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REPORT OF THE BOARD OF DIRECTORS OF ROMPETROL RAFINARE ON THE CONSOLIDATED FINANCIAL STATEMENTS PREPARED AS OF JUNE 30, 2017

The figures include consolidated financial statements for this period prepared by the company in accordance with International Financial Reporting Standards („IFRS"). Consolidated financial statements of Rompetrol Rafinare include the results of the parent company Rompetrol Rafinare S.A and its subsidiaries Rompetrol Downstream S.R.L, Rompetrol Gas S.R.L, Rompetrol Quality Control S.R.L, Rom Oil SA, Rompetrol Logistics S.R.L and Rompetrol Petrochemicals S.R.L.

HIGHLIGHTS – CONSOLIDATED

	H1 2017	H1 2016	%	H1 2017	H1 2016	%
Financiar	USD	USD		RON	RON	
Gross Revenues	1,718,414,575	1,702,624,994	1%	6,859,051,776	6,796,027,663	1%
Net Revenues	1,274,423,444	1,153,144,118	11%	5,086,861,177	4,602,774,746	11%
EBITDA	57,538,863	90,198,125	-36%	229,666,372	360,025,816	-36%
EBITDA margin	4.5%	7.8%		4.5%	7.8%	
EBIT	7,434,687	42,452,061	-82%	29,675,554	169,447,399	-82%
Net profit / (loss)	(7,030,136)	22,031,313	N/A	(28,060,787)	87,937,982	N/A
Net Profit / (loss) margin	-0.6%	1.9%		-0.6%	1.9%	

Rompetrol Rafinare Constanta (RRC) gross revenues reached over USD 1.718 billion in H1 2017 as compared with the same period in 2016, influenced by the volatility of international quotations for petroleum products.

Trade Registry No: J 13/534/1991 IBAN: RO22BACX0000000030500310
Fiscal Identification No: RO1860712 UniCredit Tiriac Bank – Constanta

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ECONOMIC ENVIRONMENT

		H1 2017	H1 2016	%
Brent Dated	USD/bbl	52	40	30%
Ural Med	USD/bbl	50	38	32%
Brent-Ural Differential	USD/bbl	1.32	1.67	-21%
Premium Unleaded 10 ppm FOB Med	USD/t	531	442	20%
Diesel ULSD 10 ppm FOB Med	USD/t	464	360	29%
RON/USD Average exchange rate		4.19	4.03	4%
RON/USD Closing exchange rate		3.99	4.06	-2%
RON/EURO Average exchange rate		4.54	4.49	1%
RON/EURO Closing exchange rate		4.55	4.52	1%
USD/EURO Closing rate		1.14	1.11	3%
Inflation in Romania*		0.40%	-0.99%	N/A

*Source: Platts, * INSSE*

Over H1 2017 crude prices were again driven by market oversupply as producers ramped up output to maximize revenue in the lower flat price environment. After a strong start, the steady downward pressure from the supply side resulted in an H1 average price for outright Brent in the range of around $52 per barrel compared to $40 for H1 2016.

Several factors converged to make rebalancing possible. Output agreement between OPEC and 11 non-OPEC producers, pushed price levels up to around $55 per barrel until March, when trend changed in March on fears of a US production recovery and indications of returning Libyan production. In April, another upward move was brought on by Libyan force majeure interrupting exports from an important terminal. End-April prices have started to decrease due to steady upward march of US crude production, return of Nigerian crude oil from force majeure and recovery of Libyan production plus a stubbornly high crude stocks despite record levels of crude intake over Q2.

Urals differentials have generally been stronger year-on-year over H1 2017. In early H1, the additional tightness in differentials could be attributed to the effects of the OPEC/non-OPEC cut. From the second half of H1 onwards the surge was fueled primarily by logistical problems – particularly extensive work on the pipeline network feeding Primorsk. Average spread between Urals Med and Dated Brent stood at around $1.30 per barrel in H1, roughly 30 cents narrower than H1 2016. Urals Med differentials had their extreme ends at 67 cents per barrel and around $2.00 per barrel against Dated Brent, representing a much wider range of values than in the same period last year. A significant factor has been a curtailment in Urals loadings from Baltic ports due to pipeline issues. Alongside the shorter loadings caused by the pipeline works, a significant demand increase from Asian buyers helped to strengthen the uptick in prices. India and China have become particularly keen importers of Urals, as multiple indicators show increasing arbitrage flows into these markets.

High stock levels kept gasoline cracks under a firm lid over the early year, and benchmark cracks in Europe, Asia, and the US all coming in below 2016 levels over the first couple of months. A largely seasonal recovery towards the end of Q1 brought with it some optimism, but since then, cracks have largely stagnated. At the same time,

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recovering middle distillate cracks have allowed for crude intake to remain high, or, in some cases, increase even further. Parts of the pressure on gasoline cracks has clearly come from record crude intake in the US. Here, gasoline production levels moved from strength to strength, with stock builds only recently showing signs of easing. Some of the surplus production has found its way to Latin American countries ailing from persistent refinery issues, but this has nonetheless pressured arbitrage flows from Europe to America.

Mediterranean gasoline has been trending at consistent discounts to Singapore 95 over the quarter, in contrast to the premiums observed over Q2 2016. A relatively strong Asian market meant that Med gasoline has likely increasingly been drawn into the Middle East, where there has been a chronic outage at Ruwais refinery.

This year, European gas oil/diesel cracks saw a relatively strong H1. Although still trending below the five-year average, they were consistently higher year-on-year over Q1 and most of Q2. Cold weather in Q1 underpinned strong regional demand growth which in turn tightened the European gas oil/diesel balance in addition to the seasonal tightening due to maintenance. In Q2, high crude runs kept gas oil/diesel lead to increasing product stocks, which translated into pressure for cracks over May amid a downside in heating requirements.

JBC Energy's standard Urals cracking margin, based on a basket of crudes typically bought by Med refiners improved by a solid $1 per barrel over the first half of the year relative to H1 2016. The improvement came in combination with a soaring in crude runs, exceeding 2015 levels even though a refinery closure in France last year shrunk the region's CDU capacity. There is little doubt that rampant refinery outages in Central and South America contributed at least part of this good fortune. ULSD volumes from the US tended to find a more profitable home in the likes of Brazil and Mexico, while the rise in Russian ULSD output turned out to be milder than expected. Both factors left the Med ULSD market moderately tight, and elevated middle distillates into the primary drivers of refining margins.

**The information is based on analysis provided by JBC Energy GmbH*

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REFINING SEGMENT

		H1 2017	H1 2016	%	H1 2017	H1 2016	%
Financial		**USD**	**USD**		**RON**	**RON**	
Gross Revenues	USD/RON	1,413,931,408	1,392,259,088	2%	5,643,707,215	5,557,202,150	2%
Net Revenues	USD/RON	1,046,925,644	937,138,992	12%	4,178,803,708	3,740,590,287	12%
EBITDA	USD/RON	42,246,205	58,042,466	-27%	168,625,727	231,676,503	-27%
EBITDA margin	%	4.0%	6.2%		4.0%	6.2%	
EBIT	USD/RON	8,393,609	28,718,178	-71%	33,503,090	114,628,608	-71%
Net profit / (loss)	USD/RON	(17,210,246)	9,492,502	N/A	(68,694,697)	37,889,322	N/A
Net profit / (loss) margin	%	-1.6%	1.0%		-1.6%	1.0%	
Gross cash refinery margin/tone (PEM)	USD/(RON)/t	39.55	42.31	-7%	157.85	168.88	-7%
Gross cash refinery margin/bbl (PEM)	USD (RON) /b	5.45	5.83	-7%	21.73	23.25	-7%
Net cash refinery margin/tone (PEM)	USD/(RON) /t	16.49	19.87	-17%	65.83	79.31	-17%
Net cash refinery margin/bbl (PEM)	USD (RON) /b	2.27	2.74	-17%	9.06	10.92	-17%
Operational							
Feedstock processed in Petromidia refinery	Kt	2,422	2,792	-13%			
Feedstock processed in Vega refinery		152	172	-11%			
Gasoline produced	Kt	626	756	-17%			
Diesel & jet fuel produced	Kt	1,288	1,406	-8%			
Motor fuels sales - domestic	Kt	950	906	5%			
Motor fuels sales - export	Kt	859	1,143	-25%			
Export	%	47%	56%				
Domestic	%	53%	44%				

__Note__: Refining segment comprises the results of the company Rompetrol Rafinare (which operates Petromidia and Vega refineries). Rompetrol Rafinare computes Gross refinery margin as follows – (Oil Product Sales – Cost of Feedstock) / Quantity of sales. Net Refinery margin is the EBITDA of the refinery divided by quantity of sales.

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Rompetrol Rafinare is a part of KMG International Group and its operates the Petromidia Refinery – the biggest entity of the kind in Romania and one of the most modern in the Black Sea region and Vega Refinery – the oldest refinery in operation (1905) and the sole producer of bitumen and hexane, as well as the Petrochemical division – sole polymer manufacturer in the country.

The gross revenues of the refining segment reached USD 1.414 billion in H1 2017 higher by 2% compared with H1 2016, influenced by the volatility of international quotations for petroleum products.

During May 2017 Rompetrol Rafinare has stop production activities within its both refineries – Petromidia Navodari and Vega Ploiesti in order to perform scheduled technological works, established since November last year.

The works were coordinated by Rominserv, general contractor of the KMG International Group, and targeted the optimization and improvement of production flows, aligned to the new processing capacity of the Petromidia refinery, as well as carrying out of some preventive maintenance works for purposes of increasing the level of safety in operating the units and the level of environment protection.

During the mentioned period, both Rompetrol Rafinare SA production facilities provided supplying of products towards customers from accumulated stocks.

In H1 2017, the total throughput for Petromidia refinery was 2.422 million tons by 13.26% lower compared with the same period last year when the total throughput was 2.792 million tons; the refining capacity utilization was 70.4% lower by 22.05% compared with the same period last year. The decrease in volume of raw material processed compared to similar periods last year is due to the planned shutdown in May 2017.

In respect of Vega refinery, in H1 2017, the total throughput refinery was 152.017 thousand tons by 11.40% lower compared with the same period last year when the total throughput was 171.573 thousand tons and the refining capacity utilization was 92.13% lower by 11.85% compared with the same period last year.

The financial results of the refining segment were influenced by the lower volume of production and sales achieved compared to the similar periods last year due to the planned shutdown in May 2017. During the analysis period, the processing cost optimization programs were continued and the benefits recorded are in line with budget assumptions.

Rompetrol Rafinare S.A. continued to be an important contributor to Romania's fiscal budget with over USD 520 million in H1 2017.

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PETROCHEMICALS SEGMENT

		H1 2017	H1 2016	%	H1 2017	H1 2016	%
Financial		USD	USD		RON	RON	
Revenues	USD/RON	79,984,194	91,069,411	-12%	319,256,910	363,503,554	-12%
EBITDA	USD/RON	(3,489,295)	7,045,456	N/A	(13,927,521)	28,121,938	N/A
EBIT	USD/RON	(10,833,524)	(750,755)	N/A	(43,242,012)	(2,996,638)	N/A
Net profit / (loss)	USD/RON	(5,502,836)	992,488	N/A	(21,964,571)	3,961,516	N/A
Operational							
Propylene processed	kt	60	65	-8%			
Ethylene processed		28	31	-12%			
Sold from own production	kt	82	97	-15%			
Sold from trading	kt	0	1	-89%			
Total sold		83	98	-15%			
Export	%	48%	57%				
Domestic	%	52%	43%				

Starting 1st of January 2014, the petrochemicals activity was transferred from Rompetrol Petrochemicals to Rompetrol Rafinare S.A., being fully integrated in the propylene, utilities and logistics flow.

In terms of low density polyethylene unit (LDPE), the petrochemicals segment works 100% with ethylene from import. The polypropylene unit (PP) works with 100% raw material from the Petromidia refinery.

The petrochemicals segment is the sole polypropylene producer in Romania and has constantly succeeded to increase its market share on secondary categories of products. Its dynamic development strategy has secured the company a competitive position on the domestic market and on the regional one – the Black Sea and Mediterranean region and the Eastern and Central Europe.

In H1 2017, the total polymers production for Petrochemicals area was 64.690 thousand tons by 14.36 % lower compared with the same period last year when the total polymers production was 75.538 thousand tons, mainly caused by unplanned shutdown of the LDPE unit and planned shutdown of the PP unit.

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MARKETING SEGMENT

		H1 2017 USD	H1 2016 USD	%	H1 2017 RON	H1 2016 RON	%
Financial							
Gross Revenues	USD/RON	1,052,015,776	1,033,754,848	2%	4,199,120,970	4,126,232,476	2%
EBITDA	USD/RON	19,174,620	26,521,498	-28%	76,535,496	105,860,559	-28%
EBIT	USD/RON	9,838,937	17,729,225	-45%	39,272,117	70,766,202	-45%
Net profit / (loss)	USD/RON	15,648,251	15,532,992	1%	62,459,994	61,999,939	1%
Operational							
Quantities sold in retail	Kt	319	294	9%			
Quantities sold in wholesale	Kt	539	556	-3%			
LPG quantities sold	Kt	171	145	18%			

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

The marketing segment had a turnover of 1.052 billion in H1 2017, higher by 2% as against the same period last year.

In Q2 2017 compared to Q2 2016, the Platt's quotations (FOB Med Italy-mean), expressed in the currency of reference, USD were on average by 7% higher for gasoline and by 10% higher for diesel. The decrease of the exchange rate USD/RON by 4% led to an effective increase of 11% for gasoline quotation and of 15% for diesel quotation.

A major influence in changing prices had a reduction in VAT starting with 1st of January 2017, from 20% to 19%, and excise duties on fuels were reduced by 70 eurocents / 1000 liters, cuts that were fully transferred to prices paid by customers at the pump.

As of June 2017, the Rompetrol Downstream's distribution segment contained 789 points of sale, including the network of owned stations, partner stations and mobile stations: expres, cuves and internal bases.

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APPENDIX 1 – CONSOLIDATED INCOME STATEMENT 2017, UNAUDITED

Amounts in USD/RON

	H1 2017 USD	H1 2016 USD	%	H1 2017 RON	H1 2016 RON	%
Gross Revenues	1,718,414,575	1,702,624,994	1%	6,859,051,776	6,796,027,663	1%
Sales taxes and discounts	(443,991,131)	(549,480,876)	-19%	(1,772,190,599)	(2,193,252,917)	-19%
Net revenues	**1,274,423,444**	**1,153,144,118**	**11%**	**5,086,861,177**	**4,602,774,746**	**11%**
Cost of sales	(1,175,922,909)	(1,033,407,093)	14%	(4,693,696,291)	(4,124,844,413)	14%
Gross margin	**98,500,535**	**119,737,025**	**-18%**	**393,164,886**	**477,930,333**	**-18%**
Selling, general and administration	(88,165,446)	(78,602,299)	12%	(351,912,378)	(313,741,076)	12%
Other expenses, net	(2,900,402)	1,317,335	N/A	(11,576,954)	5,258,142	N/A
EBIT	**7,434,687**	**42,452,061**	**-82%**	**29,675,554**	**169,447,399**	**-82%**
Finance, net	(13,669,228)	(16,139,997)	-15%	(54,560,723)	(64,422,799)	-15%
Net foreign exchange gains / (losses)	(380,525)	(3,808,769)	-90%	(1,518,866)	(15,202,702)	-90%
EBT	**(6,615,066)**	**22,503,295**	**N/A**	**(26,404,035)**	**89,821,898**	**N/A**
Income tax	(415,070)	(471,982)	-12%	(1,656,752)	(1,883,916)	-12%
Net result	**(7,030,136)**	**22,031,313**	**N/A**	**(28,060,787)**	**87,937,982**	**N/A**
EBITDA	**57,538,863**	**90,198,125**	**-36%**	**229,666,372**	**360,025,816**	**-36%**

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APPENDIX 2 – CONSOLIDATED BALANCE SHEET JUNE 30, 2017, UNAUDITED

Amounts in USD/RON

	June 30, 2017	December 31, 2016	%	June 30, 2017	December 31, 2016	%
	USD	USD		RON	RON	
Assets						
Non-current assets						
Intangible assets	7,558,830	7,265,762	4%	30,171,069	29,001,289	4%
Goodwill	82,871,706	82,871,706	0%	330,782,416	330,782,416	0%
Property, plant and equipment	1,119,368,049	1,138,146,913	-2%	4,467,957,568	4,542,913,403	-2%
Financial assets and other	65,091,474	64,968,050	0%	259,812,619	259,319,972	0%
Total Non Current Assets	**1,274,890,059**	**1,293,252,431**	**-1%**	**5,088,723,672**	**5,162,017,080**	**-1%**
Current assets						
Inventories	226,157,044	230,091,565	-2%	902,705,842	918,410,482	-2%
Trade and other receivables	390,035,870	287,577,488	36%	1,556,828,176	1,147,865,544	36%
Derivative financial Instruments	401,671	5,340	N/A	1,603,270	21,315	N/A
Cash and cash equivalents	6,807,345	15,810,298	-57%	27,171,518	63,106,805	-57%
Total current assets	**623,401,930**	**533,484,691**	**17%**	**2,488,308,806**	**2,129,404,146**	**17%**
Total assets	**1,898,291,989**	**1,826,737,122**	**4%**	**7,577,032,478**	**7,291,421,226**	**4%**
Equity and liabilities						
Total Equity	**472,308,011**	**478,624,262**	**-1%**	**1,885,217,428**	**1,910,428,742**	**-1%**
Non-current liabilities						
Long-term debt	-	193,162,805	-100%	-	771,009,336	-100%
Provisions	74,981,195	76,429,343	-2%	299,287,439	305,067,723	-2%
Other	496,743	483,680	3%	1,982,750	1,930,609	3%
Total non-current liabilities	**75,477,938**	**270,075,828**	**-72%**	**301,270,189**	**1,078,007,668**	**-72%**
Current Liabilities						
Trade and other payables	879,855,508	788,571,675	12%	3,511,943,264	3,147,583,846	12%
Derivative financial instruments	-	323,130	-100%	-	1,289,773	-100%
Short-term debt	470,650,532	289,142,227	63%	1,878,601,597	1,154,111,197	63%
Total current liabilities	**1,350,506,040**	**1,078,037,032**	**25%**	**5,390,544,861**	**4,302,984,816**	**25%**
Total equity and liabilities	**1,898,291,989**	**1,826,737,122**	**4%**	**7,577,032,478**	**7,291,421,226**	**4%**

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Risk Management

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

Interest rate risk

Interest rate price risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates relative to the interest rate that applies to the financial instrument. Interest rate cash flow risk is the risk that the interest cost will fluctuate over time. The Group has long-term debt and short-term debt that incur interest at fixed and variable interest rates that exposes the Group to both fair value and cash flow risk.

Foreign exchange risk

The Group's functional currency is United States Dollar ("USD") and crude oil imports and a significant part of petroleum products sales are all denominated principally in US Dollars, therefore, limited foreign currency exposure arises in this context. Certain assets and liabilities are denominated in foreign currencies, which are translated at the prevailing exchange rate at each balance sheet date. The resulting differences are charged or credited to the income statement but do not affect cash flows. Group Treasury is responsible for handling the Group foreign currency transactions.

Liquidity and cash flow risks

The liquidity risk consists in not having financial resources available in order to fulfill company obligations when they are due. Based on the forecasted cash flow, the management of the company checks daily the liquidity level and ensures the fulfillment of obligations to suppliers, to the state budget, to the local tax authorities etc. according to their maturity. The current and immediate liquidity ratios are monitored permanently.
One of the concerns of the management of Rompetrol Rafinare is to know the effects of all these risks in order to ensure that the economic-financial activity of the company is carried out without any problems. During 2017 the company enjoyed continuous financing resources at the needed levels and ensured that no cases of temporary lack of financial resources or of lack of liquidity of the company occurred, as a result of selling products guaranteed with payment instruments and negotiating receipt terms from clients and payment terms to suppliers that are advantageous, maintaining at the same time a good relation with the business partners. Rompetrol Rafinare is part of the cash pooling facility of the KMGI Group and therefore can cover unexpected cash outflows by drawing from the facility.

Credit risk

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

- *Trade receivables*

The Group is exposed to credit risk. Overdue customer receivables are regularly monitored. The requirement for impairment is analyzed on a regular basis, being undertaken on an individual basis as well as collectively on the basis of ageing.

- *Financial instruments and bank deposits*

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

Commodity price risk

The Group is affected by the volatility of crude oil, oil product and refinery margin prices. Its operating activities require ongoing purchase of crude oil to be used in its production as well as supplies of petroleum products to its clients. Due to significantly increased volatility of crude oil and petroleum products, the management developed a hedge policy which was presented to the Group's Board of Directors and was approved in most significant aspects in 2010 and with some further amendments in February 2011. Following this approval, the Group started on January 2011 to hedge commodities held by Rompetrol Rafinare and in 2014 it was implemented a hedging program in Rompetrol Downstream.
According to the hedge policy, on the raw materials and petroleum products side, the flat price risk for priced inventories above a certain threshold (called base operating stock in case of Rompetrol Refinery, benchmark stock for Rompetrol Downstream) is hedged using future contracts traded on ICE Exchange and some OTC instruments. The base operating stock is the equivalent of priced stocks that are held at any moment in time in the Group, hence price fluctuations will not affect the cash-flow. Based on the expectations of crude oil price increase, at the beginning of 2016, the hedge strategy was split between futures and options while a certain quantity above base operating stock left unhedged.
Risk management activities are separated into physical effective transactions (purchase of raw materials and sales of petroleum to third parties or Intercompany) and paper trades (for economic hedging purposes). Each physical effective transaction is covered through a related futures position according to the exposure parameters set by management (i.e. based on physical quantities sold or purchased). The Group sells or buys the equivalent number of future contracts based on the current position at that particular moment. This paper trade is done only to hedge the risk of the Physical Trade and not to gain from the trading of these instruments. The company also had hedge operations for refinery margins.

Operational risk

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

rompetrol | KazMunayGas Group Member

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Subsequent events

Facility granted to Rompetrol Rafinare S.A. by Rompetrol Well Services S.A. in amount of RON 13 million has been extended until August 10, 2017.

Facility granted to Rompetrol Rafinare S.A. by Rompetrol Well Services S.A. in amount of RON 7 million has been extended until August 14, 2017.

Facility granted to Rompetrol Rafinare S.A. by Rompetrol Well Services S.A. in amount of RON 3.1 million has been extended until September 3, 2017.

Facilities granted to Rompetrol Rafinare S.A. by Bancpost in amount of EUR 30 million, respectively EUR 27.96 million have been extended until July 31, 2018.

On July 17, 2017, Rompetrol Rafinare SA and the affiliates KMG International NV and Oilfield Exploration Business Solutions SA received an ordinance issued by DIICOT which mandates the continuation of the criminal investigation of deeds attributed to the 1998-2003 period and of the grounds for the company's civil liability for part thereof.

As before, the company will further cooperate with the authorities in a transparent way with the aim that the investigations complete in due course and in full observance of the company's rights.

This new procedural deed does not affect the daily activtiy of Rompetrol refineries the operations of which are being carried out in the normal course.

However, the company continues to work with its local and international legal advisors to use all legal means to protect its investments, activities and current operations as well as its reputation.

The company will provide further information once there will be clarified the aspects related to the company's liability for the deeds currently pending investigation.

The national oil and gas company of Kazakhstan - KazMunayGas became in August 2007 the major shareholder, and in 2009 the sole shareholder, of The Rompetrol Group (currently named KMG International NV) that the company is a part of.

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<u>Note: The Board of Directors Report was prepared based on the unaudited financial statements.</u>

The functional currency, as basis for preparing the financial statements, is USD. RON currency is used as currency for presenting the informations in USD, according to the International Financial Reporting Standards. All the RON information were obtained by multiplying the USD values with the exchange rate USD/RON = 3.9915 as of 30 June 2017.

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

Catalin Dumitru

Chief Executive Officer

Yedil Utekov

Chief Financial Officer

Vasile-Gabriel Manole