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ROMPETROL RAFINARE S.A.

REPORT OF THE BOARD OF DIRECTORS FOR THE 1st HALF OF 2016

Biannual Report of the Board of Directors for the first half of 2016

Prepared by in accordance with Annex 31 of Regulation no. 1/2006 issued by the Financial Supervisory Authority (the former National Securities Commission)

Report date:	8 August 2016
Name of the trade company:	ROMPETROL RAFINARE S.A.
Registered office:	215 Năvodari Blvd. 215, Pavilion Administrativ, NĂVODARI, Constanța County
Telephone number:	0241/50 61 50
Facsimile number:	0241/50 69 30
Sole registration code with the Trade Register Office:	RO1860712
Trade Register number:	J13/534/05.02.1991
Subscribed and paid share capital:	RON 4,410,920,572.6
Regulated market on which the securities are traded:	Bucharest Stock Exchange
Shares market symbol:	RRC

Overview and objectives:

Rompetrol Rafinare, a KMG International Group member company, continued to enhance its production process during the first half of 2015, such enhancement being supported by the proper operation of all the plants in the Refinery and Petrochemical sectors.

The amount of crude oil and other raw materials processed in the first half of 2016 by Rompetrol Rafinare (Petromidia and Vega refineries, as well as Petrochemicals Area) was approx. 2.796 million tons, of which approx. 2.468 million tons of crude oil (the greatest quantity ever processed during a first half, from the commissioning of the Refinery).

The production programme of Petromidia Refinery for the first quarter of 2016 was designed for a total processing of 2,792,360 tons of raw materials.

The production programme of Vega Refinery for the first quarter of 2016 was designed for a total processing of 163 thousand tons of raw materials.

For 2016, Petromidia Refinery envisages the processing of a quantity of raw materials of approximately 5.35 million tons, of which 4.82 million tons of crude oil, Vega



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REPORT OF THE BOARD OF DIRECTORS FOR THE 1st HALF OF 2016

Refinery approximately 311.7 thousand tons, whereas the Petrochemicals Area envisages the processing of 0.195 million tons of raw materials.

➤ The objectives of Rompetrol Rafinare investment program for the first half of 2016:

The investment program of Rompetrol Refinery for the first semester of 2016:

I) From the category of compulsory investments required by environmental and safety regulations, in the first semester of 2016:

- Project **"Fire-fighting Water Main Replacement, section J and G, 2016"** was started. Project consists in: perform replacement and rehabilitation of the fire fighting infrastructure of fire water feeding according to the Master Plan for J and G; The existing pipes uninstalling, updating the P&ID and „As Build“ documentation. The project benefits is to increasing the safety level for operators. The project is in progress and will be finalized on December, 2016.
- The project **"Expire of the ISCIR Authorization for static equipment (ISCIR 2016)"** started, a project that consists in the reauthorization of pipes and technological units equipment, according to the ISCIR requirements in force. The project will be finalized in December, 2016.
- The implementation of project **"V26/2 Tank Rehabilitation"** continued (project phase II) as part of the General Master Plan Program, the objective of which is to maintain to an optimal value the storage capacity for refinery products and the alignment with the safety requirements. The project estimated finish date in April, 2017.
- The project **"Piezometer wells (6 units) in area dr.22 F315-P12" was started.** The project scope is to elaborate Detail Design for Execution (DDE) for 6 piezometers, execution and mounting in order to depletion of oil products stock from the underground soil, in the proximity of road 22 CF ramp area and comply with IPPC Permit requirements. The project estimated finish date in July, 2016.

II) In the Development category, one of mainly project is "G1 section 1 pumping station modernization" (continuing with phase II), who consist in

**ROMPETROL RAFINARE S.A.****REPORT OF THE BOARD OF DIRECTORS FOR THE 1st HALF OF 2016**

new pumps acquisition, Detail Design for execution for foundations and metallic structures in order to reducing the maintenance cost and energy consumption. The project estimated finalizing date is august 2017.

III) In the **capital maintenance category**, a very important place is to continuing **2015 Refinery General Turnaround** project, technological shut down for equipment's periodic inspections, catalysts replacement, maintenance, etc.

For refinery, general shutdown means a scheduled large-scale maintenance activity wherein an entire process unit is taken off stream for an extended period for comprehensive revamping and renewal.

This operation involves many preparations and requires many precautions, especially during start up. For proper refinery equipment reliability, it is mandatory to perform mechanical verifications, equipment checks and internal inspection every 5 years and in accordance with the best practices,.

To reach the refinery goal of having a high mechanical availability, the refinery must have high reliability at low cost. This can be assured only by periodical refinery turnaround. According to Solomon's statement, each increase by 1% in the mechanical availability can translate into a 10% reduction in maintenance cost, and, for this reason the refinery should follow its strategy to reach its objective.

As concerns the scheduled turnaround for the refinery, Rompetrol used in the last years the same approach in order to keep the refinery reliability at its best value.

Within this project, the benefits are as follows:

- Make the plant safe to operate till the next planned shutdown;
- Improve the efficiency of the plant within high mechanical availability;
- Reduce routine maintenance costs.
- Perform the Regulatory Inspection.
- Increase reliability / availability of equipment during operation
- Maintain the Refinery at its nominal capacity.
- Complete the corrective/preventive maintenance.
- Achieve a 96.5 % mechanical availability after restarting the plants.

IV) A very important place is held by projects from **"Storage and logistics"** area:

- **Petroleum Products loading in tanks (IPPA) preparatory works for Terminal Automation System (TAS) Implementation.**

By the implementation of this project the following benefits resulted:

- Streamlining the entire flow access/control/loading/unloading/weighing/invoicing/customs control/control, exit through dedicated routes setting up, of dedicated waiting areas, the signalling of all routes for automatically directing of all flow;
- Optimizing of drivers mouvement;
- Elimination of uncontrollable trips in internal/external waiting spaces, in loading area and acces/exit/from terminal area;

**ROMPETROL RAFINARE S.A.****REPORT OF THE BOARD OF DIRECTORS FOR THE 1st HALF OF 2016**

- **Petroleum Products loading in tanks (IPPA) Loading Process Improvement**

The following benefits resulted from the project implementation:

- Reduce the risk of terminal downtime by terminal automation infrastructure improvement;
- Simultaneous possibility of loading through six points without loading time increasing due to flow rate decreased by pumps provided, the new system will be maintained constant flow rate regardless of the number of points in that are tankers simultaneously loaded;
- Fulfill the Trading forecasted sales plan by ensuring optimum operating conditions for truck terminal and complying with delivery requirements;

- **Replace Supervisory Control and Data Acquisition (SCADA) on CF Ramp (Preparation works for Terminal automation System (TAS) implementation)**

The project estimated benefits is to reducing the risk of terminal downtime by modernizing terminal automation infrastructure as well as terminal applications.

➤ **The objectives of Rompetrol Rafinare regarding quality, health, labour security and environment (QHSE), set for 2016 are the following:**

- Maintaining the QHSE integrated management system certification, according ISO&OHSAS standards;
- "Zero" accidents and professional diseases on Petromidia & Vega Platforms, by obtaining the following values for safety indicators established by KMG Group: 0%(FIR); 1.25% (LTIF, TRIR, MVCR); 0.62% (HSE Index- $50\%*FIR+25\%*TRIR+25\%*MVCR$);
- Continuation the program to increase the safety culture through "1.LIFE" project addressed both to employees and subcontractors;
- Review risk assessments of injury and occupational disease at workplaces;
- Renew the Water Permit for Rompetrol Rafinare – Năvodari Work Point (Petromidia Refinery);
- Maintain the requirements from environmental regulatory acts (in the context of existing legal framework);
- Integrated Environmental Permit , Water Permit , CO2 Authorization);
- Assessment and review, as appropriate, integrated QHSE management system procedures, according to the ISO standards changes;
- Products conformity KPI – min 99%



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REPORT OF THE BOARD OF DIRECTORS FOR THE 1st HALF OF 2016

- Recertification/maintain certification for fuels and bitumen, according legal requirements;
- **100%** training for QHSE auditors with the reviewed ISO requirements.



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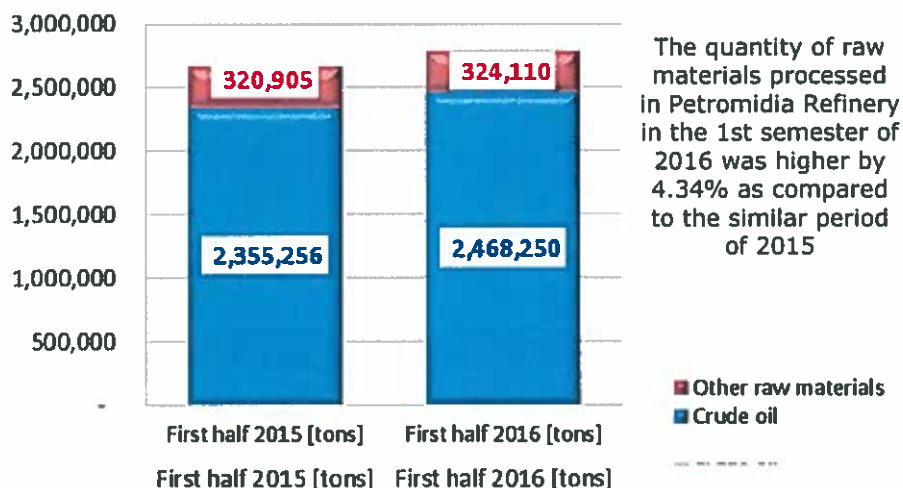
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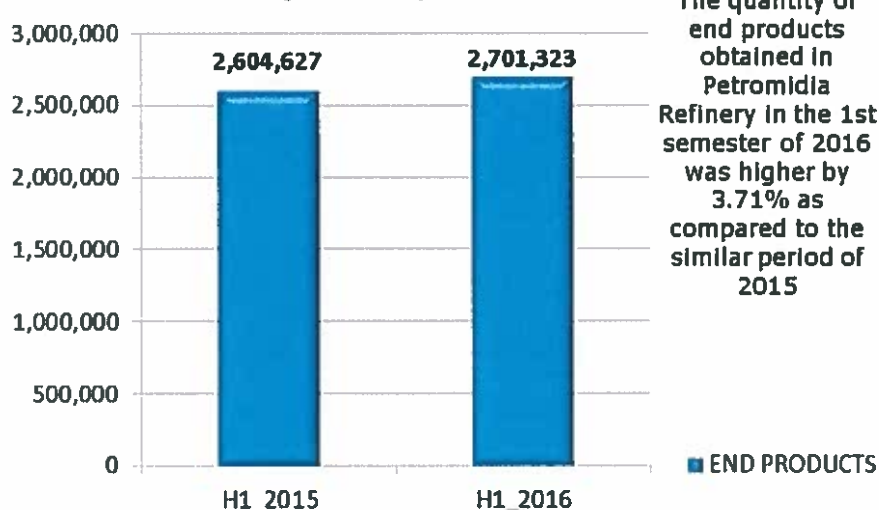
REPORT OF THE BOARD OF DIRECTORS FOR THE 1st HALF OF 2016

PRODUCTION ACTIVITY of Rompetrol Rafinare – Năvodari Work Point (Petromidia Refinery)

Raw material processed, tons



End products, tons





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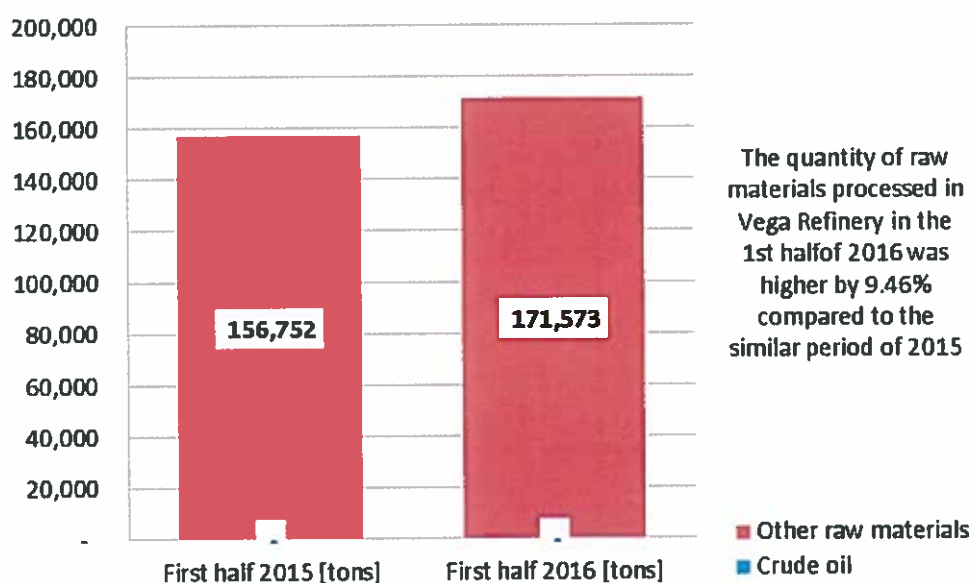
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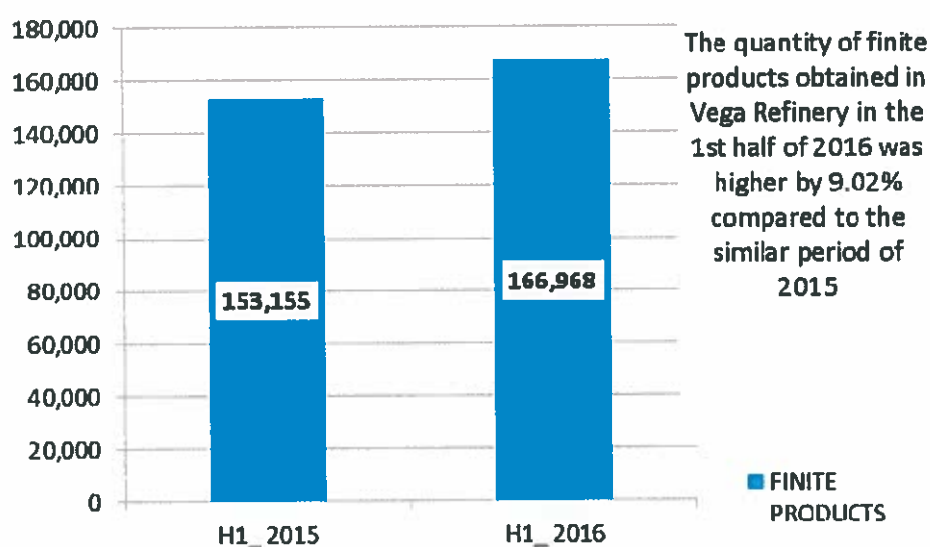
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PRODUCTION ACTIVITY of Rompetrol Rafinare – Vega Refinery Work Point (located in Ploiesti)

Submitted raw materials, tons

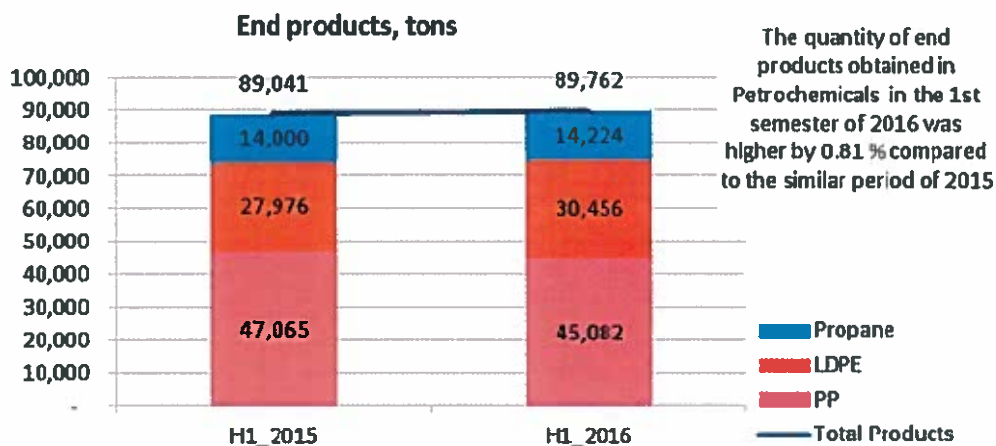
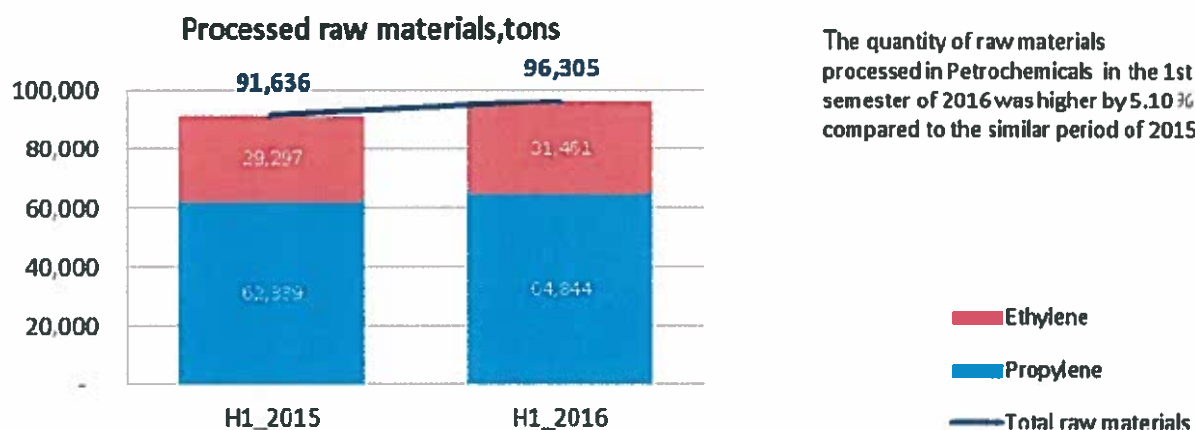


Finite products, tons



Pag. 7

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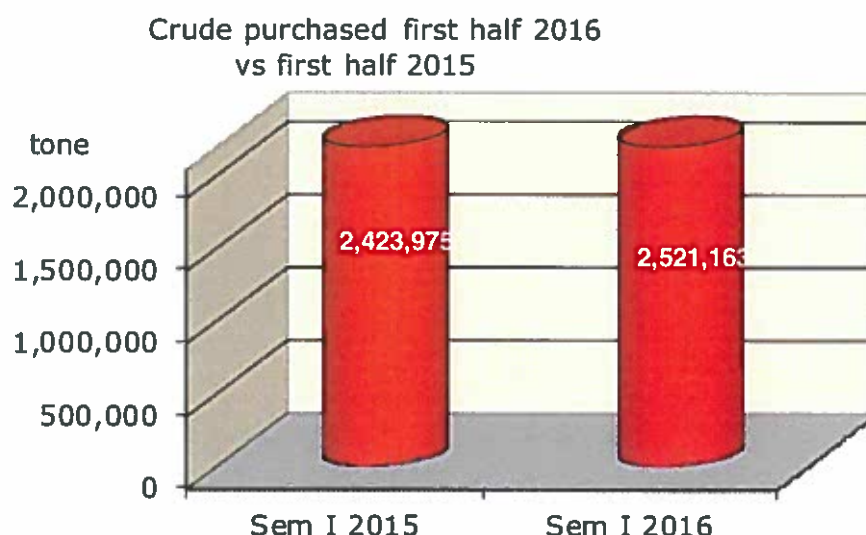
**ROMPETROL RAFINARE S.A.****REPORT OF THE BOARD OF DIRECTORS FOR THE 1st HALF OF 2016****PRODUCTION ACTIVITY of Rompetrol Rafinare – Petrochemicals area**

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Member**ROMPETROL RAFINARE S.A.****REPORT OF THE BOARD OF DIRECTORS FOR THE 1st HALF OF 2016****COMMERCIAL ACTIVITY carried out at Năvodari Work Point (Petromidia Refinery) in the 1st Half of 2016****A. Feedstock supply**

In the first half of 2016, Rompetrol Rafinare S.A. – Petromidia Refinery purchased crude oil and other feedstock from external and domestic sources, as indicated in the tables below:

Feed stock purchases	Quantity (tons)
Crude oil	2,521,163
Other feedstock	303,329
Total external purchases	2,800,143
Total internal purchases	24,349

Between January and June 2016, the crude oil purchases were higher than those of the same period last year.



**ROMPETROL RAFINARE S.A.
REPORT OF THE BOARD OF DIRECTORS FOR THE 1st HALF OF 2016**

The supplier of imported feedstock was KazMunayGas Trading AG.

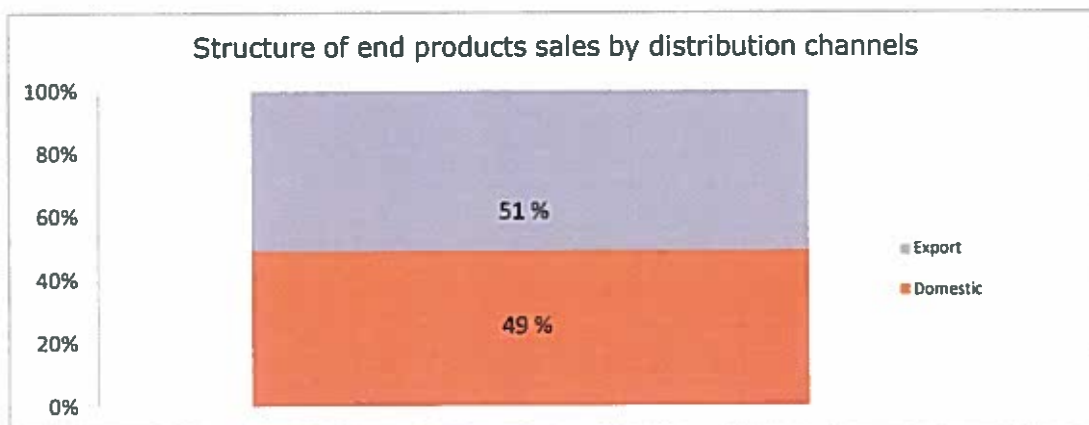
The main internal suppliers of feedstock were:

- Prio Biocombustibil S.R.L.
- Expur SA.
- Mitsubishi International

1. Sales

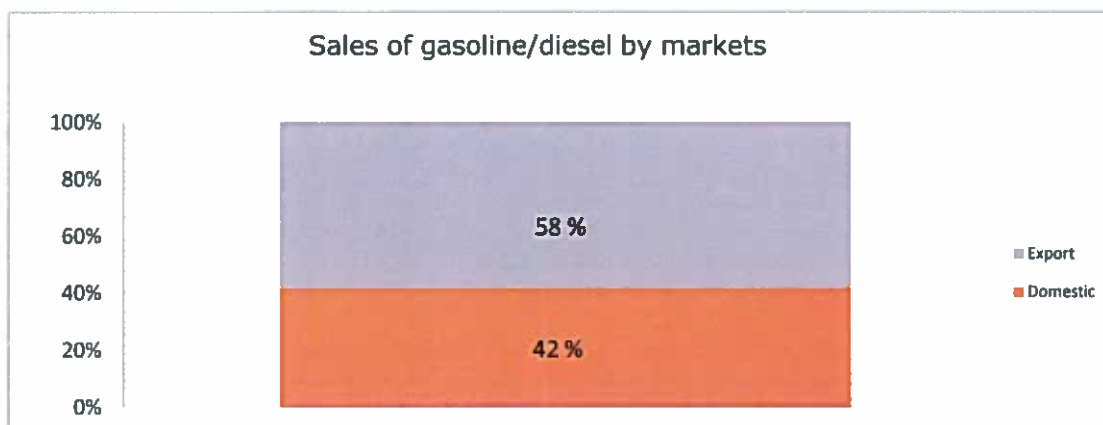
The sales in the first half of 2016 amounted to a total of 2,367,267 tons as compared to 2,272,855 tons in the same period in 2015. The net value of end product sales was USD 881,021,169 as compared to USD 1,202,421,323 in the first half of 2015. The lower value in 2016 is due to the lower prices on the international markets as compared to 2015.

In terms of sales markets, the domestic sales were slightly lower than the external ones, 49% of total sales. The external sales amounted to 1,204,451 tons, whereas their net value was USD 456,136,690.

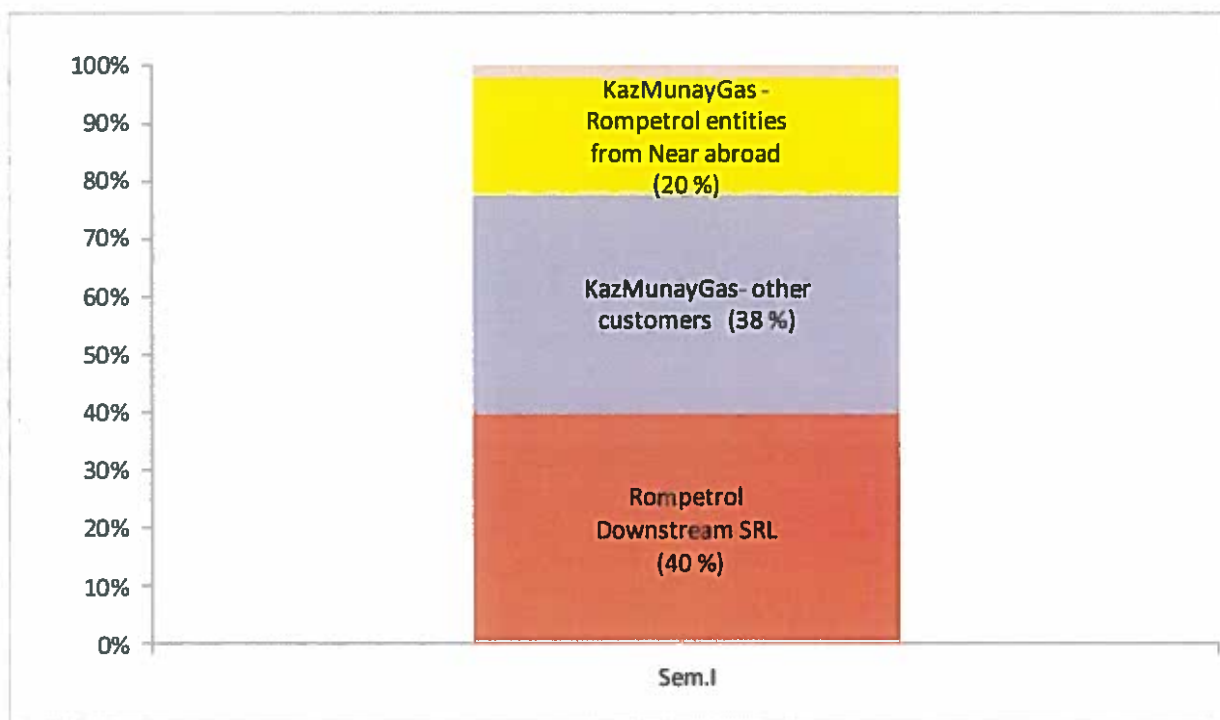


Approximately 82% of the total quantity of end products sold was represented by gasoline and diesel sales (1,944,105 tons). As concerns the distribution channels, the percentage of the sales on the external markets was higher than that on the domestic ones (58%). 1,130,184 tons of motor fuels were sold on external markets, whereas their net value amounted to USD 445,851,413.

ROMPETROL RAFINARE S.A.
REPORT OF THE BOARD OF DIRECTORS FOR THE 1st HALF OF 2016



As concerns the distribution channels, the highest volume of gasoline/diesel was sold to Rompetrol Downstream S.R.L.



ROMPETROL RAFINARE S.A.
REPORT OF THE BOARD OF DIRECTORS FOR THE 1st HALF OF 2016

Gasoline

Of the total quantity of 651,601 tons of gasoline sold, approx. 80% was sold on the external market, whereas the remaining percentage was sold on the domestic market. Approx. 80% of the total quantity of gasoline was unleaded Europlus gasoline 10 ppm sulphur

Diesel

Between January and June 2016, 1,292,504 tons of motor diesel was sold, the percentage of external sales (53%) exceeding that of domestic sales.

LPG

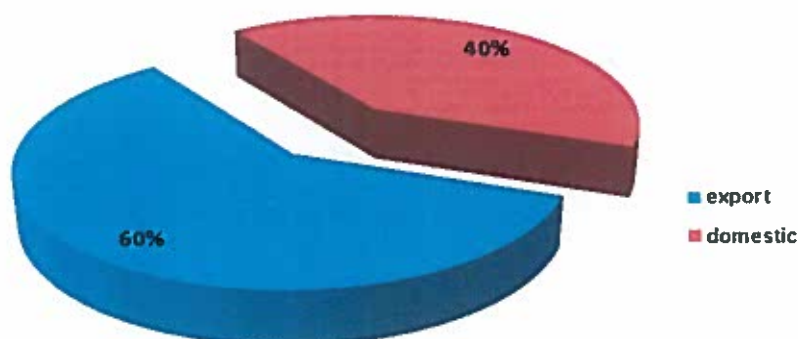
A total of 132,648 tons of liquefied petroleum gas was sold to Rompetrol Gas S.R.L..

As concerns the other groups of products, the domestic sales were higher than the external ones (for jet and coke) and lower than the external ones (for sulphur).

COMMERCIAL ACTIVITY carried out at Vega Refinery (in Ploiești)

The sales of Vega Refinery in Ploiești in the first half of 2016 amounted to a total of 164,594 tons. By sales market, the external sales were higher (60%) than the internal ones (40%). 98,369 tons were sold on the external market.

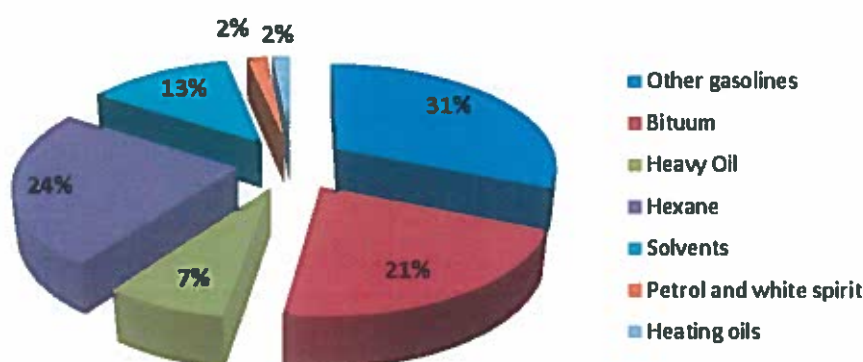
Sales on distribution markets [%]



ROMPETROL RAFINARE S.A. REPORT OF THE BOARD OF DIRECTORS FOR THE 1st HALF OF 2016

White product sales (gasoline naphtha, ecologic solvents, n-hexane, white spirit) represented about 70% of the total sales in first half of 2016.

Sales on products [%]



The main external sales markets were Turkey, Germany, Hungary, India, Russia and Bulgaria.

COMMERCIAL ACTIVITY carried out in Petrochemicals Area

Rompetrol Rafinare – Petrochemicals Area is the single producer of polypropylene (PP) and polyethylene (LDPE, HDPE) in Romania.

Besides its own products, the company also carries out important trading in a wide range of petrochemicals which currently are not part of the production portfolio of Rompetrol Rafinare – Petrochemicals Area, but for which a demand exists on the Romanian market: types of high density polyethylene (HDPE types of pipes), low density polyethylene (LDPE) and PET.

The sales of the Petrochemicals Area in the first half of 2016 amounted to a total quantity of 83,354 tones, i.e. 7% more than in the same period of last year.

Internal sales of produced polymers increased by approx. 9% as compared to internal sales in the first half of 2015, whereas the external sales increased by approx. 1% as compared to external sales in the same period of last year.



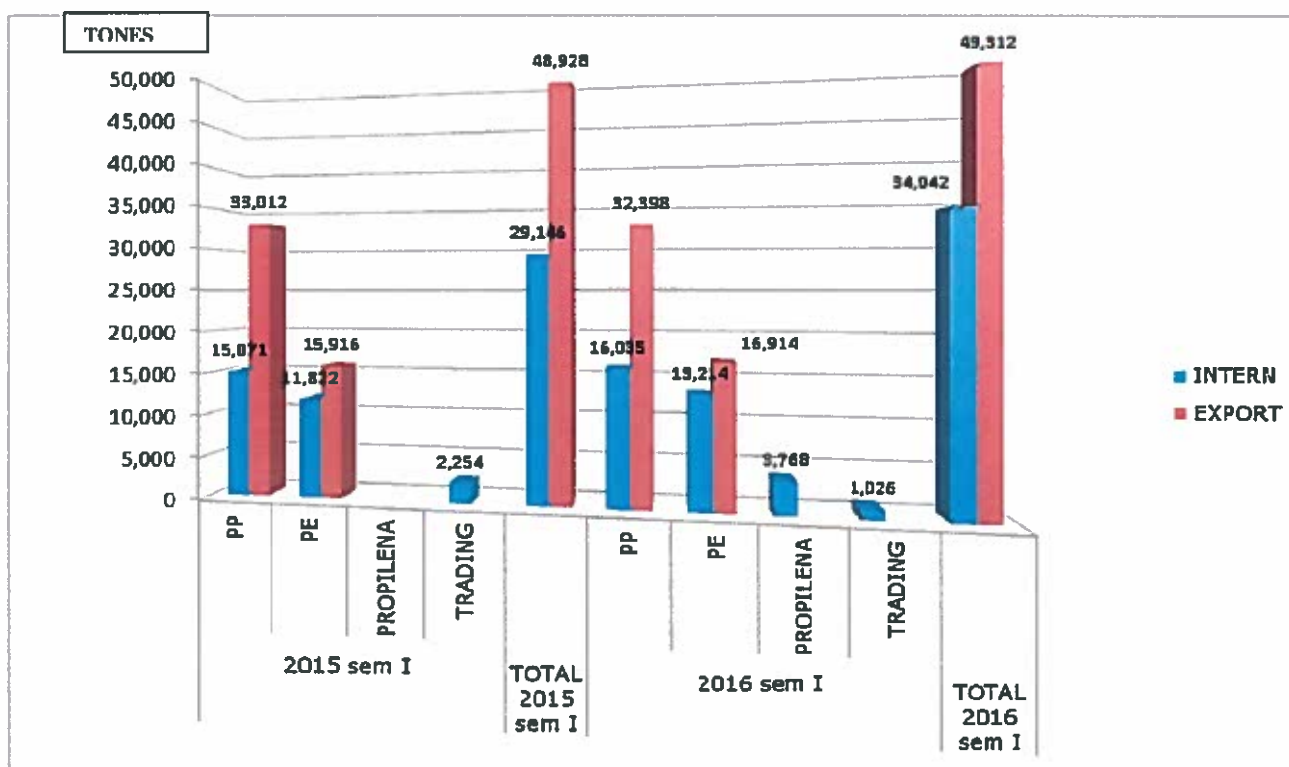
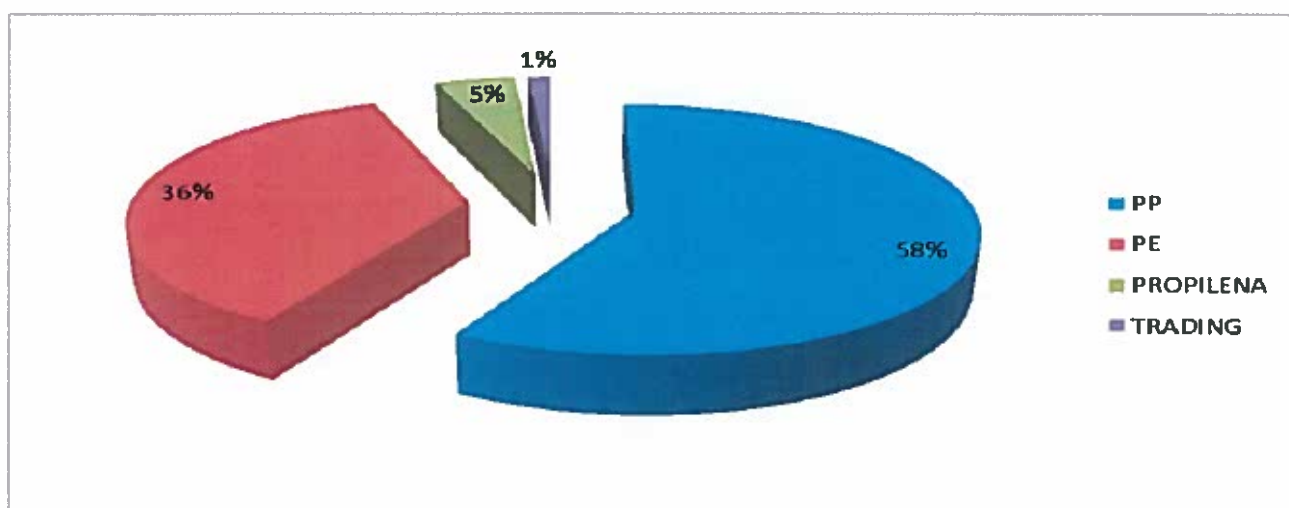
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REPORT OF THE BOARD OF DIRECTORS FOR THE 1st HALF OF 2016

In the first half of 2016, approx 58% of the total sales were represented by polypropylene (PP), approx. 36% by polyethylene (PE: LDPE and HDPE) and the remaining 6% represents the sales of propylene and trading activity.





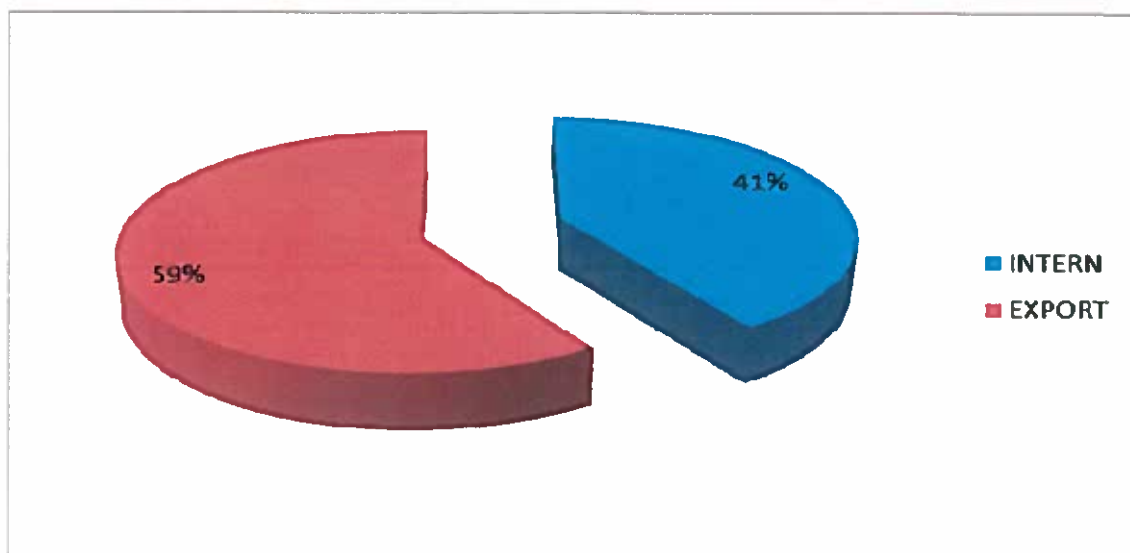
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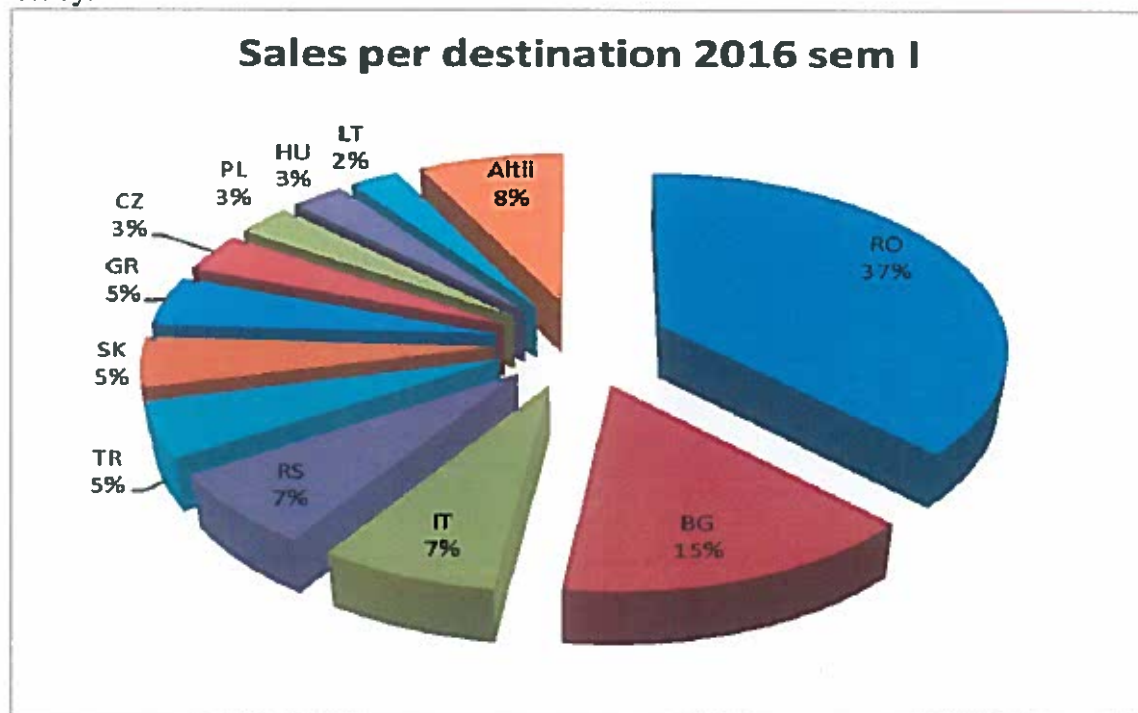
ROMPETROL RAFINARE S.A.

REPORT OF THE BOARD OF DIRECTORS FOR THE 1st HALF OF 2016

Of the total sales, approx. 59% are external sales and the rest are internal sales.



The most important distribution channels for polymers are Romania, Bulgaria, Italy, Republic of Serbia, Turkey.



ROMPETROL RAFINARE S.A.
REPORT OF THE BOARD OF DIRECTORS FOR THE 1st HALF OF 2016

1. The economic and financial situation

The turnover as at 30.06.2016 amounts to RON 4,133,145,499 as compared to RON 5,489,422,411 in the first half of 2015 (24,7% lower), even though the quantity of crude oil and other feed stock processed was higher than in the first half of 2015 (by approx. 4,3%). The turnover was lower due to the decrease in the crude oil purchase price at international level. Thus, whereas in the first half of 2015, the average purchase price for crude oil was USD 418/ton, in the first half of 2016, it was USD 288/ton (thus, a decrease by approx. 31%).

The Company recorded a profit of RON 142,866,645 in the first semester of 2016, and a loss of RON 82,721,322 in the first semester of 2015. The favourable result recorded in the first semester of 2016 was mainly due to the following:

- The operation of the refinery at optimal capacity (the planned returns were obtained by the new plants commissioned during the previous years); and following the completion of the overhaul in the months of October - November 2015;
- improvement of the processing-costs efficiency;
- the increase in the returns of white products (higher selling prices for crude oil).

The exploitation operations brought the company a profit of RON 136,769,268 as compared to the same period of 2015, when Rompetrol Rafinare incurred a profit of RON 285,376,507.

During the first semester of 2016, the financial revenues exceeded the financial expenses resulting in a financial profit of RON 142,866,645 (favourable exchange rate differences).

In the analyzed period, Rafinaria Petromidia processed a higher quantity of crude oil and other feed stock than in the first half of 2015 (2,792,360 tons in the first half of 2016 as compared to 2,676,161 tons in the first half of 2015).

The financial indicators registered as at 30.06.2016 also include the results of the activities carried out by the Refinery and Petrochemical Plant on the Navodari platform as well as of the Vega Ploiesti Refinery.



ROMPETROL RAFINARE S.A.
REPORT OF THE BOARD OF DIRECTORS FOR THE 1st HALF OF 2016

a) The non-current assets of the Company at the end of the first half of 2016 amount to RON 4,894,410,622, 9% lower than on 30.06.2015. The increase is generated by the modernisation of the facilities, mainly during the overhaul in the fall of 2015 as well as the registration of a deferred tax receivable as at 31 December 2015 amounting to RON 228,038,083.

Current assets as at 30 June 2016 are approximately 32% lower than in the first semester of 2015. The decrease was caused by the decrease in the value of feed stock and end product stocks (from RON 1,159,920,931 in 2015, to RON 611,347,869 in 2016).

The current liabilities decreased from RON 5,578,344,114 to RON 4,760,598,430 as at 30.06.2016 (by 14.7%). This decrease is due to lower prices in raw materials as compared o the same period of last year.

As at 30.06.2016, the provisions are at a level similar to that of 30.06.2015.

a) balance sheet indicators

	<i>Ron</i> <u>30 June 2016</u>	<i>Ron</i> <u>30 June 2015</u>
INTANGIBLE ASSETS	11,745,992	14,830,892
Goodwill	152,720	152,720
TANGIBLE ASSETS	3,025,453,772	2,853,636,360
FINANCIAL ASSETS	1,629,020,055	1,629,020,055
Deferred tax receivables	228,038,083	-
Total fixed assets	<u>4,894,410,622</u>	<u>4,497,640,027</u>
INVENTORIES, NET	611,347,869	1,159,920,931
Accrued receivables and expenses, net	1,177,958,582	1,495,666,196
Derivative financial instruments	-	6,688,510
Cash and Bank	26,584,028	13,168,181



ROMPETROL RAFINARE S.A.
REPORT OF THE BOARD OF DIRECTORS FOR THE 1st HALF OF 2016

Total current assets	1,815,890,479	2,675,443,818
TOTAL ASSETS	6,710,301,101	7,173,083,845
Subscribed share capital	4,410,920,573	4,410,920,573
Share premiums	232,637,107	232,637,107
Other reserves	3,172,596,294	3,162,120,681
Loss carried forward	(6,552,828,638)	(6,632,906,034)
Result of the current financial year	142,866,645	(82,721,322)
Total shareholders' equity	1,406,191,981	1,090,051,005
Long-term bank loans	297,327,056	258,850,345
Provisions	246,183,634	245,838,381
Non current liabilities - total	543,510,690	504,688,726
Commercial liabilities and other liabilities	3,496,803,708	4,323,438,468
Derivative financial instruments	-	9,096,161
Short-term borrowings from related companies	1,180,407,362	1,130,292,676
Short-term bank loans	83,387,360	115,516,809
Provisions - current part	-	-
Current liabilities - total	4,760,598,430	5,578,344,114
TOTAL LIABILITIES AND EQUITY	6,710,301,101	7,173,083,845

ROMPETROL RAFINARE S.A.
REPORT OF THE BOARD OF DIRECTORS FOR THE 1st HALF OF 2016

b) Financial indicators

	<i>Ron</i>	<i>Ron</i>
	<u>2016</u>	<u>2015</u>
Net turnover	4,133,145,499	5,489,422,411
Gross revenues related to the sale of finished oil products	5,947,713,847	7,261,826,995
Revenues from goods sold	3,311,207	12,235,150
Revenues from goods sold	4,141,170	4,690,710
Revenues from other products	271,635	-
Revenues from rents and other services	7,101,488	5,935,298
Gross turnover	5,962,539,347	7,284,688,153
Less sale related tax	(1,829,393,848)	(1,795,265,742)
Total	<u>4,133,145,499</u>	<u>5,489,422,411</u>
Cost of production sold	(3,909,427,704)	(5,227,230,218)
Of which:		
Crude oil and other feedstock materials	(3,516,844,136)	(4,771,687,939)
Utilities	(169,473,810)	(171,280,094)
Gross Profit/ (Loss)	223,717,795	262,192,193
Sales costs and general-administrative costs	(106,713,648)	(95,721,170)
Other revenues / (operational) expenses	19,765,121	118,905,484
Operational Profit/ (Loss)	136,769,268	285,376,507

Pag. 19

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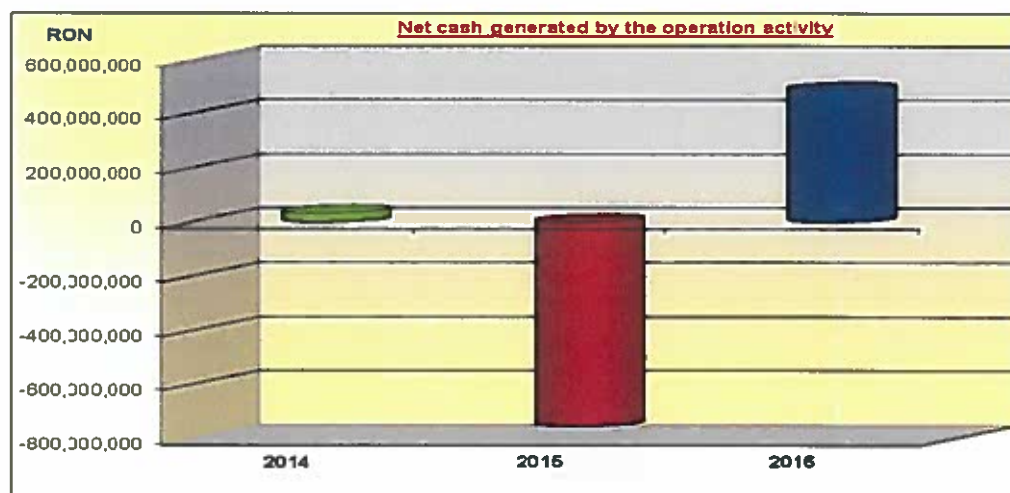
**ROMPETROL RAFINARE S.A.
REPORT OF THE BOARD OF DIRECTORS FOR THE 1st HALF OF 2016**

Financial expenses	(60,482,772)	(63,140,839)
Financial income	9,274,823	589,630
(Loss) / gain deriving from difference in the exchange rate, net	57,305,326	(305,546,620)
Gross profit/ (loss)	142,866,645	(82,721,322)
Income from deferred tax	-	-
Profit/ (loss) of the financial year	142,866,645	(82,721,322)

c) cash flow: all the changes occurred at the cash level within the basic business, financial investments and operations, the cash level at the beginning and at the end of the period

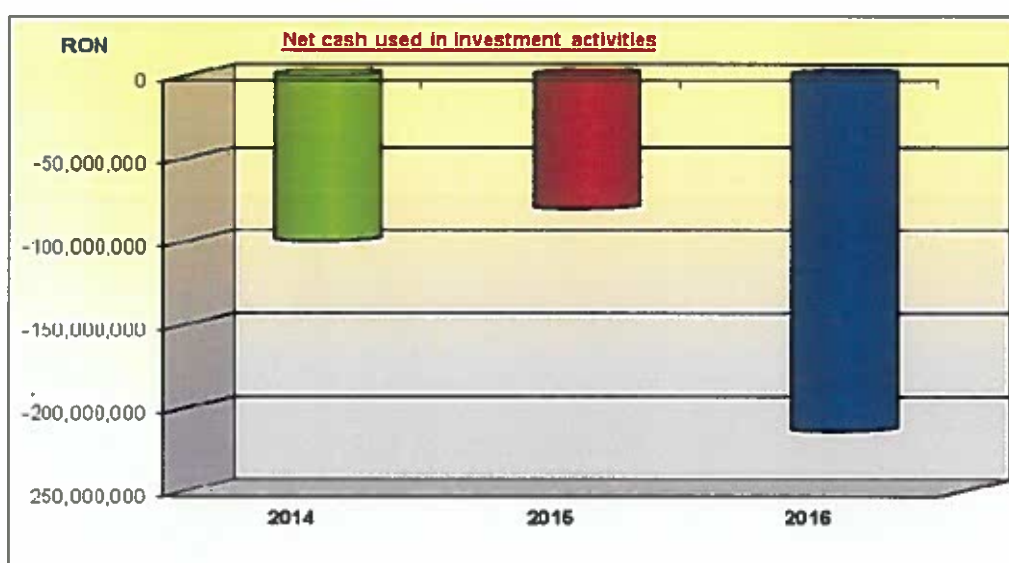
In 2016, the net cash flows reflect the company's efforts to efficiently harmonize the cash needs from the exploitation operations with a balanced financing policy.

Cash flows from the exploitation operations were influenced both by the increase in the trade receivables, and by the decrease in stocks and trade liabilities. At the end of the first half of 2016, Brent crude oil reached USD 48,44 /barrel, whereas at the end of 2015 it was USD 35.74 /barrel.

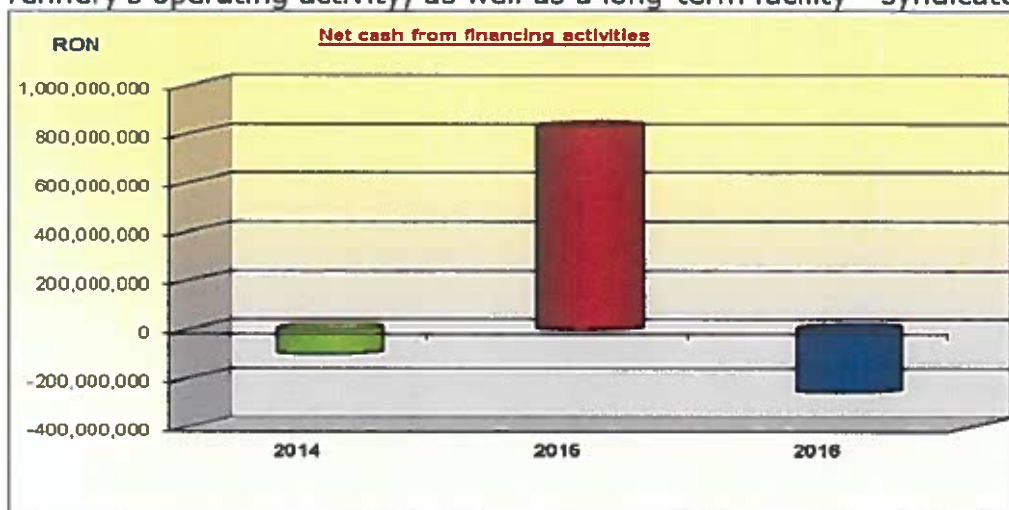


ROMPETROL RAFINARE S.A. REPORT OF THE BOARD OF DIRECTORS FOR THE 1st HALF OF 2016

In 2016, Rompetrol Rafinare continued to implement new technologies to allow for various types of crude oil to be processed and quality products under the European standards to be obtained, as well as for the white products efficiency to increase. The company has permanently been concerned with harmonising with the requirements of the European Union and meeting the requirements of the Directives on promoting and using biofuels and environmental norms in force, mainly with a purpose to reduce the emissions of nitrogen oxide, sulphur, volatile organic compounds and carbon dioxide and the hazardous waste storage.



The cash flow from financing activities is influenced by the fact that the Company benefited from a cash-pooling agreement - a system employed to optimise the cash balances in order to support both the investment needs and the development of the refinery's operating activity, as well as a long-term facility - syndicated loan.



ROMPETROL RAFINARE S.A.
REPORT OF THE BOARD OF DIRECTORS FOR THE 1st HALF OF 2016

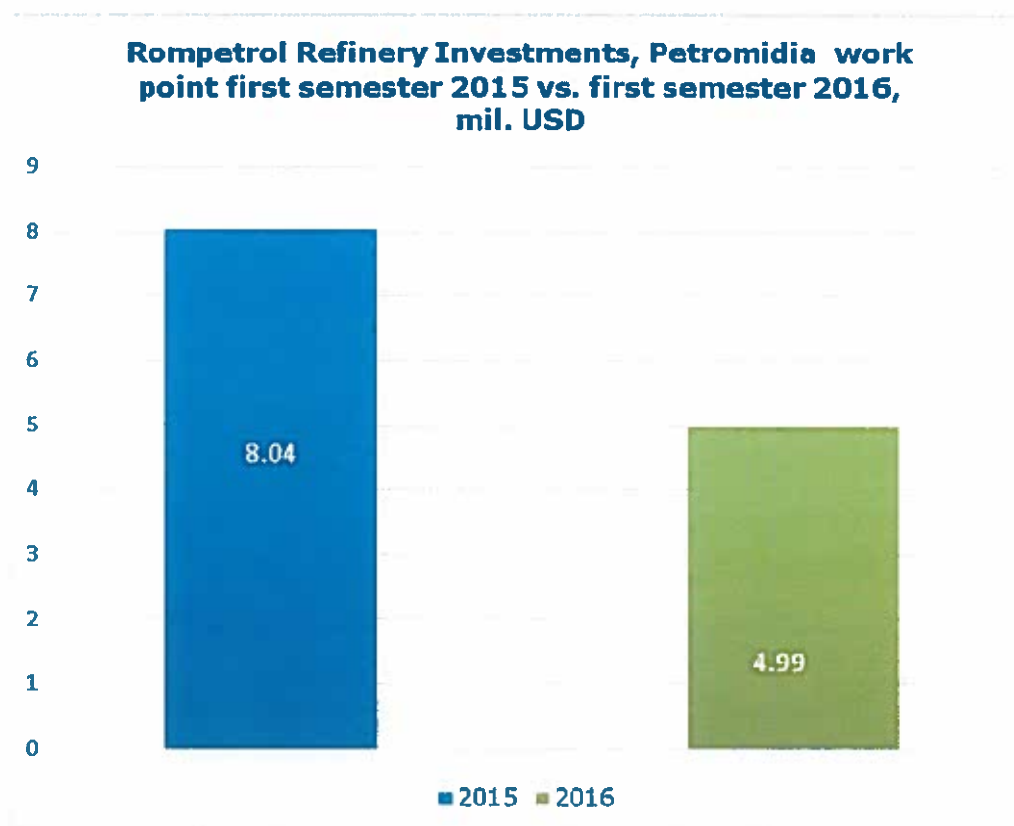
2. Analysis of the company's activity

2.1. As regards liquidity, the company has taken efforts to maintain its capacity to cover the current liabilities from the current assets, with an acid test ration slightly lower than in the same period last year, i.e. 0.38 in 2016 versus 0.48 in 2015.

2.2. Between **January and June 2016**, the company spent a total of approx. **USD 5.78 million**.

Out of this amount, **USD 4.99 million** was used by Petromidia Refinery in its investment projects described in the "Objectives of the Investment Program" Section.

A comparative analysis of the investments in the first half of 2015 vs. the first half of 2016 for both the Petromidia and VEGA refineries is shown in the diagrams below:



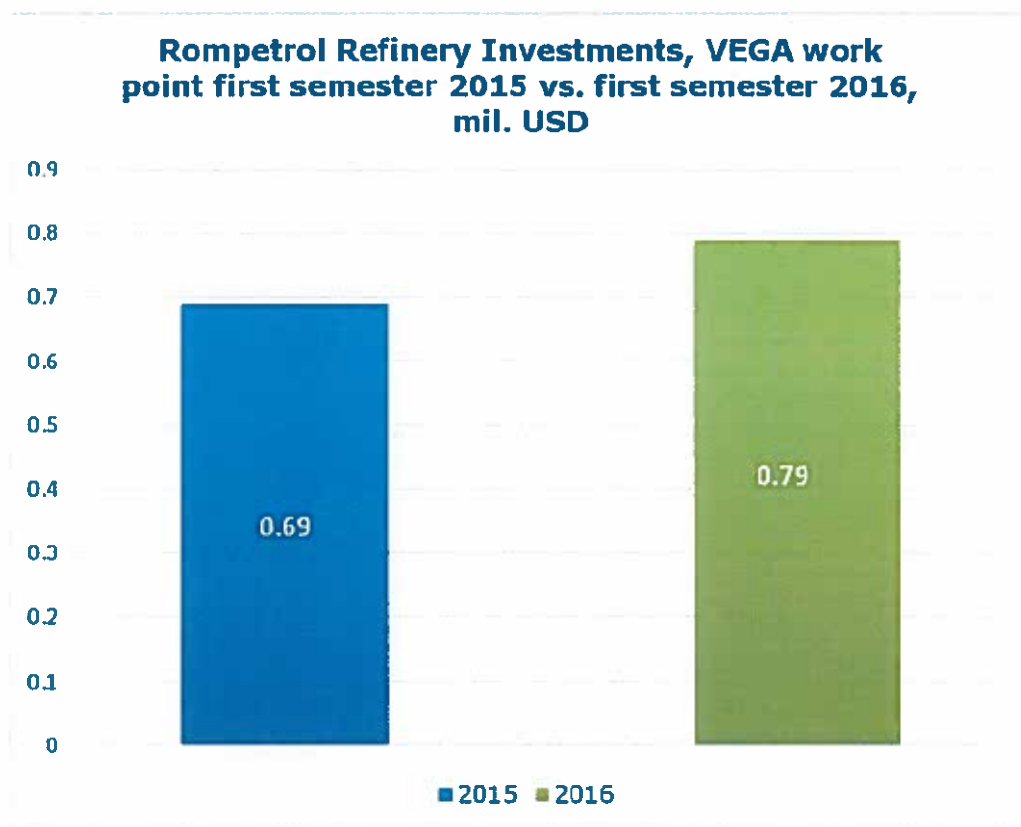


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REPORT OF THE BOARD OF DIRECTORS FOR THE 1st HALF OF 2016



2.3. In the first semester of 2016, the net turnover dropped down by 24.7% mainly due to the collapse of oil products prices. Although the quantity of crude oil and raw materials processed in the first semester of 2016 was higher than the same period of last year, the turnover has decreased as a result of the dramatic drop in both the crude oil average purchase prices and finished products average selling prices (gas oil and gasoline).

The quantity of processed crude oil exceeded the one of the first half of 2015 by 113 thousand tons.

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Member**ROMPETROL RAFINARE S.A.****REPORT OF THE BOARD OF DIRECTORS FOR THE 1st HALF OF 2016****3. Changes affecting the capital and the Company management**

3.1. The Company complied with all its financial obligations pertaining to the 1st semester of 2016.

3.2. No changes that would influence the value of the Company's share capital occurred during the analyzed period.

On 30 June 2016, the Company's share capital registered with Depozitarul Central S.A. was represented by 44,109,205,726 shares with a nominal value of Lei 0.10 per share, amounting to a total of Lei 4,410,920,572.60 lei.

The consolidated summary structure of the shareholders of ROMPETROL RAFINARE S.A., in accordance with the consolidated Shareholder Register on 30 June 2016 issued by Depozitarul Central S.A. is the following:

SHAREHOLDER (on 30 June 2016)	NUMBER OF SHARES (on 30 June 2016)	PERCENTAGE OF PARTICIPATION IN THE SHARE CAPITAL (on 30 June 2016)
KMG INTERNATIONAL N.V. ¹	21,222,506,422	48.1136%
ROMANIAN STATE represented by the Ministry of Energy ²	19,715,009,053	44.6959%
Shareholders – legal persons – holding each less than 10% of the share capital, holding together:	2,918,870,167	6.6174%
Shareholders – natural persons - holding each less than 10% of the share capital, holding together:	252,820,084	0.5732%
TOTAL	44,109,205,726	100%

¹ Until March 2014 under the name of The Rompetrol Group N.V.

² In 2015 under the name of the Ministry of Energy, Small and Medium Enterprises and Business Environment



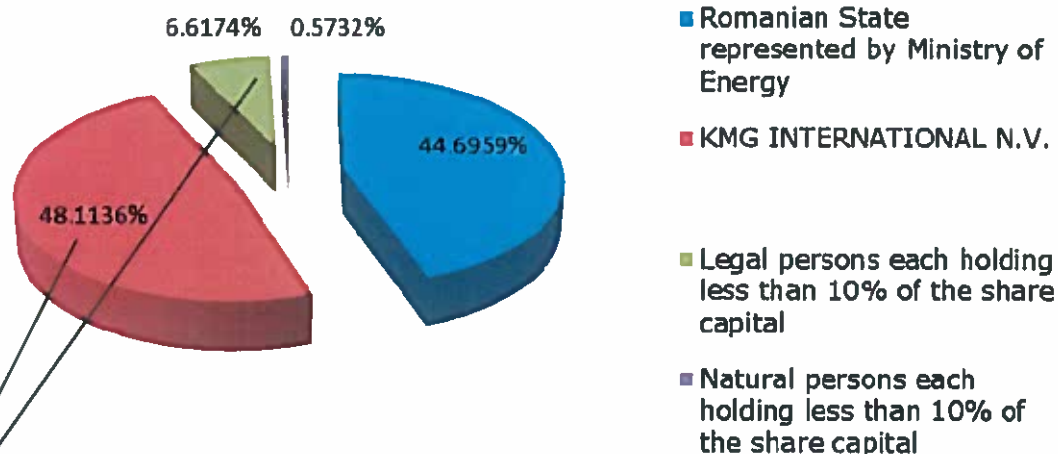
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REPORT OF THE BOARD OF DIRECTORS FOR THE 1st HALF OF 2016

The structure consolidated by Depozitarul Central S.A. as at 30.06.2016



Note:

As at 30.06.2016, the shareholders belonging to the KMG International group hold 24.098.569.799 shares, representing 54.6339% of shares capital of Rompetrol Rafinare S.A.

We mention that Rompetrol Rafinare S.A. (part of the KMG International Group) administers Petromidia and Vega Refineries and holds a controlling position within the following companies:

directly:

- Rompetrol Downstream S.R.L. (holding of **99.994688898%**)
- ROM OIL S.A. (holding of **99.9998505%**);
- Rompetrol Quality Control S.R.L. (70.91%)
- Rompetrol Logistics S.R.L (holding of 66.1911%)
- Rompetrol Petrochemicals S.R.L. (holding of 100%)

indirectly:

- Global Security Sistem S.A. (through Rompetrol Logistics S.R.L.);
- Rompetrol Gas S.R.L. (through Rompetrol Logistics S.R.L.).

Thereby, the holdings of Rompetrol Rafinare S.A. shareholders are also automatically cascaded on the companies within which Rompetrol Rafinare holds, both directly and

**ROMPETROL RAFINARE S.A.****REPORT OF THE BOARD OF DIRECTORS FOR THE 1st HALF OF 2016**

indirectly, a controlling position. Rompetrol Rafinare administers the Petromidia and Vega Refineries, Rompetrol Downstream administers the Rompetrol gas station network, and Rom Oil, the depot network of the company.

Regarding the changes that occurred in the Company's management:**• Changes in the structure of the Board of Directors**

- In accordance with the Decision no. 2/2016 adopted by the Ordinary General Meeting of the Shareholders as of 28 April 2016, the appointment of Mr. Cătălin Dumitru on the position of the Company's Director was approved, following the application of Mr. Alexandru Nicolcioiu for withdrawing from the mandate as the position of member of the Board of Directors.

By the same decision no. 2/2016, Mr. Marius Mitruș was chosen as member of the Company's Board of Directors following the revocation of Mr. Nicolae Bogdan Codruț Stănescu requested by the significant shareholder, the Romanian State represented by the Ministry of Energy. This revocation was requested following the resignation submitted by Mr. Stănescu from the capacity of member of the Company's Board of Directors as of 28 April 2016.

The two new members mentioned above of the Board of Directors were chosen for a mandate which shall end on 30 April 2018 (the expiry date of the other Directors acting in this capacity on the date of the appointment).

The Company's Director on position on the date of 30 June 2016 are:

- Mr. Azamat Zhangulov – President of the Board of Administration;
- Mr. Cătălin Dumitru – Member of the Board of Administration;
- Mr. Yedil Utekov – Member of the Board of Administration;
- Mr. Marius Mitruș – Member of the Board of Administration;
- Mr. Mihai Mihalache – Member of the Board of Administration.

ROMPETROL RAFINARE S.A.
REPORT OF THE BOARD OF DIRECTORS FOR THE 1st HALF OF 2016

• **Modifications concerning Executive Management**

In the period analyzed the following modifications of the structure of the company's managing body have taken place:

- By the Decision no. 1 adopted by the Board of Administration of the 1st of April 2016, it was acknowledged the termination of the mandate of the Economic Manager of Mr. Giani-Iulian Kacic as of April 11, 2016 and Mr. Vasile-Gabriel Manole (Romanian citizen, with residence in Romania, Brasov Municipality) was appointed for the position of Economic Manager of the Company, for a mandate that will expire on April 30, 2018 (once with the mandate of the directors who made such appointment). Until the date of appointment, Mr. Vasile-Gabriel Manole also held the position of Economic Director of Rompetrol Rafinare between 1 November 2010 – 31 May 2013. Then, on the basis of the accumulated experience, he focused on the development and implementation of the policies and procedures from the financial area for the companies within the business unit -of Upstream of KMG International.

As of June 2013, he occupied the position of Economic Manager of the companies Oilfield Exploration Business Solutions and Rompetrol Well Services.

The modification in the company's managing structure was registered in the Trade Registry Office attached to the Constanța Court on the basis of the Resolution no. 13479 of April 14, 2016 according to the Certificate of registration of mentions released on April 15, 2016.

Giani-Iulian Kacic, Economic Manager of the company between 1st of June 2013 – 10 April 2016, overtook the management of the projects of optimization and efficiency of the activity of the company Rompetrol Rafinare.

In accordance with the provisions of the Articles of Incorporation of the company, the sole positions to whom the company's management is delegated pursuant to the provisions of the art. 143 of the Law 31/1991 concerning trading companies are those of General Manager and Economic Manager. Any other position of manager within the company (human resources manager, commercial manager, administrative manager, IT manager, etc.), regardless of its appointment, does not involve also the company's management.

ROMPETROL RAFINARE S.A.
REPORT OF THE BOARD OF DIRECTORS FOR THE 1st HALF OF 2016

On 30 June 2016, both managers to whom management was delegated in the meaning mentioned above, were:

Surname and first name	Position
Yedil Utekov	Director General
Vasile Gabriel Manole	Director Economic

The members of the executive management exercise the positions held for a mandate that will expire on April 30, 2018 (once with the directors who appointed them on the position).

• **Changes Concerning the Financial Auditor of the Company**

During the analyzed period, there was no change concerning the Financial Auditor of the Company.

The Financial Auditor of Rompetrol Rafinare S.A. is ERNST & YOUNG ASSURANCE SERVICES SRL (registered with the Registry of Commerce under no. J40/5964/1999, unique identification code 11909783, member in the Chamber of Financial Auditors in Romania, bearing authorization no. 77/15.08.2011).

4. Significant Transactions

Rompetrol Rafinare reported the legal papers closed for the 1st semester of 2016 by the Company, according to art. 225 in Law 297/2004 concerning the share market and art. 113, let. G in the C.N.V.M. Regulation no. 1/2006, through current Reports recorded with the Company under no. 1954/26.02.2016, 5861/21.06.2016, 6471/7.07.2016, 6726/15.07.2016 and 6937/22.06.2016. Reports were sent to the market operator (i.e. the Bucharest Stock Exchange), listed on the Company website in the section entitled Investor Relations, www.rompetrol-rafinare.ro sub-section Current Reports, as well as the ASF website (www.asfromania.ro) within the section entitled: Supervision/Share Market/Electronic Reporting.

Also, major transactions concluded by the Company with persons currently trading with or involving such persons during the reported term, were the ones set for approval by the Extraordinary Shareholders' General Assembly („ESGA”) in



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**ROMPETROL RAFINARE S.A.
REPORT OF THE BOARD OF DIRECTORS FOR THE 1st HALF OF 2016**

compliance with legal provisions and stipulations in the Articles of Associations, as follows:

- On April, 28, 2016, the Extraordinary Shareholders' General Assembly („ESGA”) adopted Decision no. 3/2016 by means of which, with the majority of votes expressed by shareholders present in the assembly, the following were ratified: **execution by the Company of Addenda no. 7/19.09.2014, no. 8/31.12.2014 and no. 9/26.11.2015 to Loan Agreement no. 448 executed on 20.09.2010 between the Company and The Rompetrol Group N.V. (from March, 2014, with the new name of KMG International N.V.),** a significant Shareholder in the Company, with offices in Strawinskylaan 807 Tower A-8, 1077XX, The Netherlands, registered with the Registry of Commerce of the Amsterdam Chamber of Commerce and Industry under no. 24297754, extended and amended by Addendum no. 1/20.09.2011, approved by ESGA Decision no. 4/10.10.2011, by Addendum no. 2/2.05.2012, approved by ESGA Decision no. 2/29.06.2012, Addendum no. 3/20.09.2012, approved by ESGA Decision no. 6/26.10.2012, Addendum no. 4/05.03.2013, approved by ESGA Decision no. 3/05.03.2013, Addendum no. 5/20.09.2013 and Addendum no. 6/14.02.2014, both approved by ESGA Decision no. 3/29.04.2014, **dealing with the amount of USD 250,000,000.**

Note:

I) During the period, the Company's Articles of Incorporation were not amended.

II) The individual financial statements were drafted in accordance with the International Financial Reporting Standards and have not been audited.

Chairman of the Board of Directors
of ROMPETROL RAFINARE S.A.


Azamat Zhangulov

Chief Executive Officer


Yedil Utekov


Chief Financial Officer

Vasile-Gabriel Manole

Pag. 29

The individual financial statements in this report are drafted in accordance with the International Financial Reporting Standards and have not been audited