supported by a consistent investment activity started in the previous period in order to be in line with the European norms on the quality of fuels produced – Euro 5.



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I) The production activity

Rompetrol Rafinare –Năvodari facility (Petromidia Refinery)

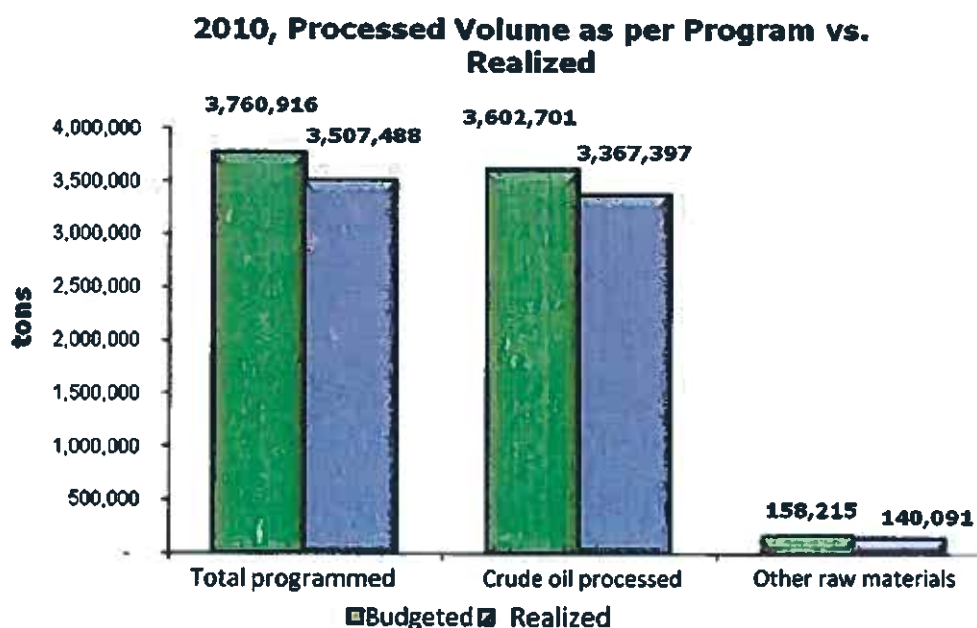
S.C. ROMPETROL RAFINARE S.A.'s production program for 2010 has been planned taking into account a total volume processed of 3,760,916 tons, of which 3,602,701 tons of crude oil and 158,215 tons of other raw materials.

This program acted as the base for drawing up the Income and Expenditure Budget for 2010.

The actual processed volume in 2010 is 3,507,488 tons, of which 3,367,397 tons crude oil and 140,091 tons other raw materials.

This processed volume represents 93.26 % of the program drawn up for the budget of 2010.

	Tons	
2010	Budgeted	Realized
Total program	3,760,916	3,507,488
Processed crude oil	3,602,701	3,367,397
Other raw materials	158,215	140,091





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The processed volume for each quarter is shown in the table below:

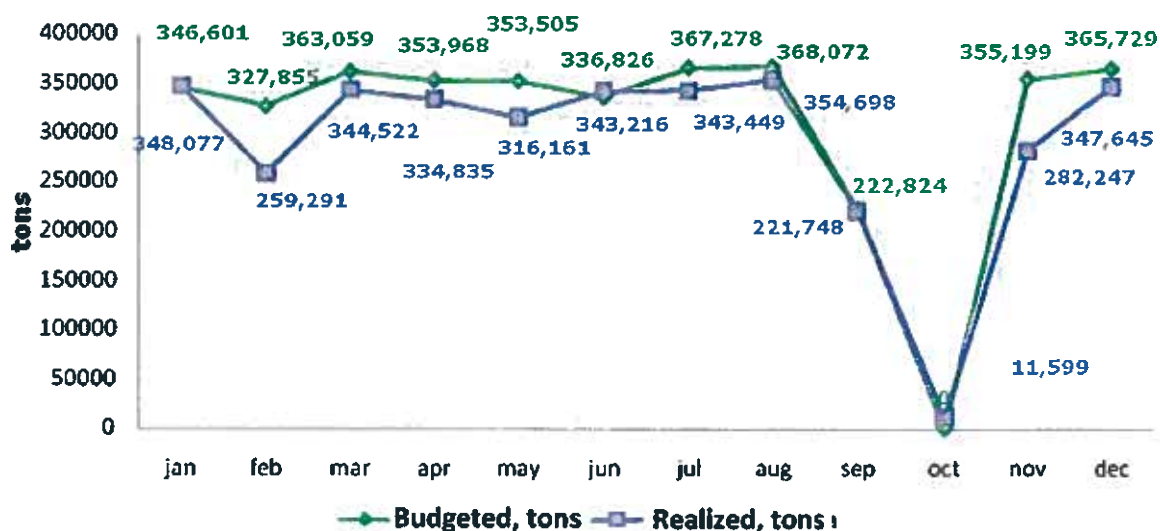
	Q I	Q II	Q III	Q IV	2010
Budgeted, tons	1,037,515	1,044,298	958,174	720,928	3,760,916
Realized, tons	951,890	994,212	919,895	641,490	3,507,488
Realized/Budgeted (%)	91.75	95.20	96.00	88.98	93.26

The action of using other raw materials in the processing activity is part of the same strategy, aimed at ensuring a continuous operation of installations, at the best capacity.

Between 09/20/2010-10/23/2010 a general revision of installations has been planned at the Petromidia Refinery.

During this revision period, new projects have been implemented and improvement works for equipments and production technologies, ultimately increasing the production output and, implicitly, significantly reducing the toxic emissions.

Monthly evolution of processing, as compared to budgeted figures, year 2010





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The structure of physical production, as compared to the 2010 Budget is detailed as below:

YEAR 2010	Budget tons	Realized tons
End products	3,675,881	3,414,646
Gasolines	1,214,258	1,125,840
Gas oils	1,520,709	1,324,361
Petroleum	73,141	104,409
Vacuum distilled - goods	-	52,050
Propylene	125,657	106,100
Coke	177,082	148,630
Sulfur	33,011	25,308
Other products	532,024	527,948
Total consumption :	85,034	83,595
of which: Technological Consumption	24,705	27,247

White products obtained, %	Budgeted	Realized
Of total processed	86.61	83.98
Of end products	88.61	86.26

From the comparison budgeted-realized, one can determine the concern for obtaining products which conform to market demands.

Emphasis has been put on the preparation of gasolines and gas oils able to meet the quality requirements needed on the external (Euro 5 products) and internal (Bio products) markets.

In 2010, a raw material purchase Price of USD 607.31/ton, while an average price of USD 582.29/ton has been ultimately achieved.

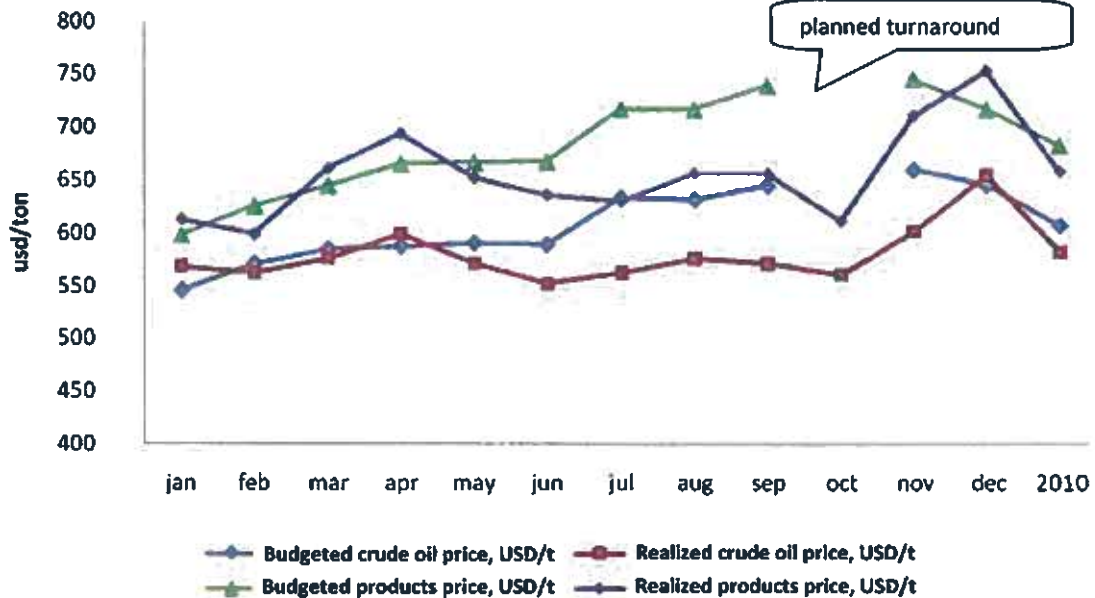
The average value of end products has been budgeted in 2010 to reach USD 683.56 /ton, while achieving an average price of USD 659.11/ton.



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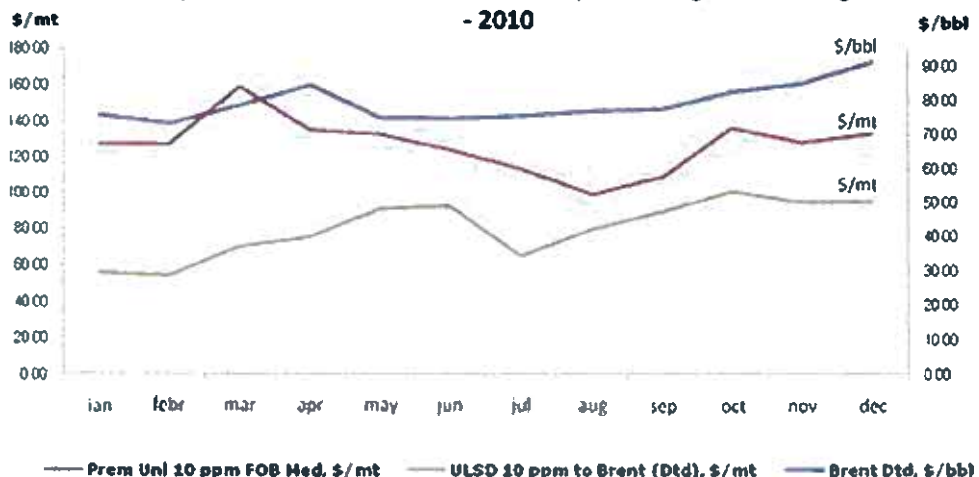
Monthly evolution of prices for crude oil and products as compared to the budgeted amounts, 2010



For the whole of 2010, the gasoline quote surpassed the gasoil quote. The difference in the quotes of the two products has been at a higher level in the first three months (about 78 USD/to), with a gradual decrease over the rest of the year, which led to an average yearly difference of about 47 USD/to.

Source: Patts

Monthly evolution of the Brent and crack quotes for gasoline and gasoil - 2010





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In 2010, the percent of energy consumption (GJ/t) for each ton of processed product was 7.72% higher than in the previous year, due to the fact that a smaller quantity has been processed in comparison to 2009.

The cost of energy used per processed ton has been higher in 2010 than in 2009 with 0.8 USD/t, a fact determined mostly by the quantity of processed product which was smaller by 13%.

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

PETROLEUM PRODUCTS	TOTAL DELIVERIES	DELIVERIES					
		INTERNAL *		EXPORT		Raw materials in VEGA	
		tons	tone	%	tone	%	tone
Vehicle Gasoline	951,612		272,602	28.65	679,010	71.35	0
Chemical gasoline	156,934			0.00		0.00	156,934
Petrols	92,003		78,642	85.48	0	0.00	13,360
Vehicle Gasoil	1,313,113		931,843	70.96	381,267	29.04	3
Petroleum	109,227		16,664	15.26	22,074	20.21	70,489
Vacuum distilled by-product	53,044		0	0.00	53,044	100.0	0
Propylene	106,100		106,100	100.0		0.00	0
Liquefied Petroleum Gases	219,901		219,901	100.0		0.00	0
Petroleum Coke	146,727		98,986	67.46	47,741	32.54	0
Petroleum Sulfur	27,826		34	0.12	27,792	99.88	0
Other products	137,027		67,364	49.16	0	0.00	69,663
TOTAL	3,313,513		1,792,136	54.09	1,210,928	36.55	310,449
							9.37

* the internal delivery include petroleum products traded on the internal market, while deliveries to Vega being included under the item "Raw materials"

Rompetrol Rafinare – Vega Refinery Facility

The production program of S.C. ROMPETROL RAFINARE S.A., Vega Refinery Facility for the year 2010 has been drawn up with a total processed volume of 340,968 tons, of which 258,580 tons raw materials from the group and 82,388 tons raw materials purchased from outside the group.



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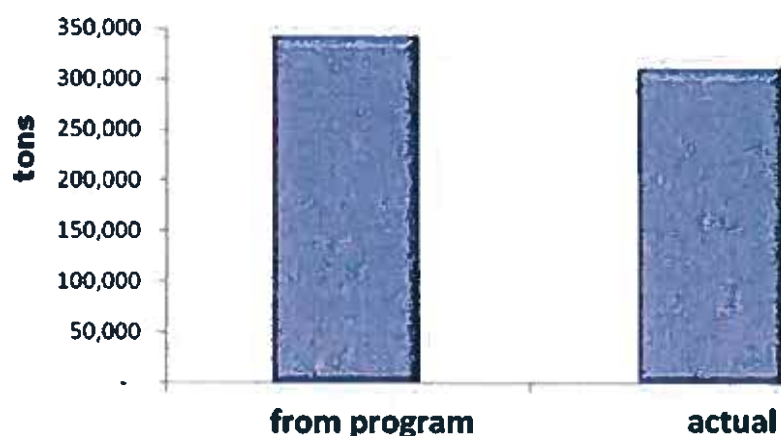
This program was used as a base for drawing up the Income and Expenditure Budget for the year 2010.

The volume processed in 2010 is 309,222 tons, of which 305,410 tons from the group and 3,812 tons non-group.

This processed volume represents 90.7% of the program made for the 2010 budget.

2010	Budgeted	tons Realized
Total processed	340,968	309,222
- group	258,580	305,410
- non group	82,388	3,812

Raw material processing



The processed volume for each quarter is shown in the table below:

PROCESSED	Q I	Q II	Q III	Q IV	TOTAL
Realized, tons	65,184	85,393	92,226	66,419	309,222
Budgeted, tons	62,508	103,873	101,518	73,069	340,968
Realized/Budgeted (%)	104.3 %	82.2%	90.9 %	90.9 %	90.7 %

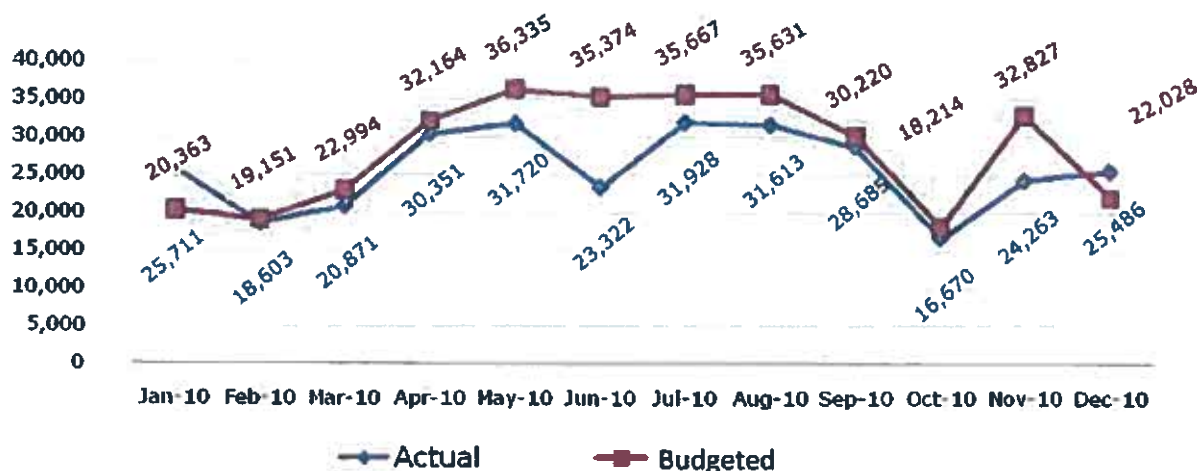
In 2010, the volume processed was approximately 9,3% lower than the volume budgeted, with a monthly average of 25,769 tons for 28,414 tons budgeted.



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Monthly evolution as compared to the program (tons)



The 2010 structure of physical production compared to the budget is show below:

YEAR 2010	Budget [tons]	Realized [tons]
End products	334,901	302,557
Gasolines + n-Hexane	218,835	207,127
White spirit	6,109	8,654
Gasoil	12,371	6,027
Light liquid fuel, type III	15,508	18,017
Petroleum	29,839	24,622
Bitumen	50,589	36,762
Other products	1,650	1,349

White products obtained, %	Budgeted	Realized
Of total processed	66.45	70.22
Of commercial products	67.66	71.76

From the comparison budgeted-realized, one can determine the concern for obtaining products which conform to market demands.



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In 2010, the percent of energy consumption for each ton of processed product was 5.46% higher than in 2009, an influence determined by the volume of raw materials processed and the different structure of the raw material in 2010 vs. 2009.

II) Investment activity

The investment activity in 2010 has been focused, as per the program, on:

- increasing the processing capacity of the refinery and producing fuels that are specifically aligned with the European norms, as well as increasing the white product output;
- adhering to the requirements of the European Union, the current environmental norms, mainly directed towards reducing emissions.

The total investment realized in 2010, for both Petromidia and Vega Refineries has been USD 131,781,939.

Main projects finalized 2010:

Modernization of the Catalytic Cracking Plant

Seeing that the processed volume has been increased to 5 million tons of crude oil/year, the raw material feed profile of the Catalytic Cracking Plant is significantly changed due to the new investment from the 2010 package (Hydrocracking, Hydrogen Plant). For all these reasons, a modernization of the current Catalytic Cracking Plant has been suggested, with the following objectives:

- Achieving improved outputs of valuable gases and gasoline, due to the changed raw material;
 - Changing the current reactor, a change determined by the rated number of operating hours, which was surpassed, but also by numerous metallurgical and erosion problems, along with the need to put into place a reactor with improved performances, in accordance with the new UOP technologies for this area.
- The modernization of the Catalytic Cracking Plant was an integral part of the "2010 Package" program, and was based on the survey and basic design made by UOP.

In 2011, when all the other investments from the "2010 Package" together with the modernization of the above installation, it will be realised the main purpose, of the increase of the diesel production and obtaining of the all types of products, accordingly to the 2005 EURO S.

Besides the finalized projects, some other projects started in 2006 and grouped under the name "2010 Refinery Investment Package", were continued over the analyzed year.



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The main objectives of these projects are:

- Adhering to the European Union's product specifications, which have become mandatory from 1/1/2009: production of fuels (gasosils and gasolines) with a sulfur content lower than 10 ppm, with 100% sulfurated crude oil being processed;
- Increase of the Refinery's processing capacity from 3.8 to 5 million tons/year, by removing the operational constraints which allow the refinery to work at 5 million tons/year in order to supply Euro 5 fuels;
- Increase of the gasoil output within the Refinery's product structure, as a result of a greater Diesel demand in the world market;
- Adhering to the European Union environment provisions regarding atmospheric emissions and storage of hazardous waste.

The projects that will help meeting the objectives above are:

- the "Mild Hydrocracking" project;
- the "Hydrogen Plant" project;
- the "Reconfiguration of the existing Vacuum Distillation Hydrotreater into a Gasoil Hydrotreater" project;
- the "Modernization of Sulfur Recovery Plant" project;
- the "New Sulfur Recovery Plant" project;
- the "Modernization of Coker" project.

Modernization of the Gas Desulfuration Plant

The project was aimed at the modernization of the Gas Desulfuration Plant in view of processing greater volumes of gas and amine due to the increase in the refinery's capacity to 5 million crude oil tons/year, having a sulfur content of 1.72%, along with the introduction in the refinery's production line of an MHC plant (hydrocracking).

Modernization of the Sulfur Recovery Plant

The project was aimed at reducing the sulfur dioxide (SO₂) emissions through the furnaces of the four lines by implementing an automated adjustment of the air/sulfurated hydrogen ratio and of the temperature upon starting the first reaction



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stage. For lines C and D, the adjustment of such ratio shall be made both depending on the acid gas discharge, and on the (SO₂)/sulfurated hydrogen(H₂S)) recorded by the analyzers mounted on the residuum gases before entrance into the incinerators. The modernizations made on lines C and D shall also allow the burning of the stripping gases, upon which the ammonia shall be transformed into azote, thus reducing the NOX (Nitrogen Oxides) emissions from the furnaces.

The 2010 investment activity at Rompetrol Rafinare – Vega Refinery Facility has been focused on improving the energy efficiency, diversifying the range of products, improving operating safety and meeting the conforming program requirements.

The total value of the implemented investments in 2010 was of USD 614,570.

III) Commercial Activity

Rompetrol Rafinare –Năvodari Facility (Petromidia Refinery)

1. Raw material supply activity

In 2010, Rompetrol Rafinare S.A has performed provision activities for crude oil and other raw materials purchased from external or national sources, as synthetically detailed in the table below:

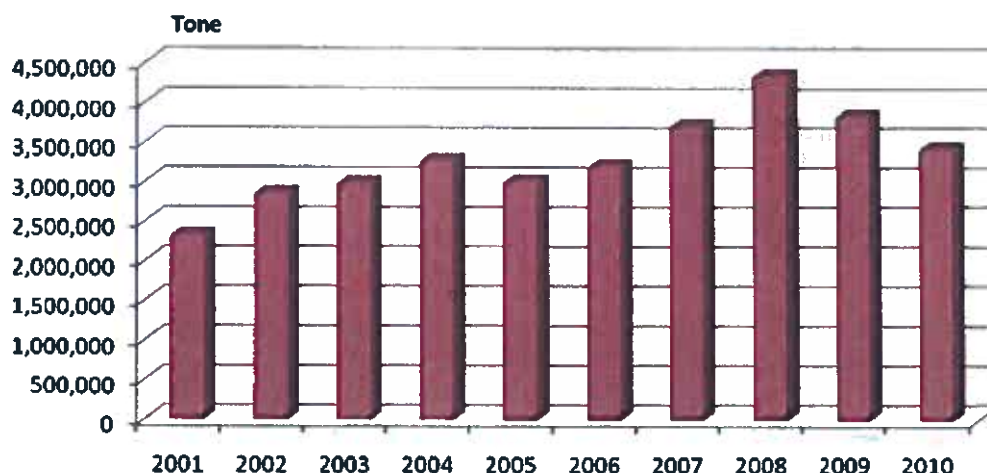
Raw materials purchased from external sources	Quantity (tons)	Value (USD)	Average purchase price (USD/tona)
Crude oil	3,400,879	1,996,657,509	587
MTBE	18,648	15,574,483	835
ETBE	9,116	10,398,292	1,141
Biodiesel	13,821	13,648,321	988
Total raw materials	3,442,464	2,035,073,161	591



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Evolution of the crude oil volumes purchased by Rompetrol



In 2010 the crude oil purchasing activities have been performed exclusively through the group's trading company - Vector Energy.

In relation to 2009, the volume of raw materials coming from external sources has decreased in 2010 with about 12%. The value of purchases in 2010 has been greater with about 12% as compared to the previous year as a result of the higher international quotes on the reference markets (in 2010, the average quote for Brent was 79 USD/bbl as compared to 62 USD/bbl in 2009).

The raw material purchase volume from national sources has grown in 2010 from 2009 with about 28% as a result of the purchase of bio-components needed in bio-fuel mixtures as per the legislation in force.

Raw materials/goods purchased from national sources	Quantity (tons)	Value (USD)	Average purchase price (USD/ton)
Propane pyrolysis	25,299	17,570,170	695
Methanol	11,224	3,539,421	315
Biodiesel	20,936	21,045,354	1,005
Bioethanol	8,514	7,680,016	902
MTBE	491	422,885	862
TOTAL NATIONAL PURCHASES	66,463	50,257,846	756

These are supplemented by a total quantity of 15,644 tons light naphta from Vega.



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Our national raw material suppliers were the following:

- Rompetrol Petrochemicals – propane pyrolysis
- Viromet Victoria – methanol
- Prio Biocombustibil, Bioromoil – biodiesel
- Marex, Bio Fuel Energy – bioethanol

2. Sales activity

In 2010, the sales volume was 3,003,064 tons of end products, about 18% lower than in the previous year. The net value of end product sales was USD 1,990,040,845, about 8% greater than in 2009, as a result of the increased quotes on the international reference markets.

Regarding the retail markets, in 2010, the internal market attracted about 60% of the total end product volume traded by Rompetrol Rafinare. Through the external distribution channel, 1,210,928 tons have been sold, having a total net value of USD 780,316,480.

Structure of end product sales on retail markets



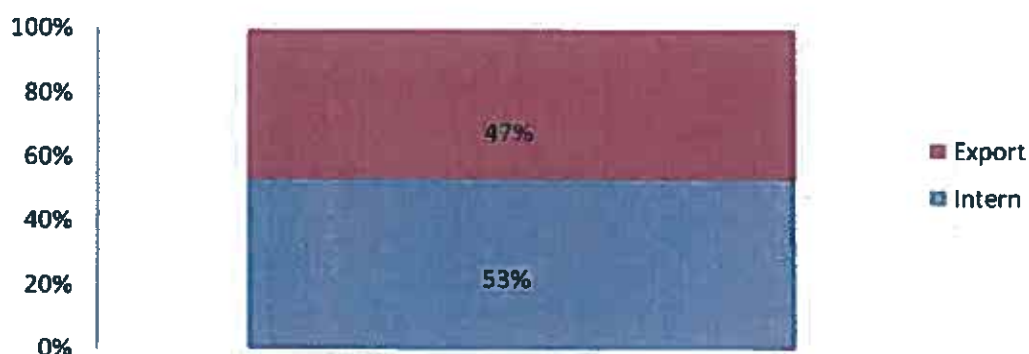


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In 2010, the sales volume of automotive fuels was inferior to the one recorded in 2009, i.e. 2,264,722 tons. On retail markets, the internal market attracted about 53%, i.e. 1,204,445 tons as compared to 47%, i.e. 1,060,277 tons sold through the external distribution channel.

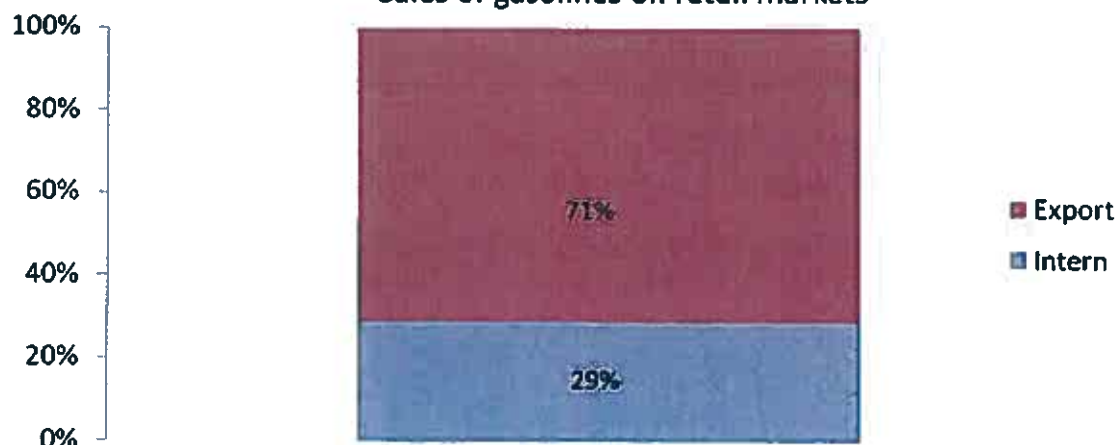
Sales of automotive fuels on retail markets



Gasolines

From a total of 951,612 tons of gasolines sold, about 29% were sold on the internal market, the difference being sales on the external market. The greatest portion of the total gasolines sold was represented by the Europlus lead-free gasoline with 10 ppm.

Sales of gasolines on retail markets



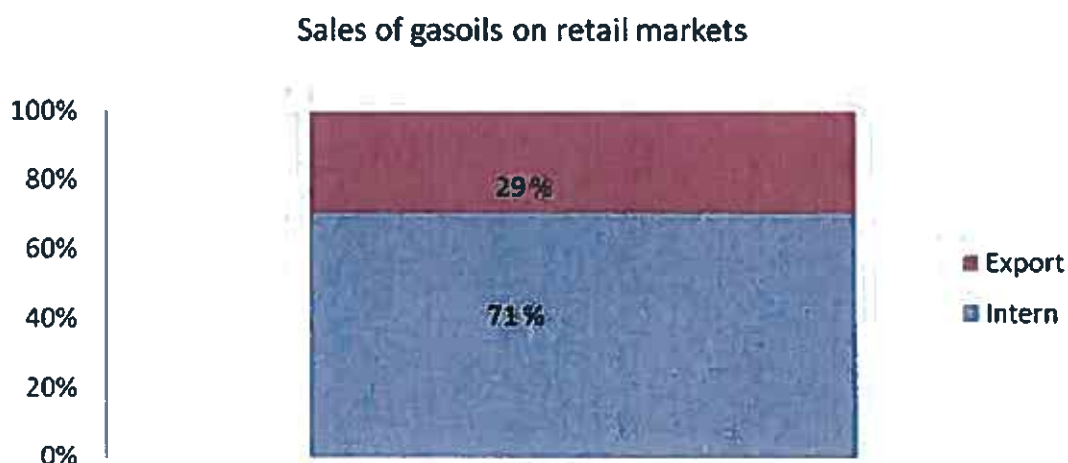


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Gas oils

In 2010, 1,313,110 tons of automotive gas oils were sold, the percentage of sales on the internal market being superior to that for external sales, i.e. 71%.



Liquefied petroleum gases

For the duration of 2010, 219,901 tons were sold exclusively to Rompetrol Gas.

In the case of the other groups of products, the sales percentage on the internal markets was superior to that corresponding to the external market.

In 2010, the raw materials from Vega Refinery totalled 310,449 tons (refined, petroleum, fraction C5-C6, slurry, reactor petroleum Jet A1).



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Rompetrol Rafinare – Vega Refinery Facility

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

Product group	Total deliveries 2010 [ton]	Internal		External	
		[tone]	% from the total sales	[tone]	% from the total sales
Naphtha Gasoline	156,778	15,644	5.14	141,134	46.38
Hexane	32,472	3,046	1.00	29,427	9.67
Ecological solvents	20,881	2,928	0.96	17,953	5.90
Petrol and white spirit	8,162	4,671	1.53	3,491	1.15
Gasoil and Calor Extra I	6,221	5,182	1.70	1,039	0.34
Heating Oil	18,501	18,315	6.02	185	0.06
Bitumen	36,739	36,577	12.02	162	0.05
Fuel Oil	23,128	14,851	4.88	8,278	2.72
Other products - ADD / Carflux	1,421	1,421	0.47	-	-
Total	304,304	102,635	33.73	201,669	66.27

In 2010, the end product sales percentage on the external market was 66%, while the internal market corresponding value was 34%.

Sales 2010	Quantity (thd tons)	%
Internal	103	34
Export	202	66
Total	304	100

The markets and products sold in 2010 in the European Union were the following:

- Hungary for naphtha gasoline;
- Germany for ecological solvents;
- Bulgaria for fuels, gasoils, white spirit and n-hexane;
- Poland for n-hexane and white spirit;
- Austria for n-hexane.

The external markets and products sold in 2010 were:

- Turkey for n-hexane and white spirit;
- Serbia, Ukraine and Moldova for naphtha gasoline, n-hexane, ecological solvents and white spirit;
- India for n-hexane and ecological solvents.

The white products sales (naphtha gasoline, ecological solvents, n-hexane and white spirit) represent approximately 72% of the total 2010 sales.



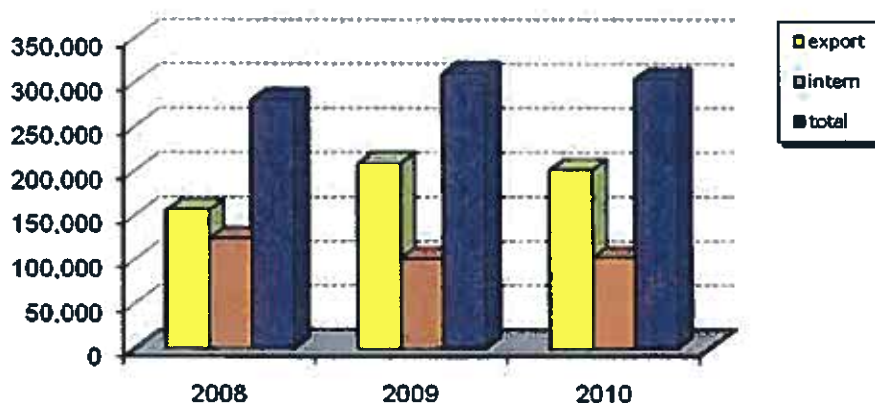
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Retail market

In 2010 the end product sales figures were comparable with the 2009 ones as a result of the diversification of products which observe the European quality and environmental standards in force. This action has consolidated the position and presence of Rompetrol Rafinare – Vega Refinery on the traditional reference markets, in the field of petroleum product supply.

Total sales (tons)



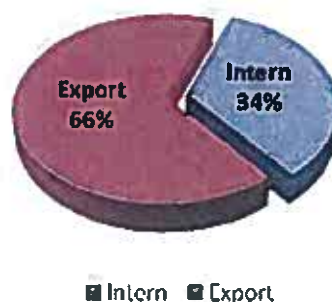
The Vega Refinery from Ploiești has expanded in 2010 on the regional markets, by identifying new clients and reaching new markets, measures which determined a 37% growth of the hexane deliveries.

The quality increase of solvents on par with the European technology meant an advantage for the substantial growth of 24% in ecological solvents deliveries.

On the external distribution channel, 202 thousand tons, while on the internal distribution channel about 103 thousand tons have been sold.

The percentages of end product sales on retail markets is presented in the chart below:

Percentages of end product sales on retail markets





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IV) Activity regarding Quality, Occupational Health and Safety and Environment Protection (QHSE)

I. COMMON QHSE ACTIVITIES

- *In April and December of 2010 the **supervision audits** have taken place, under the direction of representatives of the company Germanischer Lloyds Industrial Service, for the supervision of quality management and environment protection systems, and, respectively, occupational health and safety systems as applied by the company, **Rompetrol Rafinare, Petromidia and Vega facilities.***
- **Management System Documentation**
*78 guidelines applicable to companies on the Petromidia and Vega platforms were documented / reviewed and implemented (instructions, procedures, policy, objectives).
 47 new guidelines have been documented (rev.0/2010) as follows: 34 RRC-specific guidelines, 2 RQC-specific guidelines, 11 guidelines common to companies from the Petromidia and Vega platforms).*

II. Occupational Health and Safety Issues-Emergency Situations

1. Work Accidents

Petromidia

In 2010, in no other two working points from the company no work accidents or professional illnesses have been recorded.

Although through the finalizing of the investigation of the collective labour accident which took place on 10/17/2009 at the Wastewater Stripping Plant, resulting in 3 workers from the subcontracting company UMD being intoxicated with sulfurated hydrogen, and the decease of one employee of Rompetrol Rafinare SA. The Constanta Regional Labour Inspection Body has prescribed 3 civil fines amounting to a total of RON 25,000.

2. Incidents

Petromidia

On 10/10/2010 an incident took place while pneumatic tests were being performed at the 125R1 reactor within the HDV plant, which led to the injury of 2 employees of SC TADPOLE SRL and SC ERGPIF SRL (2nd - 3rd degree burns on face and hands). The investigation was concluded with a recording of proceedings, approved by ITM Constanta.

VEGA- In 2010 no incidents have been recorded on the Vega Refinery Platform.

3. Risk management

Petromidia

- HAZOP surveys were realized for 4 technological plants;
- The plants within Rompetrol Rafinare have been EX recertified by INSEMEX Petrosani.



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- A new assessment of the level of accident and professional illness risk has been made for the production staff employed in the Refinery department.
- 85 training exercises/applications for emergency situations have been implemented in the production sections
- On 12/9/2010, an application has been organized by ISU "Dobrogea" Constanta at Tank C98 - OB 415 within the AFPE section, with a significant participation from among the intervention forces within RRC, along with Global Security Sistem, UM Midia, Port, Palas, Serviciu Medical, Rompetrol Quality Control.
- INSEMEX Petrosani issued updated certifications for the operational staff employed in the Rescue Station.

VEGA

- Reissue of Insemex certification for ventilation systems used in potentially explosive environments inside the Vega Platform area;
- Reissue of Insemex certifications for the operational staff employed in the Rescue Station.
- A new assessment of the level of accident and professional illness risk has been made for the staff employed in the Vega Refinery;
- 52 training exercises/applications for emergency situations have been implemented in the production sections.

III. ENVIRONMENT PROTECTION

1. Accidental pollution – 2010

Petromidia

- no situations of **accidental pollution** of environment factors have been recorded.

VEGA - 2 situations of **accidental pollution** (one for the air, one for the water).

2. Measures from the Action Program attached to the Integrated Environment Authorization are on schedule.

3. Measures from the Staging Program attached to the Water Management Authorization are on schedule.

4. Integrated Environment Authorization

Petromidia

- the Integrated Environment Authorization has been reviewed, and now it includes the new investments realized, the Willacy and Petroleum Coker Plants.

VEGA - the Integrated Environment Authorization has been reviewed.

5. As compared to the same period from 2009, the number of **excesses of the admissible limits of **pollutants** in 2010 is 11.3 % lower in RRC (target value – reduction by 5%.**



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6. In 2010 no **excesses of impurities** has been found in scrubbed water upon discharge.
7. The 12-month collective rate of **waste** generation was 1.54 kg / tons processed (the 2010 target was 1.9 kg generated waste for every ton of processed raw material).
8. The **Water Management Authorization** has been renewed for the Petromidia platform by the Romanian Water Management Central Body – Bucharest; Vega platform has also received a renewed **Water Management Authorization**.

IV. QUALITY

1. Certification of products with competent bodies

1.1. RRC automotive fuels certification (7 products), **VGA additives** (2 products) **with the Romanian Automotive Register – Product Certification Body** (RAR-OCP), in accordance with the provisions of Act n. 375/2005, Act n. 671/2002, Government Order n. 80/2000, GD 689/2004, OMTCT 2135/2005).

1.2. Road Bitumen certification with the Romanian Society for Quality Assurance (SRAC), according to the requirements of standard SR EN 12591.

Documents were obtained (Conformity Certificates/Licenses) which allow for these products to be introduced on the market.

2. Brands State Registry for Brads and Inventions (OSIM)

2.1. Measures were taken to renew the Butelie Verde brand, necessary for RPL;

2.2. A request for registration of the Additivix brand – VGA product – has been filed;

2.3. The OSIM Certificate is expected for Petromidia SA brand.

3. Reporting to the Ministry of Economy, Commerce and Business Environment

– there was a quarterly reporting of information related to the quality and quantity of automotive fuels, of liquid fuels introduced on the internal market, in accordance to what provided by OMT n. 662/2004, GD n. 15/2006, GD 470/2007.



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**SITUATION
OF THE MAIN ECONOMIC AND FINANCIAL INDICATORS, AS WELL AS
OTHER INFORMATION DATA, VALID THROUGH 12/31/2010,
COMPARED TO THE INCOME AND EXPENDITURE BUDGET APPROVED BY
THE 2010 GENERAL MEETING OF SHAREHOLDERS**

N.	NAME OF INDICATOR	LEI	
		OMFP 1752/2005	
		2010	BVC 2010
1	Crude oil processed and other raw materials (tons)	3,507,488	3,760,916
2	Net turnover	7,099,249,720	7,607,400,944
3	Total revenues, of which:	8,395,015,238	7,621,141,960
	operational	7,215,033,596	7,612,527,654
	financial	1,179,981,642	8,614,306
4	Total expenditures, of which:	9,064,745,476	7,764,713,607
	operational	7,371,057,092	7,663,335,208
	financial	1,693,688,384	101,378,399
5	Net result, of which:	(669,730,238)	(143,571,647)
	operational	(156,023,496)	(50,807,554)
	financial	(513,706,742)	(92,764,093)
6	Tax on profit	32,250	-
6	Total result	(669,762,488)	(143,571,647)
7	Receivables	1,362,973,824	-
8	Stocks	902,498,199	-
9	Own capitals	581,590,514	-
10	Total debt	5,545,701,821	-
11	Average number of employees	1057	-

From the data presented in the above table, comparing the results recorded on 12/31/2010 with those approved in the Income and Expenditure Budget (BVC), the following facts can be inferred:

1. In 2010, Rompetrol Rafinare has processed a crude oil quantity of 3,367,397 tons, lower than what forecast in the Income and Expenditure Budget by 235,304 tons (about 93.5%), as a result of the global economic and financial crisis which also affected the crude oil and petroleum products market.



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With the total quantity processed (crude oil and other raw materials), a continuous loading of plants has been guaranteed, with a monthly average of about 292,291 tons, without any recorded stop pages of plants for reasons related to discontinuities in the crude oil feeding.

The quantity of crude oil and other raw materials processed during 2010 has been lower by 370,506 tons as a result of the revision planned between September and November 2010 (about 44 days).

2. The turnover recorded on 12/31/2010 is 6.7% lower than the planned one as a result of selling smaller quantities of products than forecast (by about 8%), but also because of the influence of the lower sales prices (3% lower than the programmed ones).
3. The total expenditures at the end of 2010 are larger than what forecast in the Income and Expenditure Budget, the excesses being found under the « Financial expenditure » item. The excess of the value budgeted for "Financial expenditures" by LEI 1,592,309,985 is caused by two factors:
 - a) Payment of interests for credits contracted, amounting to LEI 134,951,561;
 - b) Payment of exchange rate differences amounting to LEI 1,457,358,424.
4. Regarding the total result, it record a negative value of LEI 669,762,488, the loss having its origin both in the operational activity (LEI 156,023,496) and in the financial activity (LEI 513,706,742). The total result (both operational and financial) has been strongly influenced by the global financial crisis, by the international evolution of the crude oil and fuel quotes, but also by some internal macroeconomic factors (depreciation of the national currency). The operational results has also been lower than the value recorded for 2009 by LEI 186,906,230.
5. The total amount paid for during 2010 to the national and local budgets was LEI 3,100,851,172 (about USD 966,017,685).

b) Date of incorporation of the Company.

The Midia Năvodari Petrochemical Complex (first name of the ROMPETROL RAFINARE S.A. Company) was part of the great crude oil processing centers which sprung in the period subsequent to 1975.

The Midia Năvodari Petrochemical Complex has been projected between 1975 – 1977, based on the Romanian topnotch refining technologies and on some foreign licenses.



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The year 1991 has seen the Midia Petrochemical Plant being transformed in a Partnership Limited by Shares, the whole patrimony of the former unit being taken over. The new company, called PETROMIDIA S.A. has been incorporated in accordance with the Government Decision n. 1176/1990, issued pursuant to Act n. 15/1990 for the reorganization of national economic agents as autonomous administrations and companies.

In February 2001, when the State Property Fund left the Partnership by selling all of its sharestock, The Rompetrol Group N.V. (formerly known as The Rompetrol Group B.V.), from The Netherlands, becomes the main Shareholder of the Company.

In 2001 the name of the Company was changed from **"S.C. PETROMIDIA S.A."** to **"S.C. ROMPETROL RAFINARE-COMPLEXUL PETROMIDIA S.A."**, while in 2003 the Company changes its name to **"S.C. ROMPETROL RAFINARE S.A."**.

The Company is registered in the Constanta Trade Register with n. J13/534/1991, and has the Unique Registration Number 1860712.

Seeing the imperative provisions imposed by p. 61, par. 4, and p. 8, par. 5 from the Norms for the Application of the Fiscal Code, according to which all warehouse keepers authorized for the production of excise-liable products had the obligation to own, or hold leasing contracts for, the systems and equipments which contribute directly to the manufacture of such excise-liable products as they are authorized for, the General Extraordinary Meeting of Shareholders from September 17, 2007 decided to obtain full property rights over the systems, plants and equipments within the Vega Refinery, located in Ploiesti, 146, Valeni St., Prahova County.

Obtaining thus the right of property and resuming possession over the land and all assets within the Vega Refinery, the Company has established its own facility in Ploiesti and has also obtained, starting from December 1, 2007, as per the provisions of Title VII from the Fiscal Code, the quality of Authorized Warehouse Keeper for the manufacture of energy products for the Vega Refinery from Ploiesti, with the inclusion of its activity of mineral waste processing.

Thus, starting from the same date of December 1, 2007, the Company has also started to operate the Vega Refinery from Ploiesti, as a second Production Tax Warehouse, along with the Production Tax Warehouse held by the Petromidia Refinery.

Pursuant to the decision of the Navodari Local Council n. 187/7/24/2009 (art. 6) regarding the zone distribution of the locality of Navodari, the denomination „Năvodari Boulevard” granted to the portion of the County Road n. 226, which passes through the Company's administrative territory, as well as the allocation of street numbers to edifices used by the Company in carrying out its activity, i.e. the Facility (Refinery), and taking into account the decision of the General Extraordinary Meeting of the Shareholders dated June 30, 2010 and the Decision n. 2 of the Board of Directors from October 19, 2010, the address of the Company's legal office was changed from DJ 226



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Km23 in Năvodari, 215, Năvodari Blvd., Administrative Pavilion, while the location remained the same.

The address of the Company's secondary office (Facility – Petromidia Refinery) has also become Năvodari, 1 – 283, Năvodari Blvd.

c) Significant mergers or reorganizations of the Company, of its branches or of the companies it controls, during the fiscal year.

During the year 2010, the Company was not part of any merger.

By the Decision dated July 24, 2008 of the General Extraordinary Meeting of Shareholders of S.C. Rompetrol Industrial Parks S.A. (a company indirectly controlled by Rompetrol Rafinare), a decision has been taken for the voluntary dissolution and the commencement of the liquidation procedure of Rompetrol Industrial Parks S.A. The liquidation procedure of Rompetrol Industrial Parks S.A. has been completed with the pronouncement by the Manager of the Trade Register Office attached to Constanta Court of Resolution n. 17789 dated 9/1/2010 which provided that the same company be erased from the Trade Register.

During 2010, Rompetrol Logistics S.R.L., a company directly controlled by Rompetrol Rafinare, has ceased to perform its operating activities on the platforms of Rompetrol Rafinare and the warehouses of Rompetrol Downstream S.R.L., its technical maintenance activities in the warehouses of Rompetrol Downstream S.R.L., and its primary distribution activities (railroad transport and adjacent activities).

d) Purchase and alienation of assets.

In 2010, the Company increased its share in Rompetrol Petrochemicals S.R.L. with the amount of LEI 34,000,000 by conversion of receivables.

In the year scrutinized, the Company has reduced its share as a results of the liquidation of S.C. Rompetrol Industrial Parks S.A.

e) Main results of assessing the Company's activity

Rompetrol Rafinare S.A. has recorded in 2010 a net turnover of LEI 7,099,249,720 and a net loss of LEI 669,762,488.

In 2010, the largest value in the turnover is held by the production sold, amounting to LEI 7,066,996,021.

Rompetrol Rafinare S.A. has implemented actions aimed at making the refining activities more efficient and at reducing technological consumption and losses.



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Investments were made for the modernization of the refinery's production plants, for the increase of the degree of environment protection, having the final goal of obtaining petroleum products as per the European Union norms.

The main goals of the Company included:

- increase of the refining volume to 5,000,000 tone/year;
- increase in the product quality as per the European Union requirements (obtaining low-sulfur products - 10 ppm);
- observing environment and work safety norms;
- not exceeding the planned period for the revision (45 days);
- not exceeding the technological consumption prescribed (0.65%).

1.1.1. Elements of general assessment

Indicators (lei)	2010
Profit/(loss)	(699,762,488)
Operational result	(156,023,496)
Turnover, of which:	7,099,249,720
Export	3,054,427,470
Overhead	7,371,057,092
Market share (%)	25%
Liquidity (available in accounts and cash equivalences)	28,095,444

a) Profit

The Company recorded losses from both the operational, and the financial activities. From the operational activity, Rompetrol Rafinare has recorder a LEI 156,023,496 loss, caused mainly by the distorted conditions found on the crude oil and petroleum products market, i.e. the ascending trend of the product price did not follow the ascending trend of the crude oil price.

From the financial activity, a loss of LEI 513,706,742 has been recorded, caused mainly by the fact that expenditures anticipated financial revenues, most of all with the following:

- net exchange rate differences = LEI 317,842,564;
- interest paid for contracted credits = LEI 134,951,561.

In conclusion, the total result registered by Rompetrol Rafinare S.A. at the end of 2010 is a negative one, of LEI 699,762,488.

b) Turnover

In 2010, the Company's net turnover was LEI 7,099,249,720, 13% larger than the one realized in 2009.



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c) Export

In 2010, the percentage of external sales from the total sales is about 40%, as compared to 2009, when that same percentage was 45%. The total amount realized during 2010 from external sales rises to about USD 793,862,431.

We mention that, from the total gasoline production, about 70% has been sold on the external market, while the gasoils have reached a 29% percentage.

d) Costs

The overhead for 2010 reached the value of LEI 7,371,057,092, of which LEI 6,555,510,650 (about 89%) represent raw material expenditures, while LEI 265,990,442 (about 3.6%) represent energy costs.

In comparison with 2009, an increase of raw material expenditures is apparent, by LEI 815,896,074, at the same time with a reduction of the energy costs with about LEI 15,660,600.

e) Market share held

The market share for 2010 was maintained at the level from 2008, of about 25%, without being influenced by major alterations in the structure of the other retailers from the internal market.

f) Liquidity

From the point of view of the liquidity, the Company has taken due measures to keep its ability to cover current debts from its current assets, the indicator of the current liquidity having a constant value of 0.4.

1.1.2. Assessment of the technical level of the Company

Main products realized by S.C. ROMPETROL RAFINAR S.A. in 2010:

The production schedule of Rompetrol Rafinare S.A. includes a large range of end products grouped in the following categories:

1. Liquid fuels

- a) Gasolines
 - Euro Super 98 lead-free gasoline
 - Europlus lead-free gasoline
 - ALTO 101 gasoline
 - Efix gasoline
 - Type 92 natural gasoline
 - Chemical refined byproduct



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- b) Gasoil
 - ALTO 55 gasoil
 - Euro 5 gasoil
 - Super Diesel Euro 5
 - Efix Diesel
 - Super Euro 4 gasoil
- c) Reactor petrol Jet A1
- d) Petroleum

2. Gas fuels

- a) Liquefied Petroleum Gases
- b) Gases
 - Refinery fuel gases
 - Propylene / Mixture propane-propylene

3. Solid fuels

- Petroleum coke
- Petroleum sulfur

The production schedule of **Rompetrol Rafinare –Vega Refinery Facility** includes a large range of end products grouped in the following categories:

1. Liquid fuels

- a) Solvents
 - Ecological solvents
 - Normal Hexane
 - Light naphtha type II
 - Light naphtha type A
- b) White spirit
- c) Fuels
 - Light liquid fuel type III
 - Calor Economic 3
- d) Petroleum
- e) Bitumens
 - Road bitumens



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- Special bitumens
- Polymer-altered bitumens

f) Additives

Description of the main services performed by Rompetrol Rafinare:

In 2010, the Company performed the following services:

➤ **Energy and Utility Distribution services.** These services have been performed by the Thermo-Hydro Section together with the Electrical Section for companies located on the Petromidia platform, as well as for other companies from outside the platform;

- Utilities produced : instrumental air, technical air, gaseous azote, liquid azote, gaseous oxygen, reformed water, fire water, treated water.
- Utilities purchased: thermal energy, demineralized water, industrial water, natural gas, electric energy, potable water, hot water, inflammable propane.
- Utilities sold: Instrumental air, technical air, azote, liquid azote, oxygen, reformed water, fire water, potable water, hot water, returned condensation water, wastewater, demineralized water, raw water, filtered water, refinery fuel gases, electric energy, thermal energy.

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

- electric energy – the tariffs for electric energy distribution on the two levels of low- and medium-voltage are regulated by the National Agency for Energy Regulation.
- potable water – the tariff of potable water distribution is regulated by the National Agency for Public Utilities Community Service Regulation.

➤ **technical assistance services** for the control of procedures, information technology and consultancy for the performance of inspections on equipment under pressure and their respective ISCIR authorization.

a) The main retail markets for each product or service and methods of retail:

In 2010, the share of the internal market from the total petroleum products sold was 60%. The products traded by Rompetrol Rafinare have been present throughout the geographic area of Romania by means of its gas station network extended annually nationwide.



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About 53% of the total automotive fuels sold (gasolines and gasoil) were destined to the Romanian market.

On the external market, petroleum products were sold both inside and outside the European Community. The communitary market has attracted about 24% of the total end products sold on the external market, the other 76% being export sales on non-community markets.

Almost 70% of external sales were made on the neighboring European markets.

Detailed on countries and products, the sales had the following main destinations::

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

Gasoils - Bulgaria, Turkey, Georgia, Serbia, Moldova, Liban

Coke - Ukraine, Greece, Turkey, Serbia

Sulfur - Egypt, Ukraine, Greece

The distribution of the products traded has been made on roads and railroads for internal market sales. In case of sales on external markets, the distribution of products has mainly been made on sea through the Midia Harbour, but also using automotive and railroad means.

b) The percentage of each product or service category in the revenue and total turnover of the Company for the last 3 years.

Indicators	Value-million lei			% of turnover		
	2008	2009	2010	2008	2009	2010
Net turnover, of which:	8,665	6,281	7,099	100%	100%	100%
Gasoline and gasoil	6,297	4,779	5,227	73%	76%	74%
Other petroleum products	1,954	1,149	1,471	23%	18%	21%
Raw material for refinery	-	-	-	-	0%	0%
Raw materials for petrochemistry	276	133	279	3%	2%	4%
Goods	20	110	42	0%	2%	1%
Utilities	98	94	73	1%	2%	1%
Services	20	15	8	0%	0%	0%

The major part of Rompetrol Rafinare's revenues is represented by the sale of petroleum products, mostly automotive fuels.



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c) New products considered, for which a substantial volume of assets shall be granted for the next fiscal year and the development stage of such products.

In 2011 Rompetrol Refinery will be delivering only Euro 5 fuel on the internal market (with a sulfur content of less than 10 mg/kg) and a biofuel of a minimum 5% in volume (according to actual regulations GO 829/2010).

The fuels grades are:

- ALTO 101 Gasoline
- Efix Gasoline
- EuroPlus unleaded Gasoline
- ALTO 55 Diesel
- Efix Diesel
- Euro 5 Diesel

In 2011, at Vega working point, we plan to diversify the Eurobitumen production, which have special characteristics on road and to increase the food grade hexane production.

1.1.3. Assessment of the technical and material supply activity

Rompetrol Rafinare SA has purchased raw materials from outside and inside the country, the main raw material – crude oil – being exclusively acquired from external sources.

The Company has concluded firm yearly crude oil purchase contracts, which ensures a level of safety for the optimal operation of the refinery. The crude oil sources are the Russian and Kazakhstan markets. The crude oil volumes purchased reach the Company by sea, mainly through the Midia Marine Terminal. The other raw materials were provided from the country or from external sources.

The purchase prices for raw materials taken from both the external and internal markets have followed the tendency of the international quotes of the reference petroleum markets – characterized by dynamism and variation. Their level has been induced by the fluctuation and context from the petroleum markets, as the international reference quotes are the calculation base for them.



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Information regarding the safety of supply sources, the prices of raw materials and the stock volumes for raw materials and ordinary materials.

When KazMunayGaz from Kazakhstan took over the whole sharestock held by the mother company of Rompetrol Group (Rompetrol Holding N.V.) in the Dutch Company Rompetrol Group N.V., and this process has ensured the stability of the crude oil supply sources, with the quantity necessary for keeping the refinery functional in optimal state, as well as a financial support from the major shareholder for financing the investments.

The whole quantity of crude oil for 2010 is contracted by Vector Energy A.G. – who is the trader of Rompetrol Group, with offices located in Switzerland and specialized on trading operations with crude oil and petroleum products. This contractor guarantees imports of crude oil and other raw materials and in the same time takes over the petroleum products and offers them for sale on the external markets. The raw material prices follow the trend of the international reference quotes for crude oils and other raw materials on the reference international markets, the latter acting as a calculation base for the purchase prices of Rompetrol Rafinare.

The Rompetrol Group has completed at the end of 2008 the construction of the Marine Terminal, which includes harbouring berths for the delivery of petroleum products and purchase of raw materials, which guarantees the safety in the acquisition of raw materials and in the shipment of petroleum products.

Moreover, contracts have been concluded with the service providers (S.C. Conpet S.A., S.C. Rompetrol Logistics S.R.L., Midia Marine Terminal S.R.L.), which perform the loading and unloading activities for raw materials and petroleum products in the Ports of Constanta and Midia.

The chemicals purchased by Rompetrol Rafinare SA (for the Navodari Facility (Petromidia Refinery) or for the Vega Refinery Facility from Ploiesti) throughout 2010 can be grouped in :

- catalysts
- additives
- water treatment chemicals
- other chemicals (inhibitors, process chemicals, etc.)
- oils

For Rompetrol Rafinare - Năvodari Facility (Petromidia Refinery) and Rompetrol Rafinare Vega Refinery Facility, chemicals and catalysts have been purchased in 2010 as follows :

- from Romania, amounting to a total value of LEI 19,018,686.00;
- from inside the European Community, for a total value of EURO 18,652,930.00



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1.1.4. Assessment of the sales activity

a) Evolution of sales on the internal and/or external market and a medium- and long-term forecast of them.

Rompetrol Rafinare SA represents a renowned brand on the petroleum products market, on both the internal and the external markets.

The Romanian petroleum market has seen a certain decrease this year as a result of the globally spread economic crisis. This fact has led to a reduction in sales volume for automotive fuels traded through the gas station networks due to the lower demand for this kind of products.

On external markets, the largest part of the volumes shipped was distributed among the regional markets, the main destinations being: Georgia, Bulgaria, Ukraine, Turkey, Moldova, Serbia.

The perspectives for 2011 regarding the sales of petroleum products strive to consolidate the market already existing and to develop and enter on new markets.

b) Description of the competition framework in the Company's field of activity, of the market share for the Company's products and services, as well as of the main competitors

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

- OMV Petrom SC
- Petrotel Lukoil SC

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

c) Description of any significant dependency of the Company to any single customer or group of customers whose loss would have a negative impact on the Company's revenues.

From the point of view of a dependency to a single customer or group of customers :

Vector Energy A.G. - holds over 10% of the Company's sales on the external market

Customers with over 10% of the Company's sales on the internal market: S.C. Rompetrol Downstream S.R.L.



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1.1.5. Assessment of aspects connected with the Company's employees/staff

a) Number and skill level of the Company's employees, as well as the degree of syndication of labour force.

On 12/31/2010, Rompetrol Rafinare, Năvodari Facility (Petromidia Refinery) had a number of 888 employees, of which: 269 - university degree employees .

On 12/31/2010, within the Vega Refinery Facility from Ploiești, the Company had 254 employees, of which: 47 - university degree employees.

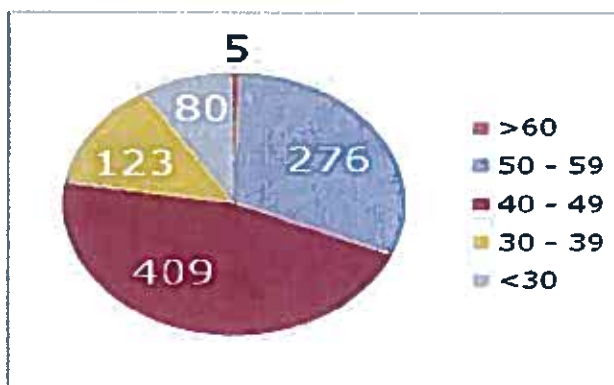
TOTAL: On 12/31/2010, S.C. Rompetrol Rafinare S.A. had a number of 1142 employees, of which: 316 - university degree employees .

The labour force degree of syndication was 89.05 % (1017 employees are part of trade unions).

The following trade unions are active within the Company: The Free Trade Union Petrochimistul (661 members), The Free Trade Union Vega (153 members), Trade Union of Workers on the Midia Năvodari Industrial Platform (203 members).

The division of the employees on age groups:

Rompetrol Rafinare - Petromidia Refinery Facility		
>60	5	0.6%
50 - 59	276	30.9%
40 - 49	409	45.8%
30 - 39	123	13.8%
<30	80	9.0%

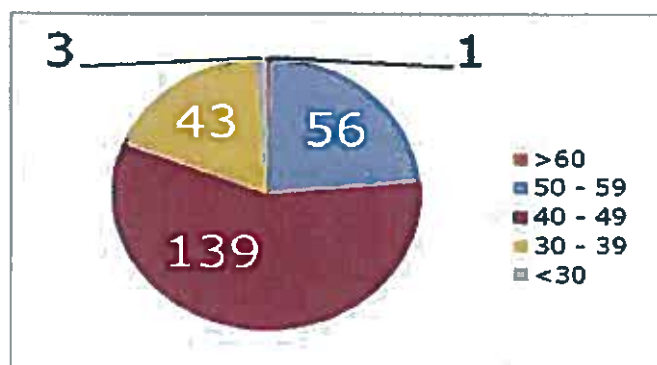




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Rompetrol Rafinare – Vega Refinery Facility		
>60	1	0.41%
50 - 59	56	23.14%
40 - 49	139	57.44%
30 - 39	43	17.77%
<30	3	1.24%



Actions were implemented to attract labour force from the ranks of the university degree holders, in the specialized faculties, as well as high-school degree holders, by continuing to organize in 2010 the Summer Internship program.

By means of this program, we offer to the young graduates or last-year students the chance to become familiar with the refinery's equipments and workflows, with the organizational climate and the work concepts, while also offering them the opportunity to build a career in a multinational company.

In the said period a number of employee training programs were held, covering the following areas: functional competences; general knowledge; professional information technology knowledge; foreign languages; legislation; management competences; QHSE certifications; security; professional knowledge – support functions, etc.

A total number of 658 employees were involved in the training programs which totaled 23,353 hours, which means an average of about 35.5 hours / employee.

In 2010 the training programs with internal instructors (selected from the Company's experts) continued.

The total cost of training programs in 2010 is USD 156,612.



b) Description of the relations between the manager and the employees, as well as any conflictual elements which may characterize such relations.

Between the management and the employees the relations are normal, without any instances of collective contesting of the Company's management team, with regular dialogue between trade unions and the management.

Although, the management of the company and the union organization are in litigation regarding the payment rights of the employees of the company. The litigation was initiated by the union organization, during the 2010.

1.1.6. Assessment of aspects related to the impact of the basic activity of the issuer on the environment.

The synthetic description of the impact of the issuer's basic activities over the environment, as well as of any existing or forecast conflicts related to any infringement of the environment protection legislation.

The Company owns and operates the Petromidia Refinery, located in Năvodari, Constanța County.

The Company is also the owner and operator of the VEGA Refinery, located in Ploiești, Prahova County.

By the nature of its activity (crude oil processing), the Company is part of the group of companies having an impact over the environment, for which reason the Company's management is permanently concerned to reduce the impact of such activity over the environment factors, allocating considerable financial resources to realize investment directed at meeting this objective.

The refineries operated have the technical and legal regulatory documents (authorizations, approvals) which allow them to function as per the current legislation in force. Among such authorizations, we can mention the most important ones, as prescribed by the environment legislation:

1. the Integrated Environment Authorization n. 26/10/11/2007, issued for PETROMIDIA Refinery, revised on 3/17/2010, issued in accordance with the provisions of the Government Urgent Order n. 152/2005.
2. the Integrated Environment Authorization n. 23/3/14/2006 revised on 8/1/2008 and 11/23/2010, issued for VEGA Refinery.

Both of these integrated authorizations contain requirements which guarantee a high level of environment protection in its entirety, observing the air, water and soil quality regulations, and for the operation of plants to be performed in such manner as to prevent pollution, especially by implementing the best available technologies (BAT). For full compliance with the integrated environment authorizations, the two refineries, PETROMIDIA and VEGA have specific measures with terms of implementation until 12/31/2012, and, respectively, the year 2014 for VEGA refinery.



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BAT - *Best Available Technologies* (as defined by point 18, art. 2 from OUG n. 152/2005), represent the most advanced and efficient development stage recorded in developing an activity and its methods of operation, which prove the practical possibility of forming a reference for establishing the tolerance emission values , aiming to prevent pollution and, when this is not possible, to wholly reduce emissions and the impact over the environment in its entirety.

Directive 2008/1/CE on the prevention and integrated control of the environment pollution in 2008 (IPPC Directive) govern the authorization of industrial plants relevant for the environment based on a universally applicable concept. This approach includes both the air, water and soil emissions, but also the economic aspects related to waste, energetic and resource efficiency and prevention of accidents. The aim is to reach a high level of environment protection in all its aspects.

The Company has implemented an Integrated Management System compliant to the requirements of standards ISO 9001, ISO 14001 and OHSAS 18001, accredited by Germanischer Lloyd for this purpose, the same external auditor that granted the certification, performing yearly supervision audits at the head offices of the two refineries. The Environment Management System (SSM) represents an essential component of the Integrated Management System, which includes the organizational structure, the planning activities, the responsibilities, practices, procedures, processes and resources for the elaboration, application, realization, analysis and maintenance of the environment policy inside the Company.

The permanent concern of the Company's management for increasing the energetic efficiency of the plants within the Refinery and for performing the activity in full compliance with the environment legislation has been applied on various segments, as follows:

a) reduction of the CO₂ emissions.

b) permanent measuring and monitoring of CO₂ emissions, as well as other greenhouse effect emissions.

This permanent action is applied in the yearly report on the measuring and monitoring of greenhouse gases, an obligation imposed by HG 780/2006 and Decision n. 589/2007 of the European Commission. For the year 2010, the report has been elaborated by the Company, is to be verified by certified auditors as per Order n. 1969/2009 and then deposited at the competent environment authority (National Environment Protection Agency) no later than March 30, 2011;

c) Implementing within the Company a management system for greenhouse gases and its integration in the Company's Integrated Management System in order to adopt sustainable measures for reduction of greenhouse gases For this purpose, the necessary documents have been elaborated (greenhouse gases management manual, work procedures and guidelines), structured so as to take into account cont the management policy and aims about the greenhouse gases. One of the management's more important objectives is to develop the organizational culture regarding climatic changes, as well as the impact of greenhouse gases over the Company's activities.

d) monitoring other greenhouse gases resulted from the Company's activity (not a legal requirement), as well as pollutant emissions in the air, water, soil and



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underground and a monthly and yearly report of their level, an obligation imposed upon the Company by the integrated environment authorizations;

e) permanent concern for the authorized removal of waste generated by the Company's activity.

In this context, we have to underline Rompetrol Rafinare's concern for the acid tar waste removal generated by the activity of the VEGA refinery, as well as for the utilization of sludge deposited in the sludge pits 1, 2 and 3 from the PETROMIDIA refinery, with the authorization and starting of the Willacy plant and the Petroleum Coker.

g) compliance with the requirements of the SEVESO Directive (as transcribed into the internal legislation by the prin HG n. 804/2007 on the control over major accident hazards in which dangerous substances are involved) in order to review the Safety Report drawn up by S.C. Rompetrol Rafinare S.A.

h) modernization of the DGRS plant in order to reduce the burnt gas emissions.

i) registration no later than 12/1/2010 of substances produced and marketed by the Company (for the two refineries – Petromidia and Vega) at the European Agency for Chemical Products (ECHA), in accordance with the provisions of Regulation n 1907/2006 of the European Parliament and Council on the registration, assessment and restriction of chemical substances (REACH)

The plants within the refinery are governed by HG n. 780/2006 on the establishment of the trading schedule for greenhouse gas emission certificates, as per Appendix 1 of the Government Resolution mentioned above – crude oil refining plants, the emissions discharged in their normal functioning process also contain CO₂.

In this context, the refineries hold Authorizations for greenhouse gas emissions (n. 19 dated 2/29/2008 revised on 12/28/2009, for PETROMIDIA refinery, and n. 5/3/17/2008 for VEGA refinery, revised on 1/6/2010), valid through 2012.

The legal term (no later than 9/1/2010) was observed also when depositing the plans of monitoring CO₂ emissions (an integral part of the greenhouse gas emission authorizations for the year 2010). As Romania signed the Treaty of Luxembourg on 2005, in order to become a member of the European Union starting from January 1, 2007, thus accepting the whole European environment legislation, the Government adopted HG 780/2006 that established the national framework for emission trading.

The national authorities have elaborated and edited the subsequent legislation, as well as the National Plan for Allocation of emission certificates for 2007 and for the period 2008-2012, its final form being approved by the European Commission and, afterwards, by the Romanian Government by HG n. 60/2008. Pursuant to HG 60/2008, Rompetrol Rafinare – Petromidia Refinery has a total number of 3,378,467 certificates allocated for the period 2008-2012 (675,693 a year).

Due to modernizations performed in the PETROMIDIA refinery subsequent to the date of December 13, 2006, an additional allocation of 630,000 CO₂ certificates has been requested and granted for the 2008-2012 period. At the start of 2010, a **supplementary** allotment of CO₂ certificates (totalling 33,995) has been granted from the Newcomer Reserve (RNI), relative to the Petroleum Coker Plant, for the period 2010-2012. Taking this information into account, the Company has a total number of 813,025 CO₂ certificates allocated for 2008-2012.

Our Company has started a dispute with the Ministry of Environment and Forests, because it opines that the authorities have failed to include in the final form of the



National Allotment Plan for CO₂ certificates, the new forecast figures for yearly emissions, in accordance with the authorization issued by the competent environment authorities for the period governed by H.G n. 780/2006, for which reason it decided to enter into legal proceedings in order to obtain the amendment of the allocation of certificates for PETROMIDIA refinery at the estimated level of emissions, as per the authorization. The Company has answered through the Questionnaires issued by the environment authorities for the elaboration of the National Allotment Plan, communicating the data requested for the historical 2001 – 2004 period, which proved to be irrelevant because in the analysed period, the plants were working, at least in part, much under their rated capacity or did not work at all because certain investment and/or modernization programs were under way. In this context, the Company was granted CO₂ certificate allocations, for the period 2008-2012, based on the level of production from 2001-2004.

1.1.7. Assessment of the research and development activity

Mention of expenditures realized in the financial year, as well as those anticipated for the next financial year for the research and development activity.

Expenditures realized in 2010

Expenditures for surveys and technical assistance	USD 2,492,524
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Expenditures planned for 2011

Expenditures for surveys and technical assistance	USD 1,084,474
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1.1.8. Assessment of the Company's activity in the field of risk management

Description of the Company's exposure to the price, credit, liquidity and cashflow risks.

The Company is exposed to the risk determined by an increased volatility of crude oil and petroleum products prices, with a direct impact over the gross margin from sales.

From the liquidity point of view, as there is an evident absence of liquidities on the market, as the economic and financial crisis still persist, the Company has striven to maintain its ability to cover the current debts from its current assets, managing to keep the current liquidity indicator at the same value as the one in 2009, i.e. 0.4.



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Description of the Company's policies and objectives regarding risk management

By the nature of its activity, the Company is exposed to certain risks:

- the market risk derived from the exposure to fluctuations in the Interest rate, in the EUR/USD, USD/RON exchange rate, in the volatility of sale prices for petroleum products and purchase prices of crude oil;

The Company has the primary objective to reduce its overhead expenditures on the ton of product obtained, in order to limit to a minimum level the price risk as a result of the correlation of the prices of products obtained with the market prices. A special importance in the assessment of the price risk is given by the world evolution of the crude oil quotes, the basic raw material used in the refinery.

- the credit risk derived from the possibility that business partners, customers and suppliers fail to meet their contractual obligations, is periodically monitored, by credit-worthiness and solvability assessments of customers and by requesting guarantees upon delivery.

- the risk of liquidity derived from the possibility that financial sources may not be available so that matured obligations be observed in due time ; the Company's management follows with a daily frequency, with the aid of the forecast cashflow, the level of liquidity and the possibility of meeting one's obligations to one's suppliers, to the national and local budgets etc., in accordance with their respective exigibility ; the current and immediate liquidity quotients are being permanently monitored.

- the operational risk derived from the possibility of the occurrence of accidents, errors, deficient functions, as well as from the environment influences over the financial and operational results; rompetrol Rafinare S.A. has continued an ample process of the refinery's technology modernization, aiming to increase the production, reduce technological losses, improving the environment performances, as well as removing accidental interruptions in the processing activity. The Company is also concerned with the conservation and permanent improvement of the quality-environment-security integrated management system, with visible results on the improvement of the organization's image, by environment protection and work security activities, improvement of relations with the public authorities, with the socio-economical community as a whole, limiting civil and criminal liability, by meeting the legal regulations regarding quality – environment – security problems.

Within Rompetrol Rafinare S.A. adequate measures have been taken in order to reach the objectives connected with occupational health and safety, as well as activities necessary for the compliance with legal and regulatory requirements.

The certification of the systems implemented for Quality, Environment, Occupational Health and Safety Management has been **conserved** through 2010 by employing



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supervision audits with the certification company Germanischer Lloyds Certification (GLC).

In 2010, the Company has continued to identify and assess major hazards resulting from ordinary operation and accidental situations, as well as the assessment of their likelihood and severity, performing for this purpose the HAZOP risk analysis at the Gasoil Line Mixing Plant and the What-If risk analysis for "Voltage drop from the National Energy System". Further HAZOP surveys have been made within the investment and modernization projects from „Modernization of HDV Plant on HPM" and "HDPE Plant".

In 2010 the "Management of Change" instruction has been updated and an application has been realized in Sharepoint for the compilation and electronic approval of the Initiation Form and the Final Report specified in the instruction. Training sessions have been organized with the plant directors from the Company regarding such notion of "Management of Change" and the use of the Sharepoint platform. Currently, in Rompetrol Rafinare we can safely state that the maintenance and projecting sections from all plants have implemented an actually functional system for the management of change.

Procedures and Instructions have been elaborated and revised for the safe operation of plants, processes, equipments, including the maintenance activity, as well as for the emergency shutdown procedure. In 2010, the policies and procedures from The Rompetrol Group QHSE have started to be implemented within the integrated management system used by Rompetrol Rafinare S.A., which include policies & procedures dedicated to the risk management.

The risks for accidents and professional illnesses at work have been assessed.

The "operating permit for the Rescue Station" has been conserved through 2010 by the supervision audit performed by INCD INSEMEX Petroșani.

For the training of staff employed on the platform, periodic exercises are performed in order to simulate a major accident which also affects the subcontractors.

The "Safety Rompetrol" program has continued to be implemented, aiming to develop and implement a high-standard occupational health and safety management system and to reach a safety level comparable with the levels of the most renowned companies in the world. The target that we are following as a consequence of the implementation of the "Safety Rompetrol" program until the end of 2011 is Level 2.6. The program aims to develop the activity connected to the occupational safety, in order to make workers and subcontractors aware of the advantages of using a safe approach and of the reduction of accident and/or professional illness hazards specific to all activities carried out on the Petromidia platform.

An additional collaboration contract has also been signed with the DuPont Safety Resources consulting firm for the revision period.

Rompetrol Rafinare has certifications for all automotive fuels introduced on the market, in order to comply with the legal requirements.

***1.1.9. Prospective elements about the Company's activity******a) Presenting and analysing uncertainty trends, elements, events or factors which influence or could influence the liquidity of the Company compared to the same period of the previous year.***

The Company has made substantial efforts in 2010 to be able to conserve its capacity to cover the current debts from the current assets, managing to keep the current liquidity indicator at the same value as in 2009, i.e. 0.4.

The risk of liquidity derived from the possibility that financial sources may not be available so that matured obligations be observed in due time ; the Company's management follows with a daily frequency, with the aid of the forecast cashflow, the level of liquidity and the possibility of meeting one's obligations to one's suppliers, to the national and local budgets etc., in accordance with their respective exigibility ; the current and immediate liquidity quotients are being permanently monitored.

Being aware of the effects of such risks is one of the concerns of Rompetrol Rafinare S.A. management for performing its economic and financial activity without hindrances. Ensuring financial resources permanently and at the planned levels and eliminating situations of temporary financial cashflow deficits while maintaining the Company's level of liquidity have all been possible in 2010 as a result of the following measures: delivery of products guaranteed by payment instruments (CEC, bank comfort letter, promissory note) and negotiating with customers certain payment terms and paying suppliers in ways advantageous for Rompetrol Rafinare SA, while always keeping amicable relations with business partners.

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

In the specific context of the petroleum products, marked by an increased volatility of the prices, the management of the company intends to implement in the shortest period of time of an management risk policy with the main scope the mitigation of the price risk at the crude oil and the petroleum products in the financial statements of the company. Also, a major interest will be granted by the policy of the management of risk, regarding the the evolution of the exchange rate and the interest rate.



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b) Presenting and analysing the effects of capital expenditures, current or anticipated, over the Company's financial state as compared to the same period of last year.

In 2010, Rompetrol Rafinare S.A. has continued its investment activity started in the previous years, the increase of the production volume and, consequently of the retail volume.

The most recent investment of Rompetrol Rafinare is the LPG terminal (liquefied petroleum gas) from Berth 9A within Petromidia. With an investment value of Euro 2.8 mil, the terminal brings a lot of benefits for the import/export of LPG: cost reduction of USD 22/ton of LPG delivered for the export of liquefied petroleum gas, autonomy for LPG export and substantial reduction of the time spent and the number of delivery operations.

Until this terminal became fully operable, the LPG used to be loaded on an LPG platform in rail tankers, which were directed to the Butan Gas platform (a terminal located about 2-3 km away from the loading platform), where the liquefied petroleum gas would be unloaded in the ship positioned in the Butan Gas terminal. Thus, the number of load/unload operations was very large, with the further drawback of large timespan and delivery costs.

The total export capacity through Berth 9 is 300,000 tons/month. The terminal is owned by Rompetrol Rafinare and is operated by another company within the Rompetrol Group, Midia Marine Terminal.

Besides the finalized projects, some other projects started in 2006 and grouped under the name "2010 Refinery Investment Package", were continued over the analyzed year.

The main objectives of these projects are:

- Adhering to the European Union's product specifications, which have become mandatory from 1/1/2009: production of fuels (gasosils and gasolines) with a sulfur content lower than 10 ppm, with 100% sulfurated crude oil being processed;
- Increase of the Refinery's processing capacity from 3.8 to 5 million tons/year, by removing the operational constraints which allow the refinery to work at 5 million tons/year in order to supply Euro 5 fuels;
- Increase of the gasoil output within the Refinery's product structure, as a result of a greater Diesel demand in the world market;

In order to reach the objective regarding an increased energy efficiency, the Company has allocated in 2010 for projects related to this aspect USD 4,915,000. Thus, the



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heaters from the DAV plant have been modernized, modernization projects for the electrical stations and the electric energy distribution system have continued, the potable water supply network for the industrial park has been made more efficient and the project has been starter for the new HPN Plant (high-purity Azote).

c) Presenting and analysing events, transactions, economic changes which significantly affect the revenues derived from the basic activity.

The turnover recorded on 12/31/2010 is lower than the figure provisioned in the budget by LEI 508,151,224. This aspect is caused mainly by the fact that a smaller quantity of crude oil and other raw materials has been processed, by 253,428 tons (3,507,488 tons versus 3,760,916 tons).

Although the sale prices were on an ascending trend, they were not aligned with the increase in the crude oil purchase price, determining an operational loss of LEI 156,023,496.

The financial results have been greatly influenced by the global financial crisis, by the international evolutions of the crude oil and fuel quotes.

The operational results of 2010 have been mostly influenced by the margins obtained from the sale of petroleum products (34.53 USD/ton as compared to 29.83 USD/ton in 2009), by the refining margin for gasoline (127.6 USD/tons as compared toe 116.2 USD/ton in 2009), by the refining margin for gasoil (80.6 USD/ton as comapred to 66 USD/ton in 2009) as well as by the Brent-Ural difference (1.34 as compared to 0.73 USD/bbl in 2009).

In 2010, the refining capacity has been used at 77.67%, taking into account the low margins made from the sale of petroleum products.



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2. COMPANY'S TANGIBLE ASSETS

2.1. Mentioning location and characteristics of main production capacities owned by the Company.

The company ROMPETROL RAFINARE S.A. is located approximately 20 km North of Constanta City, between the Black Sea and the Navodari (Tasaul) Lake, on a partially recuperated land from sea and lake, neighbouring Midia Port and the Poarta Alba - Midia Channel.

Petromidia Refinery is the only profile unit located at the Black Sea, having thus a competitive advantage due to immediate access to sea and river transport routes, that is:

- Strategic location in the Black Sea area, nearby Constantza Port - one of the biggest in the area;
- Direct access to the Danube - Black Sea Channel;
- Direct access to Midia Port;
- Vicinity to the crude oil pipe network;
- Own rail yard;
- Logistic facilities (Romp petrol Logistics SRL, Midia Marine Terminal SRL) which allow the reception of crude oil and the delivery of liquid products by means of barges, rail tankers, and road tankers.

➤ Project rated capacity in 1975: 3.5 million tons of raw material

➤ Used capacity: 3,507 million tons in 2010

➤ Future capacity starting with 2012: 5 million tons per year

➤ Infrastructure:

Petromidia Platform has a surface of 480 hectares where more than 20 companies are operating in different fields of activity.

Crude oil and other raw material furnishing is made mainly through the marine terminal located in the vicinity of Petromidia Refinery, about 8 km away from the shore and also through Midia Port. As an option, furnishing can also be made through Constantza Port (amongst the biggest ports in the region), by means of OIL TERMINAL S.A. pipe, on a distance of approximately 40 km.

At the end of the year, the company also finished works for the LPG (Liquefied Petroleum Gas) Terminal from Berth 9A.

In order to merchandise gasoline and gasoil, the company uses multiple loading facilities: rail tankers, port terminals, road tankers.



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Starting with December 2007, Rompetrol Rafinare S.A. is operator of **VEGA** Refinery.

The Refinery is located on the national road DN 1A, at approximately 60 km away from Bucharest, the capital city of Romania, in the vicinity of the European Road E 60, having access both to said European Road and to the rail network. Vega Refinery is located north to Ploiesti City, about 1 km away from Ploiesti North Railway Station, with which has a direct connection. Railways exploitation, and manoeuvre & transport operations are made by GFR, the owner of the said railways being Rompetrol Logistics S.A.

Currently, raw material is brought in the refinery in rail tankers and discharged through raw material type-specialized platforms. Raw material is pumped from special platforms through pipes towards storage reservoirs within the AFP installation, where it is taken over to be processed by each installation.

The Refinery boasts a raw material and finite product reservoirs park, a road and a rail platform for petroleum products delivery. Currently, petroleum products deliveries from Vega Refinery are made only in rail and road tankers.



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2.2. Description and analysis of rate of wear of company's properties.

On 31 December 2010, the cumulated amortization corresponding to real property and tangible assets (expressed in Lei) is as follows:

Tangible assets	balance on 1/1/2010	balance on 12/31/2010
Lands-(improvements)	16,202,862	17,032,512
Construction	577,239,176	620,505,899
Technical installations and machines	801,667,457	877,809,511
Other installations, equipment and furniture	2,424,959	2,680,217
Total	1,397,534,454	1,518,028,139

2.3. Potential problems related to property rights over the company's tangible assets.

During 2010, the company did not register any claims on ownership of tangible assets. On 10 September 2010 ANAF (National Agency for Tax Administration) established a distraint upon shareholding by the Company in its subsidiaries, and also upon tangible and intangible assets of the Company, less inventories. Such distraint is subject to article 129 of the Tax Procedure Code having as main consequence that the company cannot sell / transfer the assets being under distraint. The distraint was in force on 31 December 2010 and was contested by the Company in court. A final solution of these actions can occur by the end of 2011.

On 3 December 2011, ANAF (National Agency for Tax Administration) announced a summons and an enforceable title for the amount of 2,205,592,436 lei, such amount being indicated to represent the value of unredeemed bonds by the Company from the Romanian State through the Ministry of Finance, noting that the amount has been singularized as tax receivable as per Document No. 933430/ 16/11/2010 issued by the Budget and Internal Accounting Department of ANAF.

Through Decision rendered on 1/14/2011 in File no. 1222/36/2010 of Constanta Court of Appeals, the enforcement of Document No. 933430/11/16/2010 issued by ANAF was suspended until the judgment of the action for annulment of such Document. Therefore, until that time, ANAF cannot hold against the company and its assets any distraint or enforceable action arising from the classification and individualization of said amount deriving from bond emission as a tax receivable against the Company.



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3. SECURITIES ISSUED BY THE COMPANY

Being that pursuant to BSE (Bucharest Stock Exchange) Code applicable to Annual Report 2010, the issuers whose securities are admitted to transacting on a regulated market are obliged to include the Declaration of compliance or noncompliance with the provisions of Corporate Governance Code ("Apply or Explain" Declaration). All relevant information relating to corporate governance practices is included in the section of Corporate Governance and in Annual Report Statement in 2010.

3.1. Romanian and foreign markets where securities issued by the Company are negotiated

Starting on 7 April 2004, the Company's shares are traded on a regulated market operated by the Bucharest Stock Exchange ("BSE").

ROMPETROL RAFINARE's shares are fully traded in the second category of BSE. The total number of shares issued by the Issuer is 24,394,196,673, representing a total share capital value of LEI 2,439,419,667.3. Company's shares are common, nominative, issued in dematerialized form, whose record is held by SC CENTRAL DEPOSITARY S.A. Bucharest, authorized by the National Securities Commission by means of permit no. 3564/12.14.2006.

Pursuant to the Law and the Articles of Incorporation, each owned share gives shareholders the right to vote in the General Assembly of Shareholders, the right to elect and be elected in the Board of Directors of the company, the right to participate in dividing benefits and joint assets in case of dissolution of the company, and other rights provided by Law. Ownership of shares and other related attributes are transmitted according to capital market legislation.

The transfer of shares is not restricted and shall be made in accordance with applicable legal provisions and the Articles of Incorporation of the Company

Rompétrol Rafinara shares symbols:	
Bucharest Stock Exchange	RRC
Bloomberg	RRC RO



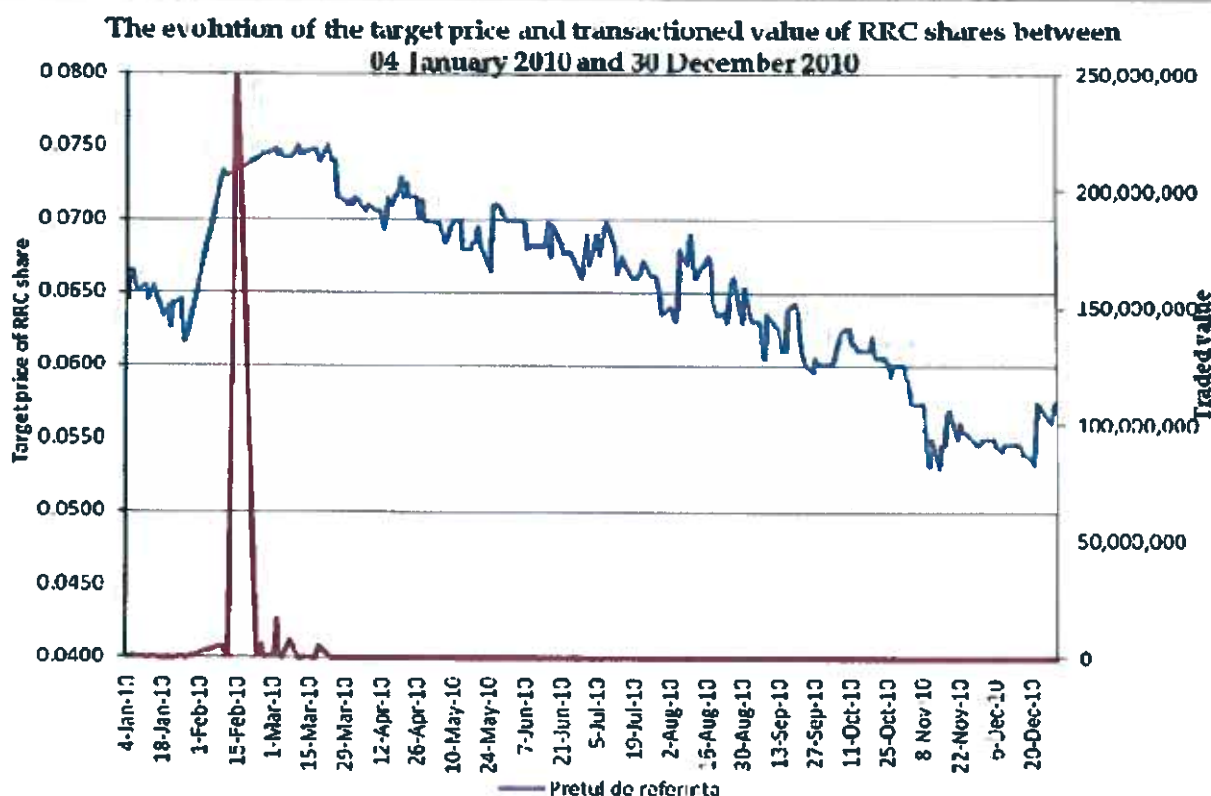
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Romp petrol Rafinare' Shares	2008	2009	2010
Number of shares	21,099,276,002	21,099,276,002	21,099,276,002 ¹
Stock capitalization, mil. lei ²	390.336606	1,329.254	1,213.208
Stock capitalization, mil. Euro ³	99.329874	316.278	282.951
Maximum price, lei ⁴	0.11000	0.0705	0.0751
Minimum price, lei ⁵	0.01700	0.0212	0.0530
Price at the end of the year, lei	0.01850	0.0630	0.0575



The Weighted Average Price (WAP) of RRC shares during 2010 = **0,0734 RON/share**; WAP is equal to the one from 15 February 2010, when the Target price accumulated a little over 80% from the volume traded during the whole year of 2010.

¹ The number of the shares at December 31st, 2010 in the Shareholders Register kept by the Depozitarul Caentral, in Bucharest. The share capital increase from 21.099.276.002 to 24.394.196.673 shares approved by the Decision no 1 of August 19th, 2010, of the board of Directors of the company was registered with the Constanta Trade Registry, on December 27 th, 2010 and registered with Depozitarul Central on February 15th, 2011

² Calculated subject to share price in the last day of transaction of the analyzed year, that is 30 December 2010

³ Calculated at Euro rate of exchange (4.2877) of the last transaction day of the analyzed year, that is 30 December 2010.

⁴ Registered on 23 March 2010

⁵ Registered on 15 November 2010



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Rompetrol Rafinare Shareholding

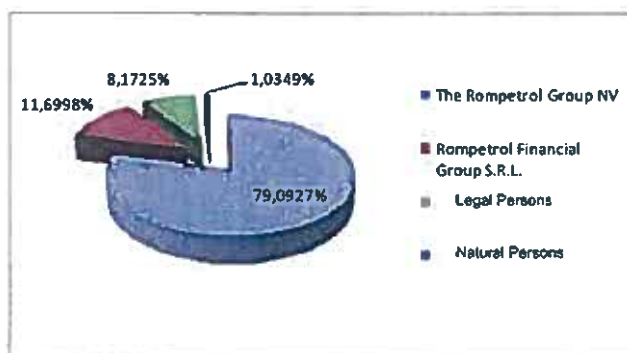
On 30 June 2010, the Extraordinary General Meeting of Shareholders decided to increase the share capital with 450 million Lei according to Decision no. 4, 5 and 6 of said meeting. Based on decision no. 1 of 19 August 2010 of the Board of Directors, the share capital was increased by Lei 329,492,067.1 and the shareholding structure has changed according to the subscriptions and payments made by shareholders. Against the decision to initiate the increase of the share capital of 30 June 2010, a Counteraction and a Demand for suspension of enforcement of actions were filed by the Romanian State, through the Ministry of Public Finance; the demand for suspension of enforcement of judgments was irrevocably rejected, and the Counteraction is still pending.

Through the Civil Judgement no. 958/11.10.2010 pronounced in file 10463/118/2010, the demands filed by the Company to record mentions were approved and all mentions included in Decision no. 1 of 19 August 2010 of the Board of Directors of the Company, having the scope to increase the share capital initiated through Resolutions no. 4, no. 5, and no. 6 of the Extraordinary General Meeting of Shareholders of 30 June 2010, were ordered to be literally recorded; as well as all operations relating to subsequent publishing were ordered to be effectuated.

By ex officio registration no. 68984/12/27/2010 the Company's details were registered with the Trade Register after the modification of the share capital according to Decision no. 1 of 19 August of the Board of Directors whereby the share capital of the Company was increased from 2,109,927,600.2 to 2,439,419,667.3 Lei, i.e. with a share number of 3,294,920,617 new shares with nominal value of 0.1 Lei.

As per Securities Registration Certificate No. AC - 2852 3/ 02/08/2011 issued by the National Securities Commission on 15 February 2011, Depozitarul Central S.A. recorded the above mentioned increase of the share capital in the Shareholders Register of Rompetrol Rafinare S.A.

The structure of the share capital resulted from the registration made by Depozitarul Central S.A. on 15 February 2011 of said increase of share capital is as follows:





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Other Securities issued by the Company

By Resolution of the Extraordinary General Meeting of Shareholders of 14 November 2003, the Company issued bonds in accordance with the Governmental Urgent Ordinance no. 118/2003, subsequently approved by Law no. 89/2005, published in the Official Gazette of Romania no. 320 of 15 April 2005. The emission value was EUR 570,302,44, representing 22,812,098 bonds, with a nominal value of EUR 25.

The holder of such bonds issued by the Company was the Romanian State, by means of the Ministry of Public Finance (sole holder), and the maturity date was 30 September 2010.

The Company fulfilled its obligations arising out of said emission to the bonds' holders, redeeming a number of 2,160,000 bonds by paying the amount of 229,321,800 Lei on 9 August 2010, and converting the difference of 20,652,098 into shares according to Resolutions no. 28 and no. 29 dated 30 September 2010 of the Extraordinary General Meeting of Shareholders, such Resolutions being under way of registration, as they were contested in several ways by the Romanian State, by means of the Ministry of Public Finance.

3.2. Dividends

On 31 December 2008, S.C. ROMPETROL RAFINARE S.A. recorded a loss of 465,013,141 lei.

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

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

Considering the above mentioned, the Company could not grant dividends to its shareholders for the financial years 2008, 2009 and 2010.

3.3. Own shares

S.C. ROMPETROL RAFINARE S.A. held on 31 December 2010 a number of 6,134,701 own shares, with a nominal value of 0.10 Lei each, amounting 613,470.10 lei, representing 0,029% of the share capital of the Company.

In 2010, the Company did not trade (buy and sell) own shares.



3.4. Number and nominal value of shares issued by mother company and held by branches

On 24 September 2010, S.C. Rompetrol Downstream S.R.L (*Romanian Limited Liability Company*) a company in which Rompetrol Rafinare S.A. holds 99.9999986725% of the share capital, sold the whole share package (containing a number of 551,802,170 shares) held by Rompetrol Rafinare, representing a percentage of 2.615% of the share capital of the Company. The transaction took place on the deal market of the Bucharest Stock Exchange, for a price of 0.0610 Lei per share, with a total value of 33,659,932.37 Lei, the shares being purchased by The Rompetrol Group N.V.

3.5. The way in which the Company pays its obligations to the share holders

By Resolution of the Extraordinary General Meeting of Shareholders of 14 November 2003, the Company issued bonds in accordance with the Governmental Urgent Ordinance no. 118/2003, subsequently approved by Law no. 89/2005, published in the Official Gazette of Romania no. 320 of 15 April 2005.

The holder of such bonds issued by the Company was the Romanian State, by means of the Ministry of Public Finance (sole holder). The maturity date was 30 September 2010.

The bonds were nominative, dematerialized, with a nominal value of EUR 25, bearer of equal interest with EURIBOR for 12 months plus 1.5% per year. In case the annual rate of profit realized by Rompetrol Rafinare S.A. in the previous year exceeds 10%, the interest shall be EURIBOR for 12 months plus 2% per year, for the current year. The interests were paid annually.

The emission value was EUR 570,302,441 and a total number of 22,812,098 bonds were issued, having emission symbol "PTRM".

The Company truthfully fulfilled its interest payment obligations arising out of the bonds issued as per the Governmental Urgent Ordinance no. 118/2003, paying as of 30 September of each year (maturity date) the owed amounts.

We render below the level of EURIBOR interests per years as well as all paid amounts:

Year	Euribor Interest + 1,5% (%)	Paid interest value (euro)
2004	3.903	22,258,904
2005	3.808	21,717,117
2006	5.267	30,037,830
2007	6.306	35,963,272
2008	7.047	40,182,213
2009	2.752	15,694,723
2010	2.9440	16,563,218
TOTAL		182,417,277



Thus, as we have previously mentioned, the Company fulfilled its obligations arising out of said emission to the bond's holder, redeeming a number of 2,160,000 bonds by paying 229,321,800 Lei, on 9 August 2010, and by converting the difference of 20,652,098 bonds into shares, as per the Resolutions no. 28 and no. 29 of 30 September 2010 of the Extraordinary General Meeting of Shareholders.

3.6. Public offer of mandatory takeover of Company's shares

Based on the Decision no. 185/02/08/2010 made by the National Securities Commission, The Rompetrol Group N.V. (as "Bidder") initiated a public offer of mandatory taking over, addressed to all Company's shareholders, as per all legal valid regulations. Such offer aimed the acquisition of a number of 5,062,172,980 shares held by the Issuer (S.C. ROMPETROL RAFINARE S.A.) 's shareholders, that were in circulation and were not held by the Bidder (The Rompetrol Group N.V.) and by any persons with whom the Bidder has concerted actions, representing 23.99% of the share capital. The public offer of mandatory taking over took place between 15 February and 26 March, 2010.

The Bidder has acted concertedly with Rompetrol Financial Group S.R.L., Rompetrol S.A., Rompetrol Downstream S.R.L., Rompetrol Well Services S.A. and Rompetrol Rafinare S.A, all these companies being the Issuer's shareholders.

The premise of the concerted actions consisted of the fact that the Bidder was holding at the time of initiation of the public offer 72.22% of the share capital of Rompetrol Financial Group S.R.L., 100% of Rompetrol S.A., 51% of Rompetrol Well Services S.A. and 50.5924% of Rompetrol Rafinare S.A.

Rompetrol Downstream S.R.L. held 2.62% of Rompetrol Rafinare S.A. The Issuer holds a number of 6,134,701 of own shares.

On 31 December 2009, the consolidated synthetic structure of the shareholders was as follows:

a) The Rompetrol Group N.V.	- 50.5924%;
b) Rompetrol Financial Group SRL	- 13.5269%;
c) Legal persons	- 26.5039%;
d) Natural persons	- 9.3768%

Thereby, on 31 December 2009, previous to the public offer, the majority shareholding and persons which had actions in a concerted manner, were jointly holding, directly and indirectly, 76.01% of the share capital of the Issuer.

During the course of the public offer of mandatory taking over, the voting rights resulting from the shares held that exceeded 33% of the voting rights over the issuer were suspended, as per art. 203, par. 3 of Law no. 297/2004.



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As a result of the public offer, the companies of the Rompetrol Group have increased their shareholding from 75.99% to 98.62%. Subsequently, the main shareholder of the Company, The Rompetrol Group N.V., submitted to CNVM (The National Securities Commission) the necessary documentation to initiate the withdrawal procedure of minority shareholders aiming to deslist the Company, thus exercising the right conferred by the capital market legislation.

However, the right of The Rompetrol Group N.V. to start the minority shareholders' withdrawal was suspended by Ordinance No. 325/ 07/28/2010 issued by the National Securities Commission pronounced based on a demand filed to that effect by the Romanian State by means of the Ministry of Public Finance, on the background of resolving the problem of the issued bonds in accordance with the Governmental Urgent Ordinance no. 118/2003. The Rompetrol Group N.V. made public the appeal against such Ordinance.



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4. THE BOARD OF DIRECTORS OF THE COMPANY

4.1. Presentation of Company's Directors

In 2010, the structure of the Board of Directors was changed as follows:

- on 30 April 2010, the Ordinary General Meeting of Shareholders adopted the Resolution no. 2/2010 whereby Mrs. Doina-Elena Penu's mandate was acknowledged as terminated and Mr. Yerzhan Orynbassarov was appointed Director.
- on 23 September 2010, the Ordinary General Meeting of Shareholders adopted the Resolution no. 26/2010 whereby Mr. Iuri-Titov Buzescu's mandate was acknowledged as terminated and Mr. Arman Kairdenov, who at the time of his designation had also the capacity of General Manager of the Company, was appointed Director

a) We thenceforth present information on the Company's Directors, commissioned since 31 December 2010.

Surname and Given Name	Age (years)	Position in the Board of Directors and Seniority	Other Information (qualification, professional experience)
Yerzhan Orynbassarov	42	<ul style="list-style-type: none"> - President of the Board of Directors since 23 September 2010 up to the present; - designated Manager by Resolution no. 1/2010 adopted by the Ordinary General Meeting of Shareholders on 30 April 2010, for a four years mandate beginning with that date 	<p>Graduate of Lomonosov State University of Moscow, obtaining the Excellence Diploma in Mathematical Studies and graduate of Eurasia Market Institute, Economic Management Academy, obtaining the Economist Excellence Diploma</p> <p>Is Member of the Board of Directors in the companies Dyneff SAS and Rompetrol Russia – members of Rompetrol Group.</p> <p><i>Responsibilities:</i> Senior Vice-President within Rompetrol Group, coordinating all operational areas of Rompetrol Group: Retail, Trading, Refinery and Petrochemistry, industrial services and Upstream.</p>



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Alexandru Nicolciolu	59	<p>Member of the Board of Directors since 23 September 2010 up to the present;</p> <p>Was the President of the Board of Directors of Rompetrol Rafinare between the following periods:</p> <ul style="list-style-type: none"> - 30/04/2010 – 22/09/2010; - provisional designation since 25/02/2010 until the Ordinary General Meeting of 30/04/2010 - 25/02/2006 – 25/02/2010; - 26/02/2001 – 25/02/2006; - 1990 - 1998 	<p>Graduated from the Faculty of Oil and Gas Technology and Chemization, within the Faculty of Oil, Gas and Geology of Bucharest, class of 1975, obtaining a Diploma in Engineering;</p> <p>Has started to work for the Company in 1975; General Manager of the Company between 1990 and 1998. Is one of the few people of Rompetrol Group that have been together with the Company for more than 30 years, with a large experience in oil and gas activities.</p> <p><i>Responsibilities:</i> Vice-President in the Rompetrol Group, the Refinery and Petrochemistry Division.</p>
Arman Kairdenov	39 ani	<p>Member of the Board of Directors since 23 September 2010;</p>	<p>Graduated from the Faculty of Organic Substances Technology, within the Chemical Technology Institute of Kazakhstan, class of 1993.</p> <p>Has joined the Rompetrol Group three years ago, as a Second General Manager of Rompetrol Rafinare.</p> <p>Before Rompetrol, worked in the National Company KazMunayGaz, first as a Senior Manager of Petrochemical Division, then as Second Executive of oil Processing Division.</p> <p>Started his carrier in the Atyrau Refinery. His ascending carrier continued in the investment projects field, where he was in charge of several positions: Coordinator of Construction Projects Division, Second General Manager of Construction Enterprise, Second Manager of Construction Management Department</p> <p><i>Responsibilities:</i> Currently, also General Manager of Rompetrol Rafinare as well as Member of the Board of Directors of Midia Marine Terminal SRL, company of the Rompetrol Group</p>



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b) Any understanding, agreement or family relation between said manager and another person, due to whom that person was named manager;

To the best of managers' knowledge, no understanding, agreement or family relation between managers or another person due to whom they were named as managers existed.

c) Manager's participation at the share capital of the company;

According to the Shareholders Register of the Company consolidated on 31-12-2010 issued by Depozitarul Central S.A., the managers do not hold shares in the Company.

d) List of persons affiliated to the company

None of the members of the Board of Directors of the Company is a person affiliated to the Company, according to the National Securities Commission Regulation no. 1/2006.

4.2. Members of the Board of Directors of the Company

a) Duration when a person is part of the Board of Directors ;

According to the provisions of the Articles of Incorporation of the Company, the only positions which are authorized to be in charge of the company as per art. 143 of Law 31/1991 on Companies are those of General Manager and Financial Manager. Any other managerial position in the company (human resources manager, commercial manager, managing director, IT manager, etc.), regardless their denomination, does not imply managing the company.

On the 31 December 2010, the two managers who have been authorized to be in charge of the company in the above mentioned sense are:

Surname and First Name	Position
Arman Kairdenov	General Manager
Vasile-Gabriel Manole	Financial Manager

The executive managing members are exercising their rights during a mandate which shall expire on 30 April 2014 (together with their designated managers).



b) Any understanding, agreement or family relation between said manager and another person, due to whom that person was named manager;

We do not know cases of understanding, agreement or family relations between the executive management members and other persons due to whom they were named

c) Said person's participation at the share capital of the company;

None of the two managers presented in table from item 4.2. a) has shares in the Company.

4.3. Possible disputes or administrative procedures in which persons mentioned in section 4.2 and 4.3 were involved in the last 5 years.

Starting with 25 March 2005 and up to the date of this report, the investigations regarding certain former or current managers, executives or external censors of Rompetrol Rafinare S.A. ("RRC") officially continued (regardless some discontinuities appeared in the course of the criminal prosecution). Currently, the Prosecutor's Office attached to the High Court of Cassation and Justice of Romania – Investigation Department of Infringement of Organized Crime and Terrorism ("DIICOT") is making investigations about only one of the current RRC managers.

The accusations recorded at the initiation of investigations are related to the following aspects referring RRC and happened especially between April 2001 and October 2002: a) non-compliance with the investing arrangements of The Rompetrol Group NV ("TRG") established by Buy-out Contract of Petromidia Refinery; b) incorrect declaration and registration of excises and other State budget debts; c) incorrect bookkeeping regarding the transactions which took place in the Oil Terminal.

The above mentioned accusations were separated by the Prosecutor in the initial file (which was sent for judgement, subsequent to separation – the current file 30041/3/2004 on the docket of the Law Court of Bucharest, Penal Section I), said accusations being now the object of a separate file of the DIICOT docket (file 228/D/P/2006).

The events which were considered in the file 30041/3/2006 regarding RRC refer to RRC deslisting from the Rasdaq electronic market and relisting of RRC shares on the BSE main platform. In this file, two officials of TRG, mother-company of RRC, Mr. Dan Costache Patriciu and Alexandru Busca were put to trial.

Currently, file 30041/3/2006 is pending in trial in the Law Court of Bucharest. The file is in the phase of judicial investigations, defendants' hearing stage (12 in total). Following the Court decision of 17 September 2010 to inform the Constitutional Court



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of Romania to resolve an intimation filed by the defence attorneys, the file is suspended, and the judgement is to be resumed after the issuance of a resolution by the Constitutional Court.

We mention that the decision that is to be made by the Law Court of Bucharest is susceptible of two legal ways – appeal and recourse, in the jurisdiction of the Bucharest Court of Appeal, i.e. the High Court of Cassation and Justice, until the solution becomes unappealable.

The company publicly declared in repeated times, and still considers that regarding all accusations, has offered clear, reasonable and legitimate explanations for its actions and all persons involved in such actions.

Our company considers that all accusations brought against it have no legal grounds. The Company's position was also confirmed by the court at the moment of admitting the complaint filed by TRG and RRC against the distraint put on RRC assets and shares. Said distraint was unilaterally imposed by DIICOT and subsequently irrevocably annulled by the court.

We also mention that on 15 December 2005 TRG also filed an arbitral demand at the International Centre for Settlement of Investment Disputes, an institution of the World Bank ("ICSID"), of Washington DC, against the Romanian Government, whereby requests money compensations as a result of infringement by the Romanian State of TRG's rights stipulated in the Investment Encouragement and Mutual Protection Agreement celebrated between The Kingdom of the Netherlands and the Romanian Government, in force starting with 1 February 1995 (BIT "Dutch-Romanian"). The demand was registered by ICSID and represented the scope of an examination for determining its eligibility as well as ICSID's competence, the court's decision in this case being favourable to TRG. Presently, following the debates which took place on the merits of the case during several appearances in 2010, the arbitral court postpones ruling, the settlement of the case being waited in 2011.

4.4. Modification of the Articles of Association

Company's Articles of Association can be modified by the General Meeting of Shareholders, as per the provisions of Companies Law no. 31/1990 together with the provisions of the Articles of Association. The Articles of Association may be modified by the Board of Directors of the Company on the basis of authorization by the shareholders' meeting granted as per art. 114 of Companies Law no. 31/1990.



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5. FINANCIAL AND ACCOUNTING STATEMENT

Presentation of an analysis of the current financial and accounting statement in comparison with the last 3 years, referring at least to:

a) balance elements: assets which represent at least 10% of the total assets; cash and other liquidities; reinvested benefits; total current assets ; total current liabilities;

MAIN INDICATORS STATEMENT BETWEEN 12/31/2008 – 12/31/2010

A BALANCE INDICATOR

	ASSETS	Lei		Lei		Lei	
		December 2010	%	December 2009	%	December 2008	%
I.	Fixed assets	3,895,812,356	63	3,569,077,207	69	2,429,703,829	57
1	Intangible assets	4,586,773	0	6,922,484	0	4,866,471	0
	other assets	4,506,687	0	6,891,786	0	4,835,773	0
	advances and intangible assets under way of execution	80,086	0	30,698	0	30,698	0
2	Tangible assets	1,858,298,977	30	1,563,231,644	30	1,300,879,071	30
	lands and buildings	719,840,941	12	688,202,336	13	620,215,482	15
	technical installations and machines	548,766,199	9	395,179,444	8	335,782,440	8
	other tangible assets	3,412,511	0	3,629,815	0	1,503,185	0
	advances and tangible assets under way of execution	586,279,326	9	476,220,049	9	343,377,964	8
3	Financial assets	2,032,926,606	33	1,998,923,079	39	1,123,958,287	26
	long-term receivables	122,043	0	118,516	0	98,139	0
	shares held in affiliated entities and investments held as assets	2,032,804,563	33	1,998,804,563	39	1,123,860,148	26
II.	Short term assets	2,293,567,467	37	1,605,779,478	31	1,840,237,966	43
1	Stocks	902,498,199	15	636,774,965	12	499,871,863	12
	raw material and expendable material	594,854,474	10	427,699,499	8	305,868,197	7



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	products under way of execution	172,502,103	3	121,125,554	2	55,795,559	1
	finite products and merchandise	122,459,991	2	71,374,471	1	89,466,397	2
	advances for buying stocks	12,681,631	0	16,575,441	0	48,741,710	1
2	Other short term assets	1,391,069,268	22	969,004,513	19	1,340,366,103	31
	trade receivables	1,109,461,945	18	710,395,457	14	1,183,323,922	28
	other receivables	253,511,879	4	208,813,228	4	46,112,994	1
	cash desks and bank accounts	28,095,444	0	49,795,828	1	110,929,187	3
III.	Expenses in advance	2,431,760	0	1,106,427	0	1,609,240	0
	expenses in advance	2,431,760	0	1,106,427	0	1,609,240	0
	operational discount rate clarification	0	0	0	0	0	0
	Total asset	6,191,811,583	100	5,175,963,112	100	4,271,551,035	100
	LIABILITIES						
I.	Own capital	581,590,514	9,4	1,151,854,310	22	1,562,562,987	37
	share capital	4,410,920,572	71	2,109,927,600	41	2,109,927,600	49
	share premium	232,637,107	4				
	reserves	30,517,089	0	1,958,363,433	38	1,958,363,433	46
	reserves from revaluation	194,908,206	3	195,579,781	4	132,172,373	3
	profit(+) or loss (-) carried forward	-3,617,629,972	-58	-2,637,900,419	-51	-2,172,887,278	-51
	profit(+) or loss (-) of exercise	-669,762,488	-11	-474,116,085	-9	-465,013,141	-11
II.	PROVISIONS	61,660,090		32,977,770	1	34,823,598	1
III.	Debts	5,545,701,821	89,6	3,991,131,032	77	2,672,318,772	63
	loans from bonds emissions	0	0	66,360,429		167,291,505	
	short-term bank credit	66,626,122	1	37,664,604	1	755,140,676	18
	trade debts	1,820,105,561	29	1,088,206,862	21	1,269,758,137	30
	prepayments cashed on orders' accounts	15,085,398	0	14,604,176	0	34,275,851	1
	loans from companies belonging to the group	3,130,255,496		2,426,920,307	47	119,179,380	3
	other debts	513,629,244	8	357,374,654	7	326,673,223	8
IV	Incomes in advance	2,859,158	0	0	0	1,845,678	0



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incomes in advance	2,859,158	0	0	0	1,845,678	0
Total Liabilities	6,191,811,583	100	5,175,963,112	100	4,271,551,035	100

- i) **Tangible assets** – lands, buildings, technical installations, under way assets, represent an important 30% of total assets. At the end of 2010, they reached the value of 1,858,298,977 lei, 20.2% higher than 2009 and 32.2% higher than 2008, influenced in particular by two factors:
- new investments
 - amortization (depreciation of fixed assets)

Depending on the increase/decrease of one of these two factors during the year, the value of assets increases or decreases.

- ii) In **financial assets** (33%), shares have the biggest weight (99.99%). Their increase as compared to 2009 and 2008 is due to in kind and cash infusion to the share capital of the companies belonging to Rompetrol group.

In 2010, the Company increased its shareholding in Rompetrol Petrochemicals SRL, with the amount of 34,000,000 lei (through receivable conversion).

- iii) **Total stocks** register a 41.7% increase in regard to 2009 and 80.5% in relation to 2008. Relatively to 2009, there is an increase of:
- raw material and other material stocks with approximately 39%, due mainly to the increase of the acquisition price at the end of 2010. Therefore, if medium acquisition price in 2009 was USD 458/ton, in 2010 said price registered USD 587/ton.
 - semi-products stocks with 42.4% as compared to the end of 2009 (121,125,554 lei, in 2009, to 172,502,103 lei, in 2010)
- iv) Regarding **receivables**, they have increased in relation to 2009 with about 56% and maintained at an approximately equal level to the one registered in 2008.
- v) **Own capital** decreased in regard to 2009 with 50.5%. Thus, from 1,151,854,310 lei in 2009, on 31 December 2010 they register a value of 581,590,514 lei. Such depletion is basically due to the current year registered loss of 669,762,488 lei. The share capital registered on 31 December 2010 the amount of 4,410,920,572 lei as compared to 2,109,927,600 lei at the end of 2009. The significant increase of share capital depends on the following:

- Resolutions no. 4, 5 and 6 of the Extraordinary General meeting of Shareholders of 30 June 2010, whereby the initiation of an increase with 450,000,000 lei of the share capital was approved. During the subscription term, the shareholder The Rompetrol Group has subscribed and paid in a number of 3,294,914,165 shares (329,491,416,5 lei), and minority shareholders subscribed and paid in a number of 6.506 shares (650.6 lei).



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- Resolutions no. 28 and 29 of the Extraordinary General meeting of Shareholders of 30 September 2010, whereby the Company converted unredeemed bonds in shares in favour of the State of Romania (19,715,009,053 shares amounting 1,975,500,905 lei). The subscribed and paid in shares could not be registered at the Trade Register on 30 September 2010 as a consequence of the trials initiated by the Romanian State.

vi) **Total debts** at the end of 2010 register a 39% increase in relation to 12/31/2010 and approx. 2 times bigger than in 2008. Within total debts, significant increases are registered to:

- trade debts, with 67.2% bigger than in 2009;
- loans from companies belonging to the group. Specifically, during 2010 a loan from The Rompetrol Group N.V. was contracted amounting 3,105,655,496 lei, which was used to ensure the working capital as well as to finance investment projects (technological and environmental).

b) the profit and loss account: cost and expenses elements with an weight of at least 20% in net sales or in gross incomes; risk and other expenses provisions; refer to any sale or blocking of an activity segment made in the last year or which is to be made in the next year; declared and paid dividends;

B FINANCIAL INDICATORS

	Lei		
	2010	2009	2008
NET TURNOVER	7,099,249,720	6,281,160,059	8,665,021,543
SOLD PRODUCTION	7,066,996,021	6,171,259,842	8,645,666,627
OPERATING INCOMES	7,215,033,596	6,332,902,636	8,678,797,265
FINANCIAL INCOMES	1,179,981,642	853,305,727	746,729,120
EXCEPTIONAL INCOMES			
TOTAL INCOMES	8,395,015,238	7,186,208,363	9,425,526,385
OPERATING EXPENSES	7,371,057,092	6,675,887,362	8,661,637,313
out of which:			
-raw material	6,555,510,650	5,739,614,576	7,763,202,520
-energy	265,990,442	281,651,042	286,237,205
FINANCIAL EXPENSES	1,693,688,384	984,408,419	1,228,902,213
EXCEPTIONAL EXPENSES			
TOTAL EXPENSES	9,064,745,476	7,660,295,781	9,890,539,526
RESULT FROM OPERATION	-156,023,496	-342,984,726	17,159,952
FINANCIAL RESULT	-513,706,742	-131,102,692	-482,173,093
EXCEPTIONAL RESULT	0	0	0
Annual minimum tax	32.250	28.667	
TOTAL RESULTED	-669,762,488	-474,116,085	-465,013,141



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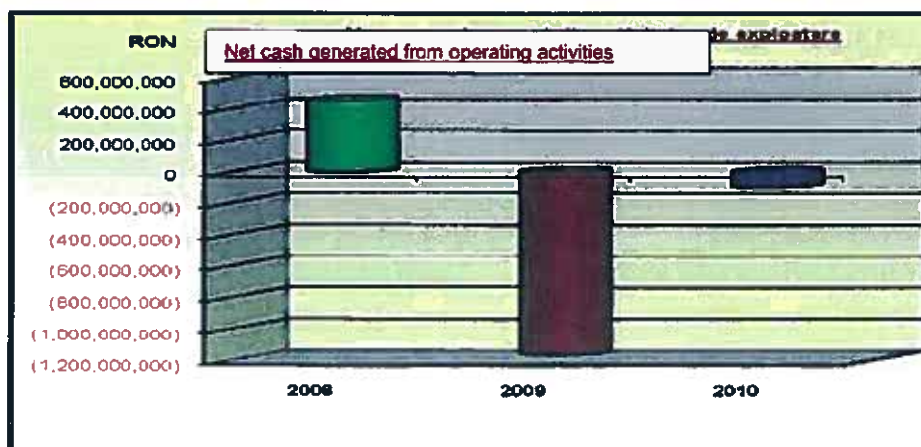
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- i. The registered **turnover** on 31 December 2010 was 13% higher than in 2009, and comparatively to 2008 is 18% smaller, the main cause being the petroleum products and raw material price fluctuation during the 3 analysed years;
- ii. On 31 December 2010, **the net sales** grew with 14.5% in regard to 2009 and registered 18% smaller values in relation to 2008. They were affected by the same cause mentioned before;
- iii. **Total expenses** experimented during the analysed period an approx. 18% increase in relation to 2009, and an 8% decrease as compared to 2008. Like incomes, expenses are correlated to raw material price fluctuations, the acquisition expenses of raw materials representing about 72% of total expenses.
- iv. The Company registered a bigger loss, that is 41.3% and 44%, as compared to 2008 and 2009, concerning **the total result** of 31 December 2010.

c) cash flow: all changes appeared at cash level during the basic activity, investments and financial activity, the cash level at the beginning and end of the period.

In 2010, the net statement of cash flows reflects the company's efforts to efficiently harmonize the cash needs derived from operating activities, with a balanced financing policy.

Against crude oil international rates increase reaching over \$ 90/bbl at the end of the month of December 2010, as compared to USD 77.67/bbl at the end of 2009, the Company has registered a growing both at trade receivables level and petroleum products& raw material stocks value, affecting cash flows derived from operating activities.

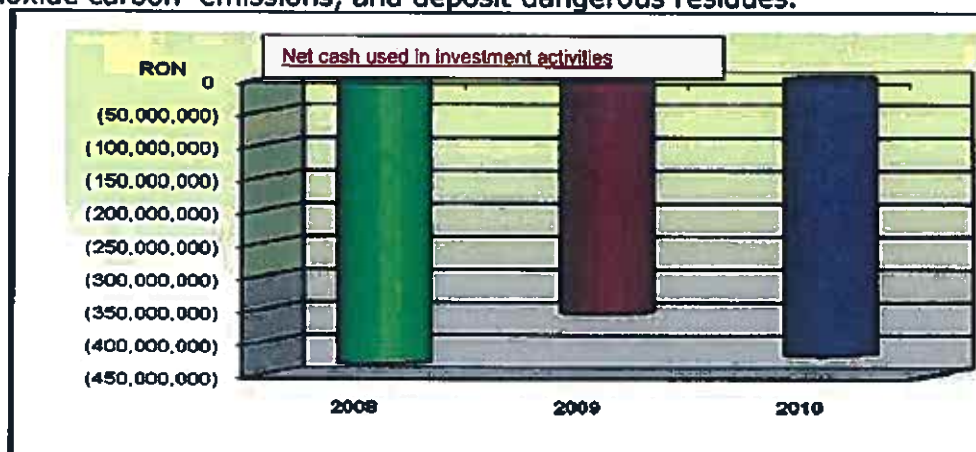




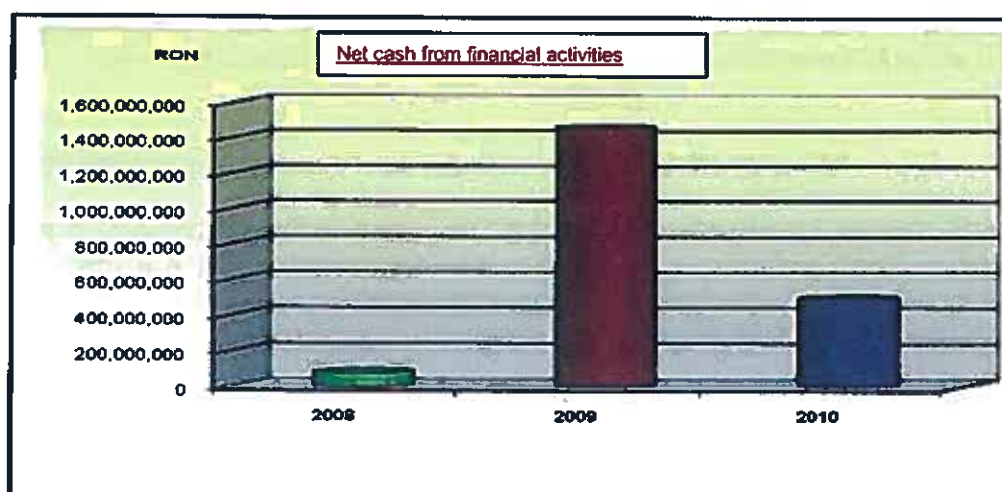
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The cash flow generated from investment activities reflects the Company's concern to continue modernization investments of refinery. In 2010, Rompetrol Rafinare continued its investments regarding new technologies implementing which can allow processing different types of crude oil and obtaining the quality imposed by European standards, complying with the Directives requirements on the promotion and usage of renewable biofuels for transport, as well as increasing the refinery's processing capacity and output of white products. Another aim in mind with the investment activity was the alignment to EU requirements and environment regulations in force, especially with the view to reduce azote oxides, sulphur, volatile organic compounds and dioxide carbon emissions, and deposit dangerous residues.



The cash flow from financing activities is positive, resulting from the fact that the Company enjoyed the support of its majority shareholder in order to support both the generated needs by the investment activities and the development of the operating activity of the refinery. During 2010, the company expanded its share capital with cash infusion from its main shareholder and redeemed part of the bonds issued according to Ordinance 118/2003.





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6. CORPORATE GOVERNANCE

Rompetrol Rafinare is a Company administered in a unitary system, issuer of shares listed on the regulated market operated by the Bucharest Stock Exchange S.A. („BSE“). The admission of the Company's shares to be transacted on BSE's secondary market has been decided in a Resolution of the Stock Exchange Board on the admission for transaction, n. 27/3/25/2004, while the actual starting date of transactions was April 7, 2004. Before this date, the Company's shares have been listed on the regulated market operated by RASDAQ.

The Company's shares are transacted at BSE under the market symbol „RRC“.

The Corporate Governance Report of Rompetrol Rafinare S.A. for the year 2010 is based on the Corporate Governance Code („CGC“ or „Code“) adopted by BVB on 1/22/2009, on Act n. 297/2004 on the capital market, with subsequent amendments and integrations, on the rules and instructions issued by the National Securities Commission („CNVM“) and on the stock exchange regulations.

CGC of BSE includes some supplementary recommendations attached to some normative acts from Romania, such as: Act n. 31/1990 on the companies, reissued, with subsequent amendments and integrations, Act n. 82/1991 on accounting, with subsequent amendments and integrations and Act n. 297 on the capital market.

The Code has the purpose of guaranteeing high conditions of transparency and visibility for all stockholders and for all third parties („stakeholders“). The rules of CGC are grouped in XIX principles prescribed in 41 recommendations from 11 articles. The principles and recommendations of CGC are prescriptions about issuers, auditors, shareholders or other issuer's structures.

CGC of BSE, in Romanian and English, is available and can be read on the BSE website at address: www.bvb.ro section called „About Us“, subsection „Publications“ or at the web address: www.bvb.ro, section „Companies“, subsection „Corporate Governance“. The same web address also include the Guidelines for implementing the Code of Corporate Governance, as well as the „Apply or Explain“ Statement.

6.1 BSE standards regarding the corporate governance

In accordance with the rules of BSE included in CGC, Rompetrol Rafinare complies partially and voluntarily to some kind of principles and recommendations of CGC, aspect apparent also from the „Apply and Explain“ Statement. The Company proposes the improvement of the way it implements the principles and recommendations of the CGC of BSE.



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In accordance with BSE standards, the Issuers whose financial instruments are transacted on a regulated market operated by BSE must send, on an yearly basis, attached to the Annual Report, starting from the one corresponding to 2010, a Statement of Conformity or Non-Conformity to the CGC provisions. This Statement is attached to this Report.

6.2 Information on the Board of Directors

In accordance with the Articles of Associations, the activity of the Company is directed by a Board of Directors, composed of 3 members, assigned by the General Ordinary Meeting of Shareholders, who may be shareholders of the Company, persons or entities, having Romanian or foreign citizenship or nationality.

The Directors may be replaced in the following situations:

- a) Upon expiry of their 4 year mandate;
- b) In case of resignation or revoking by the General Meeting of Shareholders.

The main attributions of the Board of Directors, as per the Articles of Association, are detailed below:

- a) fixes the Company's main directions of activity and development;
- b) decides upon the systems for book keeping and financial control and approves the financial planning;
- c) assigns, revokes, and, respectively, concludes and terminates the contracts of the Company's Directors;
- d) supervises the activity of the Directors;
- e) prepares the Annual Report, organizes the General Meeting and implements its decisions;
- f) files the request for the commencement of the insolvency procedure, as per Act 85/2006 governing the insolvency procedure;
- g) except for what regards legal acts for which adoption/conclusion an approval from the General Meeting of Shareholders is necessary, as prescribed by the imperative provisions of the legislation, it approves the adoption/conclusion of legal acts in the name of the Company, if their value exceeds:
 - i) USD **50,000,000** for legal acts related to crude oil provision and, respectively, distribution of refined products;
 - ii) USD **20,000,000** for legal acts related to other matters that crude oil provision and, respectively, distribution of refined products;
- h) approves the participation in the incorporation of a company with a contribution exceeding this value limit, other patrimonial acts which exceed the above mentioned value limit;



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The Board of Directors also has the following attributions assigned by the General Extraordinary Meeting compliant to what prescribed by art. 114 from Act 31/1990, reissued:

- a) decides on the relocation of the Company's head office;
- b) decides on the amendment of the Company's activities (except for the main field of activity and the main activity of the Company);
- c) decide on the augmentation of the share capital by issuing new sharestock, in compliance with the legislation in force.

The Board of Directors also holds other responsibilities duly ascribed to it, in accordance with the normative acts in force.

For what regards the share issue, the Board of Directors may perform such operation within the share capital augmentation operations, exercised in accordance with the attributions assigned by Act 31/1990, as connected with the provisions of Act 297/2004. The Board of Directors has not been abilitated to perform operations of share repayment within the public offer of mandatory takeover, which took place during 2010.

6.3 Information about members of the Board of Directors of Rompetrol Rafinare at December 31th, 2010

Name, year of birth, citizenship, length of mandate for each member of the Board of Directors, responsibilities within the Rompetrol Group, training and professional qualification.

The current composition of the Board of Directors is the following:

Yerzhan Orynbassarov

Born in 1969, Kazakh citizenship.

Length of the mandate of Director: from 4/30/2010 until 4/30/2014

President of the Board of Directors from 9/23/2010, non-executive member.

Member of the Board of Directors also in the DYNEFF SAS and Rompetrol Russia – members of Rompetrol Group.

Responsibilities: It holds the position of Senior Vicepresident inside the Rompetrol Group, coordinating all the operational areas of Rompetrol Group: Retail, Trading, Refining and Petrochemistry, Industrial Services and Upstream.

Training and professional qualification: graduate of the Lomonosov State University from Moscow, holding the Excellence Diploma in Mathematical Studies, graduate also of Eurasia Market Institute within the Economic Management Academy, obtaining a Diploma of Excellence as an Economist. It has a 15-year experience in the following



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petroleum companies: KazMunaiGas, KazTransOil, Kazakhoil- Emba OJSC or Kazakhoil NOC.

Alexandru Nicolciolui

Born in 1951, Romanian citizen

Length of the mandate of Director: from 4/30/2010 until 4/30/2014

Currently a non-executive member of the Board of Directors.

It held the position of President of the Board of Directors of Rompetrol Rafinare for the following mandates: 1990 – 1998 and 2/26/2001 – 2/26/2006; 2/25/2006 – 2/25/2010; 2/26/2010 – 9/26/2010

Responsibilities: it holds the position of Refining and Petrochemistry Vicepresident within the Rompetrol Group, one of the key business of Rompetrol Group.

Training and professional qualification: graduate of the Faculty of Technology, Petroleum and Gas Chemicalization within the Bucharest Faculty of Petroleum, Gases and Geology, class of 1975. With an activity of more than 30 years inside the Company, it has a vast experience in the Petroleum and Gases activities. Between 1990 and 1998 it held the position of Company's General Manager.

Arman Kairdenov

Born in 1971, Kazakh citizen.

Length of the mandate of Director: from 9/23/2010 until 4/30/2014

Executive member of the Board of Directors

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

Responsibilities: it also holds the position of General Manager within Rompetrol Rafinare S.A.

Training and professional qualification: it has a solid professional experience in the petroleum and gas industries, in its various areas: management of the refining and petrochemistry production units, development, coordination and implementation of construction projects. Mr. Arman Kairdenov joined the Rompetrol Group in 2008, on the position of Deputy General Manager of Rompetrol Rafinare. Before Rompetrol, it worked for the National Company KazMunayGaz, firstly as a Senior Manager of the Petrochemical Division, then on the position of Deputy Manager of the Petroleum Processing Division. Mr. Arman Kairdenov is a 1993 graduate of the Technology of Organic Substances Faculty within the Chemical Technology Institute from Kazakhstan, and has started his career at the Atyrau Refinery. His ascending career continued in the area of investment projects in which it held various positions: Coordinator of the



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Construction Projects Division, Deputy General Manager of the Construction Warehouse, Deputy Manager of the Construction Management Division.

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

As results from the Articles of Association, the Board of Directors meets at least once every three months and otherwise whenever necessary. In the course of 2010, the Board of Directors organized 6 meetings. On the agenda of these meetings there were various matters concerning the current activity carried out by the Company or by its branches, such as: for establishing the Company's main directions of activity and development, for approval of the assignation of executive Directors of the Company, for the approval of the Annual Report and of the General Ordinary Meeting held to approve the annual financial results, for the approval of the alteration of the Company's address for its head office and for its Navodar Facility, for the approval of reports and materials related to biannual and quarterly financial results, for the General Meetings of Shareholders organized in the course of 2010, for the approval of significant legal acts, for the approval of the completion of the augmentation of share capital operation, carried out as per Decisions n. 4, 5 and 6 adopted by the General Extraordinary Meeting of Shareholders from June 30, 2010, for assigning the President of the Board of Directors etc.

The meetings of the Board of Directors took place with the participation of at least 2 Directors of the 3 that formed the numerical composition of the Board of Directors in the course of 2010. All the decisions of the Board of Directors have been adopted with unanimity of votes. The majority of meetings were organized as teleconference / videoconference.

The table below evidences the presence of Directors at the meetings of the Board of Directors for the year closed on December 31, 2010:

Name	Presence
Yerzhan Orynbasarov (from April 30, 2010)	33/34
Alexandru Nicolcioiu	45/46
Arman Kairdenov (from September 23, 2010)	8/10
Doina-Elena Penu (until April 29, 2010)	10/12
Iuri-Titov Buzescu (until April 29, 2010)	35/36

[A] The first figure indicates the number of meetings that the person attended in his quality of Director, while the second figure represents the number of meetings organized from the start of the year until the date in which such person held the same quality, or since the date of its nomination until the end of 2010.



6.5 Consulting committees, non-executive Directors and the Independence of Directors

Considering the fact that the type of organization on the Rompetrol's group level contains the existence of some matrix functions with different responsibilities, it haven't been imposed the creation of some consulting committees (audit committees, nomination committees, remuneration committees). The relationship between the company and the Rompetrol's group functions is stated through the supply services contract.

The retribution received by the members of the Board of Directors and by the Directors (executive and non-executive) holding representation contracts is presented in the Note no. 8 related to the individual annual financial statements.

The criteria for assessing the independence of the non-executive members of the Board of Directors are to be found within Principle VIII, Recommendation 16 from CGC of BSE. Currently, no member of the Board of Directors of Rompetrol Rafinare meets the independence criteria prescribed by the above mentioned principle and recommendation.

6.6 Information on the General Meeting of Shareholders and the rights of shareholders

As per article 11 from the the Company's Articles of Association, as correlated with the applicable legal provisions, the General Ordinary Meeting is organized at least once every year, no later than the term fixed by the legislation, and has the following main attributions:

- a) to discuss, prove or alter the annual financial statements, based on reports presented by the Board of Directors and the financial auditor, and to fix the dividends;
- b) to select and revoke the Company's Directors;
- c) to name and fix the minimum length of the financial auditing contract, as well as to revoke the financial auditor;
- d) to fix for each current financial year the retribution given to the Directors;
- e) to take decisions over the Director's management;
- f) to draw up the Income and Expenditure Budget and the activity program for the next financial year, as applicable;
- g) to take decisions regarding the warranting, lease or dissolution of one or more of the Company's facilities;
- h) to approve the maximum limits of the retributions for persons which hold/exercises management positions when the legislation so states.

The General Extraordinary Meeting has the following attributions:

- a) to change the Company's form of buiness organization;



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- b) to relocate the Company's head office;
- c) to change the activity of the Company;
- d) to form or dissolve some secondary offices: branches, agencies, representances or other similar units without legal personality, if the Articles of Association do not state otherwise;
- e) extension of the Company's duration;
- f) augmentation of the share capital;
- g) reduction of the share capital or its completion with new share issues;
- h) mergers with other companies or the division of the Company;
- i) anticipated dissolution of the Company;
- j) conversion of shares from one class to another;
- k) conversion of one class of bonds in another class or conversion into shares;
- l) bond issue;
- m) any other alteration of the Company's Articles or any other decision for which the approval of the General Extraordinary Meeting is required.

The General Extraordinary Meeting delegates the Board of Directors for exercising the attributions indicated under letters b) and c) of the paragraph above.
The General Extraordinary Meeting may delegate to Directors the majority of the share capital, as provided by art. 236 from Act. 297/2004 on the capital market.

The rights of the shareholders of Rompetrol Rafinare are those described to them by Act 31/1990 governing the organization of companies, Act n. 297/2004 on the capital market, as well as the rules and guidelines of the National Securities Council and other legal provisions in force.

The progress of the General Meeting of Shareholders of Rompetrol Rafinare SA, as per its updated Articles of Association:

The General Meeting of Shareholders is summoned by the Directors whenever needed, with the publication of a notice in the Romanian Official Journal, Part IV, and in one of the widespread local or national journals from the city where the legal office of the Company is located. The General Meetings are summoned by the Board of Directors, and the notice is published is made at least 30 days before the date of meeting. The notice of the General Meeting shall be sent to BSE and the National Securities Council.
The General Meeting may be organized at the Company's head office or in such other places as decided by Directors and indicated in the notice. The right to attend and vote in General Meetings of Shareholders is granted only to shareholders registered in the Company's Shareholder Register, kept and released by S.C. Central Depository S.A. Bucharest, on the reference date fixed in the General Meeting notice. As per the legal provisions, the shareholders may be personally represented (by legal representatives) or by a representative holding a Power of Attorney, or by correspondence, based on a Correspondence Voting Sheet.



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The shareholders may be represented in the General Meeting also by persons that do not hold the quality of Company shareholders, with the exception of Directors.

The notice of the General Meeting includes information about the availability of the Power of Attorney forms, Correspondence Voting Sheets and about the final term that has to be observed for the sending/deposition of such documents at the Company's head office, as well as about the email address for correspondence purposes.

Each shareholder, irrespective of its share in the Company's capital, is entitled to ask questions about the matters on the General Meeting agenda, and the Company may answer questions asked by shareholders by posting its answer on the Company's website. The questions must be pertinent, be related to the matters at hand on the agenda, not to harm the Company's confidentiality and business interests of the Company, and be sent in written form either by mail or messenger services, or by electronic means. The notice of the General Meeting also includes the date fixed within which shareholders can exercise the above mentioned rights.

One or more shareholders which represent, individually or collectively, at least 5% of the share capital, has/have the right, pursuant to legal provisions, to a) introduce new items on the agenda of General Meetings, on the condition that every new item be accompanied by a justification or by a proposed decision suggested for adoption in that same General Meeting, and b) present proposed decision for items included or suggested for inclusion on the agenda of General Meetings.

The notice of the General Meeting, the informative material regarding the items on the agenda of the General Meeting, the Power of Attorney forms, the Correspondence Voting Sheet Forms and proposed decisions are made available to the Company's shareholders at the Company's head office or may be downloaded from the Company's website.

The shareholders may request in writing copies of such documents, by mail/messenger or by e-mail.

The General Meeting shall be presided over by the President of the Board of Directors or by a person designated for that purpose by the same, who designates, from among the members of the General Meeting or from among the Company's shareholders, between one and three secretaries, plus a technical secretary from among the employees. These will elaborate the list of presence of shareholders and check the following:

- identity documents of persons attending the General Meeting as shareholders or persons authorized by shareholders;
 - the Power of Attorney presented by the representatives of shareholders.
- Mention will be made that the Power of Attorney is valid only for the General Meeting of Shareholders for which it has been requested.
- the correspondence voting sheets.

The meeting secretary also controls the meeting of legal conditions regulating the presence quorum of shareholders, in order to validate the General Meeting.



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If General Ordinary or Extraordinary Meeting cannot function due to unobservance of the legal quorum conditions, the meeting postponed to a subsequent date may decide upon the items from the agenda of the first meeting, irrespective of the quorum conditions, taking decisions based on the majority of votes expressed.

After filing the documents related to the agenda, the shareholders are invited to address questions and the problems offered to be decided upon by shareholders are subjected to voting by the meeting President.

The decisions of the General Meeting are taken by means of an open voting procedure, except for cases in which the General Meeting decides that the vote be secret or where the legislation imposes the secret vote.

Every share gives the right to a vote at the meetings of the General Meeting of the Shareholders of Rompetrol Rafinare. The persons representing more than one shareholder in base of Powers of Attorney expresses the votes of the persons represented by totalling the number of „for“, „against“ and „abstension“ votes without compensating them (for example, „for item x on the agenda, I represent „a“ votes „for“, „b“ votes „against“, „c“ votes „abstension“). The votes thus expressed are validated, or invalidated, as applicable, based on the third copy of the Powers of Attorney, by the Secretary of the General Meeting. The votes indicated in the content of the Power of Attorney shall be exercised only as desired by the shareholder.

The meeting secretary (secretaries) shall elaborate the minutes of the General Meeting based on the freely-expressed votes of shareholders.

No later than 24 hours from the date in which the General Meeting of Shareholders took place, the Company sends to BSE and the National Securities Council the current report discussing the decisions passed by the General Meeting of Shareholders, which is also published on the Company's website. The decisions of the General Meeting are also published in the Official Journal of Romania, Part IV.

Decisions adopted by the General Meetings of Shareholders in the course of 2010:

The General Ordinary Meeting of the Shareholders of Rompetrol Rafinare held on April 30, 2010 decided as follows:

- to approve the individual annual financial statements (drawn up according to the Romanian Accounting Standards) and the consolidated ones (drawn up according to the "IFRS" International Financial Reporting Standards), audited, related to the financial year 2009;
- to discharge from administration of the Company's Directors for their activity from the financial year 2009;
- to approve of the Income and Expenditure Budget and of the Company's activity program for the year 2010, including the investment plan for 2010;



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- to fix the retribution due for the financial year 2010 to members of the Company's Board of Directors, thus: leaving unchanged the amount approved for the financial year 2009, the retribution due to the President of the Board of Directors, while for the two other members of the Board of Directors an amount of LEI 9,000 each
- to ascertain the conclusion of the Director mandate for Mrs. Doina-Elena Penu, starting from 4/30/2010;
- to select as Director Mr. Yerzhan Orynbassarov, for a 4 (four) year mandate, starting from the date of this meeting;
- to select as Director Mr. Alexandru Nicolcioiu, for a 4 (four) year mandate, starting from the date of this meeting.

The General Extraordinary Meeting of the Shareholders of Rompetrol Rafinare held on June 30, 2010 decided as follows:

- to approve the augmentation of the share capital by a contribution in kind of up to LEI 450,000,000
- to grant preferential rights, to fix the details related to the subscription and to pay for newly-issued shares;
- to delegate to the Board of Directors the attributions connected to the completion of the procedure of augmentation;
- to approve the delegation to the Board of Directors of the attribution to modify the address of the Company's head office, a change needed as a result of the Resolution of Năvodari Local Council on the zoning of Năvodari, as well as assigning the name „Bulevardul Năvodari” to the portion of the County Road 226 which passes through such administrative territory and assigning street numbers to the units in which the Company has its head office and, respectively, its Facility (the Refinery);
- to approve and authorize the Board of Directors of the Company to execute and validate transactions with fixed assets having an accrued value over the course of the financial year 2010 which can exceed the 20% of the total fixed assets, less receivables, but with no more than USD 150,000,000. The transactions in question were acts of proprietorship, alienation, exchange and establishment of guarantees, as well as any other acts needed for the completion of such transactions.

The General Extraordinary Meeting of the Shareholders of Rompetrol Rafinare held on September 14, 2010 decided as follows:

- to confirm the Company's option to convert into shares its bonds not repaid upon expiry, in base of and in compliance with the Issue Convention and the special legislation applicable, and, respectively, in accordance with the Government Urgent Order n. 118/2203 regarding the measures for the regulation of some tax obligations of the company „Rompetrol Rafinare” S.A. Constanța, as approved with amendments by Act n. 89/2005;
- to principally approve the augmentation of the Company's share capital, by converting into shares the bonds not repaid upon expiry, in base of the Issue Convention and the special legislation applicable, the approval of the effective share capital augmentation and the related share issue being made by another



General Extraordinary Meeting of Shareholders, convoked for September 30, 2010, 10.00 AM (first meeting), and, respectively, for October 1, 2010 (second meeting).

- to leave unchanged the Decisions 4, 5 and 6 of the General Extraordinary Meeting of the Company's Shareholders from June 30, 2010;
- to approve the signing by the Company of an Addendum to the Loan Agreement concluded on August 12, 2009 between the Company and The Rompetrol Group N.V., major shareholder of the Company, for the delay of exigibility / its payment in installments, pursuant to terms and conditions as described in the informative material made available to shareholders in the legal period;
- to approve the imposition of a pledge by the Company – as part of the guarantee pack that was to be constituted in favour of The Rompetrol Group N.V. for the extension of the exigibility of the loan granted to the Company as per the Loan Agreement concluded on August 12, 2009 between the Company and The Rompetrol Group N.V. – of all shares held by the Company in the following companies: Rompetrol Downstream S.R.L., Rom Oil S.A., Rompetrol Petrochemicals S.R.L., Rompetrol Logistics S.R.L. and of some constructions owned by the Company;
- to ratify the results of the subscriptions made within the share capital augmentation procedure as approved by Decisions nos. 4/2010, 5/2010 and 6/2010 of the General Extraordinary Meeting held on 6/30/2010, as well as of all corporate decisions taken in order to complete the share capital augmentation procedure.
- to approve the imposition by the Company – as part of the guarantee pack that was to be constituted in favour of The Rompetrol Group N.V. in connection with the Loan Agreement concluded on December 16, 2008 between the Company and The Rompetrol Group N.V. – of real pledges of under the form of securities and/or real property over any assets, tangible or intangible, and/or real property of the Company;
- to authorize the Board of Directors to decide, negotiate or sign any documents needed for delay of the expiry date, reduction and/or refinancing, in full or in part, of the Loan Agreement concluded on August 12, 2009, as well as of the Loan Agreement concluded on December 16, 2008 between the Company and The Rompetrol Group N.V., including the establishment of security interests in personal and/or real property in favour of The Rompetrol Group N.V. related to such agreements;
- to approve the use of such contributions deposited by shareholders for the share capital augmentation approved by Decisions nos. 4/2010, 5/2010 and 6/2010 the General Extraordinary Meeting held on 6/30/2010 and for the Company's general needs, including for the repayment of any and all of the due debts;

The General Ordinary Meeting of the Shareholders of Rompetrol Rafinare held on September 23, 2010 decided as follows:



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- to ascertain the conclusion of the Director mandate for Mr. Iuri-Titov Buzescu, starting from 9/23/2010;
- to select as Director Mr. Arman Kairdenov, for a mandate due to expire on 4/30/2010 (at the same time with the mandate of the other two current Directors);

The General Extraordinary Meeting of the Shareholders of Rompetrol Rafinare held on September 23, 2010 decided as follows:

- to approve the amendment of the Company's Articles of Association, by augmenting the ceiling values starting from which an approval from the Board of Directors shall be necessary for legal acts regarding crude oil provision or the distribution of refined products from USD 15,000,000 to USD 50,000,000, and, respectively, for legal acts related to any other matter, from USD 1,000,000 to USD 20,000,000.

The General Extraordinary Meeting of the Shareholders of Rompetrol Rafinare held on September 30, 2010 decided as follows:

- to approve the conversion into shares of 20,652,098 bonds which have not been repaid by the Company by September 30, 2010, in accordance with art. 5 from the Urgent Government Order n. 118/2003 about the measures for regulation of certain tax obligations of the company „Rompetrol Rafinare” – S.A. Constanța, as subsequently approved with amendments by Act no. 89/2005 and with art. 9 from the Issue Convention concluded between the Company and the Romanian National State, by means of the Ministry of Public Finance on December 5, 2003;
- to approve the augmentation of the Company's share capital, by effect of the law, with LEI 1,971,500,905.3, representing the amount corresponding to the conversion into shares of 20,652,098 bonds issued by the Company based on the Issue Convention concluded between the Company and the Romanian National State, by means of the Ministry of Public Finance on December 5, 2003 and in accordance with the Urgent Government Order n. 118/2003 about the measures for regulation of certain tax obligations of the company „Rompetrol Rafinare” – S.A. Constanța, as subsequently approved with amendments by Act n. 89/2005, and not repaid until the date of this General Extraordinary Meeting of Shareholders;
- to approve of the issue price of LEI 0.1118 / shares for shares issued as part of the share capital augmentation procedure, decided as described above, and to alter the relevant chapters from the Company's Articles of Association in order to immediately reflect the share capital augmentation resulting from the conversion and the quality of shareholder granted by the Romanian National State by means of the Public Finance Ministry;
- to approve the augmentation of the Company's share capital with no more than LEI 1,971,500,905.3, originating in the legal share capital augmentation prescribed by Decision n. 29/2010, and the issue of a total of



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19,715,009,053 new shares to be offered for subscription to the Company's shareholders existing at the registration date, i.e. October 18, 2010, in proportion with the shares held by each of them, in accordance with art. 216, item 1 of Act 31/1990, with an issue price fixed at LEI 0.1118 per share;

The shareholders right over the dividends

In case in which the General Meeting of The Shareholders approves the distribution of the dividends, from the net profit made by the company, there are in right to receive dividends all the shareholders registered in The Shareholders Registry at the register date established by the General Meeting, which approves also the value of the dividends and also the term in which they are paid.

6.7 Information about the executive management of Rompetrol Rafinare

According to article 16.1 from the Company's Articles of Association, updated on October 20, 2010, the Company's executive management to whom management attributions have been delegated by the Board of Directors as per the provisions of art. 143 of Act 31/1991 governing the organization of companies, has been guaranteed by the General Manager and the Economic Manager.

On December 31, 2010, the executive managers of the Company are:
Mr. Arman Kairdenov – General Manager - Administrator
Mr. Vasile-Gabriel Mamole – Economic Manager

6.8 Other elements related to the Corporate Governance

6.8.1. Transparency, communication, continuous and periodic reporting

The Rompetrol Rafinare grants great importance to the transparency of the communication and to the information of the shareholders and to the investors. During 2010, there were made reports and press releases regarding the financial statements, the convening note of the GMS and the GMS decisions, the regularly reporting (quaterly, semestrial and annualy), the significant tranzaction, the reporting of the litigations, in which the company is involved. The information that made the object of the Curently and the Regularly reporting were presented to the market operator, BSE, NSC and they were also made public, through their public posted on the Company's website, www.rompetrol.ro at section Investors Relations/Rompétrol Rafinare/Presentation

According to the legal previsions, the individual and consolidated financial statements are audited by the Ernst&Young Assurance Services S.R.L., independent financial auditor, named by the GMS from April 29th, 2009 for a 4 year period.



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6.8.2. Social Corporate Responsibility 2010

According to the policy for the Corporate Social Responsibility of Rompetrol Group, Rompetrol Rafinare has continued throughout 2010 to be strongly involved in activities and social / environmental projects, both nationally as part of the social responsibility platform called "Energy comes from the soul", but also regionally by supporting local communities where it performs its activities.

1. External Corporate Social Responsibility

Health and Environment Protection

Collaboration with the SMURD Foundation

One of the main contributions of Rompetrol Rafinare over the course of 2010 has been the cooperation with the SMURD Foundation (the Mobile Emergency, Reanimation and Extrication Service) and the General Aviation Inspectorate. Within this partnership, Rompetrol Rafinare has offered in 2010 the total quantity of fuel used by the SMURD helicopters, thus supporting the activity of Romanian emergency medicine, by making easier the airborne medical interventions and the rescue of human lives. This collaboration, which shall also continue in 2011, is part of Rompetrol's social responsibility platform called "Energy comes from the soul", which includes the national program "Together for Everyone" along with other specific programs related to health and environment protection. Thus, Rompetrol Rafinare has offered for 2010 a total quantity of 360 tons Jet A1 fuel, with a total value of USD 240,000.

Modernization of the School Dental Consulting Room, Năvodari

One of the 20 projects included in the "Together for Everyone" project in 2010 was the retooling and modernization of the only school dental consulting room from Năvodari. The support given had a total value of RON 50,000.

The School Dental Consulting Room from Năvodari, located inside the Boarding House of "Lazăr Edeleanu" High-School has not have any operating permit since 2007, because it didn't have the funds needed to get it furnished and equipped with medical instrumentation. Thus, the project proposed by the Social Assistance Agency from Năvodari has been implemented between August 2 and November 12 2010 with the help of 40 volunteers and had the objective to close the old dental unit, to replace the sewage pipelines, to furnish two restrooms, to replace the electrical network, to remake the walls and the flooring, to install furniture, medical instrumentation and equipment, but also dental materials needed for the proper operation of the school dental consulting room.

The direct beneficiaries of such modernization works are the approximately 4000 children attending the education units from the city of Năvodari (for Primary and



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Secondary Schools and one Highschool), but also their families which don't have enough financial resources to pay the price of dental examinations.

"Together for a healthy planet"

Over the course of 2010, the Company has continued to present ecological themes within the project called "Together for a healthy planet", started in 2009 and hosted by Rompetrol Rafinare in the localities Constanța, Năvodari and Corbu. A team selected from the Company's QHSE Department has made presentations in front of primary and secondary school pupils about the way in which the human activities influence each and every element of the biosphere, offering also solutions that children can use to keep the environment clean and healthy.

"Let's Do It Romania!"

In the month of September 2010, RRC has acted as a county sponsor for the project „Let's Do It Romania”, which had the objective to ecologize the green areas.

Support for sport in the Constanta municipality

Rompetrol Rafinare has also supported the sporting activity in Constanța County, by sponsoring the travel expenses made by CS Farul team in order to attend the "CUPA CETĂȚII DEVA" National Aerobics Championship.

Learning and Education

Sponsoring the National Technology Olympiad – final stage

In 2010, Rompetrol Rafinare was involved in supporting the educational and learning activities in the County of Constanța. Thus, in the month of April it acted as the main sponsor of the National Technology Olympiad organized in Constanța, by offering the money necessary for the hosting of this competition, but also for the awards of the winners.

Sponsoring the Constanța Faculty of Medicine

In the month of May 2010, RRC has supported as sponsor the seminars and other activities dedicated to the celebration of the 20 th Anniversary of Constanța Medicine Faculty.

Educational Project in the Commune of Corbu

Rompetrol Rafinare has supported the Corbu Association for Community Development in the educational project for culturalization of the youth from the Commune, in the educational enlightenment project for students and young people from the commune of Corbu, with the occasion of the Romanian National Day.

Charitable Activities



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Over the course of the year, Rompetrol Rafinare was involved in numerous specific social cases, offering material and financial support to some needy families.

Support of religious constructions

Being involved in the life of the communities, Rompetrol Rafinare offered its support in 2010 to some religious constructions from Constanța County.

2. Internal Social Corporate Responsibility

Internship 2010

This program represents in fact active practice inside the companies from the Petromidia platform, for a period of two months, finalized with an assessment exam based on which part of the participants are selected for the „Trainee” program. Implemented between August and September 2010, the program involved 37 students from five university centers (Constanța, Cluj, Iași, București, Ploiești).

2010 was the 8th consecutive year in which Rompetrol has organized and implemented this kind of program, the results obtained supporting its further development in the coming years.

The campaigns “Help a child” and “Offer a toy! Christmas is for all children”.

On the occasion of the June 1 Children Day, Rompetrol Rafinare has launched its internal campaign called „Help a child” which strove to obtain from employees of Petromidia books, clothes and toys destined for children in difficulty. Together with the Năvodari Social Assistance Institution, the goods were given to 45 children. In the month of December, Rompetrol Rafinare has launched a second campaign for raising of various goods from the platform, in order to be given to children from unfavourable social climates, on the occasion of the winter holidays. Together with the Năvodari Social Assistance Institution, presents were distributed to a total of 40 children from the Kindergarten inside the Năvodari Peninsula Social Group.

Campaign for the aid of the distressed – 2010 floods

The employees on the Petromidia platform were close to the people affected by the floods from June 2010. Goods and unperishable materials were collected and distributed, with the aid of the Constanța Civil Defense Institution, in the localities from Constanța County affected by the floods.



Internal Control and systems of risk management connected to the financial reporting procedures

The Company adopted continuously the internal control mechanism, like an unit of procedures and work methods with the prevention scope of company's economic interests and of the framework implemented of the developing of the activity, of identifying of the deficiency and for establishing of the necessary measures for reestablishment of the regulatory framework that targets the relations, the phenomenons and the financial processes having the main scope the assurance of a good functioning of the economic activities. Also, there are analyzed the opportunity, necessity and economics issues of the developing operations made by the company. In the financial reporting statements and procedure matters, at the company level, there are developed reporting internal and external procedures. The procedures are reviewed regularly by the specialized departments of the company. The reporting financial systems are based by principles, rules and legal previsions.

Description of the Company's policies and objectives regarding risk management

By the nature of its activity, the Company is exposed to certain risks:

- the market risk derived from the exposure to fluctuations in the interest rate, in the EUR/USD, USD/RON exchange rate, in the volatility of sale prices for petroleum products and purchase prices of crude oil;

The Company has the primary objective to reduce its overhead expenditures on the ton of the product obtained, in order to limit to a minimum level the price risk as a result of the correlation of the prices of products obtained with the market prices. A special importance in the assessment of the price risk is given by the world evolution of the crude oil quotes, the basic raw material used in the refinery.

- the credit risk derived from the possibility that business partners, customers and suppliers fail to meet their contractual obligations, is periodically monitored, by credit-worthiness and solvability assessments of customers and by requesting guarantees upon delivery.

- the risk of liquidity derived from the possibility that financial sources may not be available so that matured obligations be observed in due time ; the Company's management follows with a daily frequency, with the aid of the forecast cashflow, the level of liquidity and the possibility of meeting one's obligations to one's suppliers, to the national and local budgets etc., in accordance with their respective exigibility ; the current and immediate liquidity quotients are being permanently monitored.

- the operational risk derived from the possibility of the occurrence of accidents, errors, deficient functions, as well as from the environment influences over the financial and operational results; Rompetrol Rafinare S.A. has continued an ample process of



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modernization of the refinery's technology, aiming to increase the production, reduce technological losses, improve the environment performances, as well as remove accidental interruptions in the processing activity. The Company is also concerned with the conservation and permanent improvement of the quality-environment-security integrated management system, with visible results on the improvement of the organization's image, by environment protection and work safety activities, improvement of relations with the public authorities, with the socio-economical community as a whole, limiting civil and criminal liability, by meeting the legal regulations regarding quality – environment – security problems.

In the specific context of the petroleum products, marked by an increased volatility of the prices, the management of the company intends to implement in the shortest period of time of an management risk policy with the main scope the mitigation of the price risk at the crude oil and the petroleum products in the financial statements of the company. Also, a major interest will be granted by the policy of the management of risk, regarding the the evolution of the exchange rate and the interest rate.

Proposed Financial Calendar for 2011

Financial Calendar	Date
Presentation of the preliminary, unaudited, individual and consolidated results, for the year 2010 and the 4th Quarter 2010	February 15, 2011
General Ordinary Meeting of Shareholders for the approval of the financial results of 2010	April 29, 2011
Publishing of the 2010 Annual Report (and respectively of the financial results of 2010)	April 29, 2011
Presentation of financial results for the 1st Quarter of 2011	May 12, 2011
Presentation of results for the 1st half and the 2nd quarter of 2011	August 11, 2011
Presentation of results for the 3rd quarter and the period January - September 2011	November 10, 2011

Important news and information interesting for shareholders, analysts and investors, related to the Company's activity, are available on the website www.rompetrol.ro, section: Relation with the Investors, subsection Rompetrol Rafinare.

Contact for the Relation with the Investors

The annual, biannual and quarterly reports shall be made available for the shareholders, on the request from the latter. The requests can also be made by electronic mail, at the address: office.rafinare@rompetrol.com



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7. APPENDICES

a) Modifications of the Articles of Association of the Company

Company's Articles of Association can be modified by the General Meeting of Shareholders, as per the provisions of Companies Law no. 31/1990 together with the provisions of the Articles of Association. The Articles of Association may be modified by the Board of Directors of the Company on the basis of authorization by the shareholders' meeting granted as per art. 114 of Companies Law no. 31/1990.

In 2010, the following changes and updates of the Articles of Association were made:

I) The modification of the Articles of Incorporation as a consequence of capital increase based on Decision no. 1 of 19 August 2010 of the Board of Directors of the Company. Such increase was initiated by Resolutions no. 4, 5, and 6 of the Extraordinary General Meeting of Shareholders of 30 June 2010.

Said modification was included in the updated Articles of Association of 20 August 2010 (Appendix of this Report) and registered at the Trade Register of Constanta on 27 December 2010 on the basis of Ex Officio Registration no. 68984 issued by the Trade Register of Constanta on 27 December 2010. By this registration, it was inscribed in the Trade Register of Constanta the Civil Sentence no. 958/11.10.2010 issued by the Law Court of Constanta regarding mentions included in Decision no. 1 of 19 August 2010 of the Board of Directors, having as scope the increment of the share capital, initiated by Resolutions no. 4, 5, and 6 adopted by the Extraordinary General Meeting of Shareholders of 30 June 2010.

II) The update of the Articles of Association as a consequence of modifying the address name of the Company's registered office, made according to Resolutions of the Local Council of the town of Navodari, granting the name of Navodari Boulevard for the segment of the National Road 226 which crosses this administrative territory and granting street numbers to the buildings where the company has its registered office, i.e. business point of Navodari Refinery.

The above mentioned modification was included in the updated Articles of Association of 20 October 2010 (Appendix to this Report) and registered in the Trade Register through Resolution no. 22303/ 10/27/2010 issued by the Trade Register of Constanta, on 29 October 2010;



III) The modification of the Articles of Association as a consequence of increasing the share capital initiated by Resolutions no. 28 and 29 of the Extraordinary General Meeting of Shareholders of 30 September 2010. By Resolutions 28 and 29 of 30 September 2010, adopted by the Extraordinary General Meeting of Shareholders, bonds held at that time by the Romanian State, through the Ministry of Public Finance, were converted into new shares issued by the Company, and 19,715,009,053 new bonds were assigned to the Romanian State, through the Ministry of Public Finance, representing 44,6959% of the share capital of the Company, which was thus increased up to the total number of 44,109,205,726 shares. In this manner, the Romanian State acquired the capacity of shareholder in the Company. The Romanian State, through the Ministry of Public Finance, appealed in court said resolutions, temporizing the shares registration at the Trade Register and the finishing of all subsequent formalities, but the enforcement of such resolutions has not been suspended.

b) Important contracts signed by the Company during the report's year

Important Contracts in which Rompetrol Rafinare has the capacity of provider:

- Contract RR 1/01.04.2010 signed with Rompetrol Downstream S.R.L., having as scope the sale of petroleum products;
- Contract 2010/11.27.2009 846/12.03.2009 signed with Vector Energy A.G., having as scope the sale of petroleum products to export;
- RR 511/12.12.2003, automatically renewed in 2010, signed with Rompetrol Petrochemicals S.R.L., having as scope the sale of propylene propane mixture;
- Contract no. 38/09.10.2008, signed with Rompetrol Gas S.R.L., having as scope the sale of liquefied oil gas;
- Contract no. RR 350/2008, renewed by Addendum no.1/10.21.2009, automatically extended in 2010, signed with Rompetrol Petrochemicals S.R.L., having as scope the sale of utilities;
- Contract no. RR 109/2004, automatically extended in 2010, signed with UZINA TERMoeLECTRICA MIDIA S.A., having as scope the sale of fuel gas.
- Contracts no. RR 264 and 265/2003, automatically extended in 2010, signed with Rompetrol Petrochemicals S.R.L., having as scope the sale and distribution of electric energy;

Important Contracts in which Rompetrol Rafinare has the capacity of beneficiary:

- Contract Feedstock 2010 signed with Vector Energy A.G., for crude oil acquisition;
- Contract MTBE 2010, signed with Vector Energy AG for MTBE acquisition;
- Contract no. CD 530/12.16.2008 – RR-CP 370/12.29.2008, signed with Conpet SA, having as scope transport services of the crude oil deposited at Oil Terminal S.A.



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- Contract no. RR 350/07.15.2010, (and no. 1382406/06.24.2010 – SC TINMAR IND), signed with SC TINMAR IND. for electric energy acquisition.
- Contract no. RR 478/09.28.2010, (and no. 1660709/08.30.2010 – SC TINMAR IND), signed with SC TINMAR IND. for imported natural gas acquisition for Navodari and mixture for Vega;
- Contract no. RR 118/02.22.2010, (and no. 5/2010 – SC OMV PETROM GAS SRL), renewed by Addendum no.1/03.25.2010 signed with SC OMV PETROM GAS SRL, for acquisition of internal natural gas for Navodari)
- Contract no. 377/12.31.2008 (and no. 1/2008 – Uzina Termoelectrică Midia), signed with Uzina Termoelectrică Midia S.A., for thermic energy acquisition, extended by Addendum no.3/12.07.2001;
- Contract no. 22/01.24.2008 (and no.3/2008 – Uzina Termoelectrică Midia), signed with Uzina Termoelectrică Midia S.A. for demineralized water acquisition, extended with Addendum no.3/12.07.2010

c) resignation/ demission documents for members of the Board of Directors, executive managers and censors

In the reported year, two resignations were transmitted to the Company by Mrs Doina-Elena Penu and Mr Iuri-Titov Buzescu from their positions of managers of ROMPETROL RAFINARE S.A., both of them currently having positions in the companies belonging to Rompetrol Group.

Mr. Iuri-Titov Buzescu, as Vice-President of the Retail Division of the Group, is presently coordinating fuels distribution and sale activities, where the Rompetrol Group acts on the retail markets (Romania, Bulgaria, Georgia, Republic of Moldova, Spain and France).

By Decision of the Board of Directors of 09 August 2010, the Board of Directors recorded the termination of Mr Vasile-Cosmin Turcu's mandate and capacity of General Manager following the mutual agreement expressed in this way, and designated in this position Mr Arman Kairdenov, citizen of Kazakhstan.

d) list of Company's branches and companies controlled by the Company

At the end of 2010, the Company held to business points as follows:

- i) Business point located in Năvodari, 1- 283 Năvodari Bulevard, Constanța County;
- ii) Business point located in Ploiești, 146 Văleni Str., Prahova County, which carries out its activity in the space that is owned by the Company, named "Rompetrol Rafinare – VEGA refinery Business Point".



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Currently, Rompetrol Rafinare S.A. holds a control position in the following companies:
directly:

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

indirectly:

- Global Security Sistem S.A.;
- Rompetrol Gas S.R.L
- Intreprinderea Mixtă Moldintergaz S.R.L.
- Contrast S.R.L. - în dizolvare din noiembrie 2010

d) list of persons affiliated to the company⁶

The company Rompetrol Rafinare S.A. is part of the Rompetrol Group.
Rompetrol Group is registered at CNVM and is made of the following companies:

- The Rompetrol Group N.V.
- Rompetrol Georgia LTD
- Rompetrol Rusia LLC (SRL)
- Rompetrol SA
- Rompetrol Financial Group SRL
- Rompetrol Bulgaria JSC
- Rompetrol Albania Downstream Sh.A - dissolution in progress
- RP Albania Wholesale Sh.A - dissolution in progress
- Rompetrol Well Services SA
- Rompetrol Upstream International Ltd
- Rominserv SRL
- Ecomaster – Servicii Ecologice SRL
- Întreprinderea Mixta "Rompetrol Moldova" SA
- Vector Energy SA
- Rominservices Therm SA - sold in February 2011
- Rompetrol Logistics SRL
- Rompetrol Petrochemicals SRL
- Rompetrol Downstream SRL
- Rom Oil SA
- Rompetrol Quality Control SRL
- Palplast SA

⁶ Being that the Governmental Urgent Order no. 28/2002 which defined the term „affiliated person” was annulled, and in the absence of other regulating document issued by the capital market institutions, all companies belonging to the Rompetrol Group were enumerated hereunder.



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- Global Security Sistem SA
- Contrast SRL - dissolution in progress since Nov.2010
- Uzina Termoelectrică Midia SA
- Rompetrol France SAS
- Dyneff SAS
- DPPLN SAS
- Dyneff Espagne SL
- TMP SAS
- Dyneff Gas Stations Network SL
- DP FOS SA
- BIONEFF SL
- SPR SA
- Rompetrol Gas SRL
- Midia Marine Terminal SRL
- LLC Rompetrol Ukraine
- Rompetrol Albania ShA - dissolution in progress
- Rompetrol Distribution Albania Sh.A. - dissolution in progress
- Mixt Enterprise "Moldintergaz" SRL
- Byron Shipping LTD
- KazMunaiGaz PKOP Investment B.V.
- Rominserv Kazakhstan LTD
- Agat LTD.

THE BOARD OF DIRECTORS :


Yerzhan ORYNBASSARDOV

Alexandru NICOLAE

Arman KAIRDENOV

Economic Manager


Vasile-Gabriel MANOLE