ROMPETROL RAFINARE S.A.

INDIVIDUAL FINANCIAL STATEMENTS

Drafted in compliance with
Order of the Ministry of Public Finance no. 1286/2012
for approval of the accounting regulations in compliance with
The International Financial Reporting Standards

31 DECEMBER 2012

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RAPORTUL AUDITORULUI INDEPENDENT
INDEPENDENT AUDITORS' REPORT

Catre actionarii, SC Rompetrol Rafinare S.A.
To the shareholders of S.C.Rompetrol Rafinare S.A.

1 Am auditat situatiile financiare anexate ale societatii S.C. Rompetrol Rafinare S.A. ("Societatea") care cuprind situatia pozitiei financiare la data de 31 decembrie 2012, contul de profit si pierdere, situatia rezultatului global, situatia miscarilor in capitalurile proprii si situatia fluxurilor de numerar pentru exercitiul financiar incheiat la aceasta data si un sumar al politicilor contabile semnificative si alte note explicative. Situatiile financiare mentionate se refera la:

- Total capitaluri: 2.143.734 mii lei
- Rezultatul net al exercitiului financiar: 297.654 mii lei, pierdere

1 We have audited the accompanying financial statements of S.C. Rompetrol Rafinare S.A. ("the Company"), which comprise the statement of financial position as at 31 December 2012, and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information presenting the following:

- *Total equity and reserves: 2,143,734 thousand lei*
- *Loss for the year: 297,654 thousand lei*

Responsabilitatea conducerii pentru situatiile financiare
Management's responsibility for the financial statements

2 Conducerea are responsabilitatea întocmirii şi prezentării fidele a acestor situaţii financiare în conformitate cu Ordinul Ministrului Finanţelor Publice nr. 1286/2012 pentru aprobarea Reglementărilor contabile conforme cu Standardele Internaţionale de Raportare Financiară, aplicabile societăţilor comerciale ale căror valori mobiliare sunt admise la tranzacţionare pe o piaţă reglementată, cu toate modificările si clarificările ulterioare, şi pentru acel control intern pe care conducerea îl consideră necesar pentru a permite întocmirea şi prezentarea fidelă a situaţiilor financiare care sunt lipsite de denaturări semnificative, cauzate fie de fraudă, fie de eroare.

2 *Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Order of the Minister of Public Finance no. 1286/2012 approving the accounting regulations compliant with the International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market, with all subsequent modifications and clarifications, and for such internal control as management determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.*

Responsabilitatea auditorului
Auditors' responsibility

3 Responsabilitatea noastra este ca, pe baza auditului efectuat, sa exprimam o opinie asupra acestor situatii financiare. Noi am efectuat auditul conform standardelor de audit adoptate de Camera Auditorilor Financiari din Romania. Aceste standarde cer ca noi sa respectam cerintele etice ale Camerei, sa planificam si sa efectuam auditul in vederea obtinerii unei asigurari rezonabile ca situatiile financiare nu cuprind denaturari semnificative.

3 *Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing as adopted by the Romanian Chamber of Financial Auditors. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.*

4 Un audit consta in efectuarea de proceduri pentru obtinerea probelor de audit cu privire la sumele si informatiile prezentate in situatiile financiare. Procedurile selectate depind de rationamentul profesional al auditorului, incluzand evaluarea riscurilor de denaturare semnificativa a situatiilor financiare, datorate fraudei sau erorii. In evaluarea acestor riscuri, auditorul ia in considerare controlul intern relevant pentru intocmirea si prezentarea fidela a situatiilor financiare ale Societatii pentru a stabili procedurile de audit relevante in circumstantele date, dar nu si in scopul exprimarii unei opinii asupra eficientei controlului intern al Societatii. Un audit include, de asemenea, evaluarea gradului de adecvare a politicilor contabile folosite si rezonabilitatea estimarilor contabile elaborate de catre conducere, precum si evaluarea prezentarii situatiilor financiare luate in ansamblul lor.

4 *An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.*

5 Consideram ca probele de audit pe care le-am obtinut sunt suficiente si adecvate pentru a constitui baza opiniei noastre de audit.

5 We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinia
Opinion

6 In opinia noastra, situatiile financiare ofera o imagine fidela si justa a pozitiei financiare a Societatii la data de 31 decembrie 2012, ca si asupra performantei financiare si a fluxurilor de numerar pentru exercitiul financiar incheiat la aceasta data, in conformitate cu Ordinul Ministrului Finantelor Publice nr. 1286/2012 pentru aprobarea Reglementărilor contabile conforme cu Standardele Internaţionale de Raportare Financiară, aplicabile societăţilor comerciale ale căror valori mobiliare sunt admise la tranzacţionare pe o piaţă reglementată, cu toate modificările si clarificările ulterioare.

6 In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with the Order of the Minister of Public Finance no. 1286/2012 approving the accounting regulations compliant with the International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market, with all subsequent modifications and clarifications.

Raport asupra conformitatii raportului administratorilor cu situatiile financiare
Report on conformity of the Administrators' Report with the financial statements

În conformitate cu Ordinul Ministrului Finanţelor Publice nr. 1286/2012, articolul nr. 16 punctul c) din capitolul II, noi am citit Raportul Directoratului. Raportul Directoratului nu face parte din situaţiile financiare. În Raportul Directoratului noi nu am identificat informaţii financiare care să nu fie în mod semnificativ în conformitate cu informaţiile prezentate în situaţiile financiare la 31 decembrie 2012, ataşate.

In accordance with the Order of the Minister of Public Finance no 1286/2012, article no. 16 point c) from chapter II we have read the Directors' Report. The Directors' Report is not a part of the financial statements. In the Directors' Report we have not identified any financial information which is not in accordance, in all material respects, with the information presented in the accompanying financial statements as at 31 December 2012.

In numele
On behalf of

Ernst & Young Assurance Services SRL
Inregistrat la Camera Auditorilor Financiari din Romania
Cu nr. 77/15 august 2001
Registered with the Chamber of Financial Auditors in Romania
Nr. 77/15 August 2001

ERNST & YOUNG
15 APR 2013
Initialled for identification
Semnat pentru identificare

Numele semnatarului: Garry R. Collins
Name of signing person: Garry R. Collins

Inregistrat la Camera Auditorilor Financiari din Romania
Cu nr. 179/15octombrie 2000
Registered with the Chamber of Financial Auditors in Romania
Nr. 179/15 October 2000

Bucuresti, Romania
15 aprilie 2013
Bucharest, Romania
15 April 2013

CONTENTS:

STATEMENT OF THE FINANCIAL POSITION

as at 31 December 2012

(all the amounts are in new Lei ("Ron"), unless otherwise indicated)

	Notes	31 December 2012	31 December 2011	1 January 2011
Intangible assets	4	6.466.548	2.118.749	4.434.053
Goodwill	5	152.720	152.720	152.720
Tangible assets	6	2.497.604.454	2.208.211.011	1.741.291.005
Financial assets	7	2.005.537.969	2.005.537.969	2.005.602.597
Total of Fixed assets		**4.509.761.691**	**4.216.020.449**	**3.751.480.375**
Net inventories	8	1.167.936.143	871.141.638	889.816.568
Receivables and accrued expenses, net	9	1.253.362.130	1.330.248.406	1.434.769.762
Derivative financial instruments	27.4	-	19.475.065	-
Petty cash and bank accounts	10	435.731.646	43.062.148	28.095.444
Current assets - total		**2.857.029.919**	**2.263.927.257**	**2.352.681.774**
TOTAL ASSETS		**7.366.791.610**	**6.479.947.706**	**6.104.162.149**
Subscribed share capital	11	4.410.920.573	4.410.920.573	4.410.920.573
Share capital related inflation	11	5.734.750.095	5.734.750.095	5.734.750.095
Share premiums	11	232.637.107	232.637.107	232.637.107
Other reserves	11	2.677.987.912	19.309.342	17.804.605
Loss carried forward		(10.614.908.344)	(9.901.649.343)	(9.250.548.170)
Result of the current financial year		(297.653.500)	(713.259.001)	(651.101.173)
Equity - total		**2.143.733.843**	**(217.291.227)**	**494.463.037**
Non current lease liabilities		-	-	17.743
Provisions	14	228.590.403	54.599.571	61.138.133
Non current liabilities - total		**228.590.403**	**54.599.571**	**61.155.876**
Commercial liabilities and other liabilities	12	3.236.451.025	2.899.967.016	2.190.412.009
Short-term lease liabilities		-	17.766	368.897
Derivative financial instruments	27.4	8.289.422	-	-
Short-term loans from shareholders	13	1.711.276.576	3.618.454.195	3.291.136.208
Short-term bank loans	13	43.931	99.534.891	66.626.122
Current provisions	14	38.406.410	24.665.494	-
Current liabilities - total		**4.994.467.364**	**6.642.639.362**	**5.548.543.236**
TOTAL LIABILITIES AND EQUITY		**7.366.791.610**	**6.479.947.706**	**6.104.162.149**

The standalone financial statements from pages 3 - 82 have been approved by the Board of Directors and submitted for approval of the General Meeting of the Shareholders on 29 April 2013, by:

AZAMAT ZHANGULOV
Chairman of the Board of Directors

VASILE - GABRIEL MANOLE
Economic Director

SORIN GRAURE
Chief Executive Officer

Prepared by (Chief Accountant)
Pasa Cherata

ROMPETROL RAFINARE S.A.

Notes from 1 to 31 are integral part of the financial statements.

Continuing operations	Notes	2012	2011
Net turnover	15	12.323.113.339	10.174.808.952
Cost of production sold	16	(12.154.045.477)	(10.274.106.255)
Gross profit		**169.067.862**	**(99.297.303)**
Sales costs and general-administrative costs	17	(163.438.757)	(152.665.045)
Other revenues / (operational) expenses	18	(182.032.525)	(72.136.785)
Operating profit		**(176.403.420)**	**(324.099.133)**
Net financial result	19	(118.726.844)	(164.352.871)
(Loss) / gain deriving from difference in the exchange rate	19	(2.523.236)	(224.806.997)
Gross loss		**(297.653.500)**	**(713.259.001)**
Income tax	20	-	-
Loss of the financial year		**(297.653.500)**	**(713.259.001)**
Result per share (money / share)			
Basis	23	(0,67)	(1,62)

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VASILE - GABRIEL MANOLE
Economic Director

SORIN GRAURE
Chief Executive Officer

Prepared by (Chief Accountant)
Pasa Cherata

ROMPETROL RAFINARE S.A.

	2012	2011
Net loss:	(297.653.500)	(713.259.001)
Other elements of the global earnings		
Actuarial gains / losses related to pension benefits	(521.430)	1.504.737
Other elements of the global earnings per year, no taxes included	(521.430)	1.504.737
Total global earnings per year	(298.174.930)	(711.754.264)

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Economic Director

SORIN GRAURE
Chief Executive Officer

Prepared by (Chief Accountant)
Pasa Cherata

ROMPETROL RAFINARE S.A.

	2012	2011
Net profit before tax	**(297.653.500)**	**(713.259.001)**
Adjustments for:		
Depreciation and amortization	86.787.386	146.630.773
Expenses from adjustments for depreciation of receivables and inventories (including write-off)	177.615.629	63.282.658
Provisions for impairment of tangible assets	(4.104.594)	10.353.031
Provision for environment and other liabilities	186.400.687	20.687.654
Restructuring and retirement benefit provisions		
Late payment expenses	11.934.047	6.030.186
Interest expense and bank charges, net	63.322.161	118.556.259
Revenues / expenses from derivatives	43.649.489	1.647.944
Net Gain / (Loss) on sale or disposal of assets	18.645	1.188.214
Unrealised foreign exchange (gain) / loss from restatement and other monetary items	(182.577.734)	193.934.615
Cash generated from operations before working capital changes	**85.392.216**	**(150.947.667)**
Net working capital changes:		
Receivables and prepayments	(78.650.350)	70.015.255
Inventories	(345.422.817)	(54.926.498)
Trade and other payables, excluding payables for investments	529.658.433	495.065.845
Net working capital changes:	**105.585.266**	**510.154.602**
Paid income tax	-	(10.750)
Net cash payments for derivatives	(15.884.999)	(21.123.012)
Net cash provided by/(used in) operating activities	**175.092.483**	**338.073.173**
Net cash used in investing activities		
Purchase of intangible assets	(370.103.573)	(549.892.008)
Changes in payables investments	(109.235.097)	161.495.814
Purchase of tangible assets	(6.339.106)	(915.084)
Purchase of financial assets	-	64.628
Net cash used in investing activities	**(485.677.776)**	**(389.246.650)**
Net cash flow used in financing activities		
Loans received	825.881.149	79.624.090
Loans repaid	(103.402.014)	-
Increase / (reimbursement) of financial leasing	17.951	(337.615)
Interest and bank charges paid, net	(19.242.295)	(13.146.294)
Net cash from financing activities	**703.254.791**	**66.140.181**
Net Increase / (Decrease) in cash	**392.669.498**	**14.966.704**
Cash at the beginning of the period	**43.062.148**	**28.095.444**
Cash at the end of the period	**435.731.646**	**43.062.148**

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Prepared by (Chief Accountant)
Pasa Cherata

	Subscribed capital	Share capital related inflation	Share premium	Loss carried forward	Other reserves	Total capitals
January 1, 2011	4.410.920.573	5.734.750.095	232.637.107	(9.901.649.343)	17.804.605	494.463.037
Net loss for 2011	-	-	-	(713.259.001)	-	(713.259.001)
Actuarial gains / losses related to retirement benefits	-	-	-	-	1.504.737	1.504.737
31 December 2011	4.410.920.573	5.734.750.095	232.637.107	(10.614.908.344)	19.309.342	(217.291.227)
Net loss for 2012	-	-	-	(297.653.500)	-	(297.653.500)
Reserves / hybrid instruments	-	-	-	-	2.659.200.000	2.659.200.000
Actuarial gains / losses related to retirement benefits	-	-	-	-	(521.430)	(521.430)
31 December 2012	4.410.920.573	5.734.750.095	232.637.107	(10.912.561.844)	2.677.987.912	2.143.733.843

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Pasa Cherata

Notes from 1 to 31 are integral part of the financial statements.

1. GENERAL

Rompetrol Rafinare S.A. (hereinafter referred to as "the Company" is a company incorporated under Romanian laws. The Company operates Petromidia – the Refinery with the highest capacity (of 4,8 million tons/annum, nameplate capacity) and the only Romanian refinery at the Black Sea, which processes exclusively imported crude oil and produces E.U. standard compliant motor fuels, other petroleum products and certain petrochemicals. Petromidia refinery was designed and built during 1975 and 1977 and was further upgraded in the early '90s.

The registered address of Rompetrol Rafinare S.A. is 215 Navodari Blvd, Constanta, Romania.

Rompetrol Rafinare S.A. is a joint stock company listed in the Bucharest Stock Exchange since 2004.

The Company is part of the Rompetrol Group N.V. The consolidated financial statements are prepared at the level of the parent company The Rompetrol Group NV, with the head office located at World Trade Center, Strawinskylaan 807, Tower A, 8th Floor, 1077 XX, Amsterdam, The Netherlands. These annual financial statements are public.

The ultimate parent of the Rompetrol Group is the company "State holding enterprise on assets management (Samruk)" JSC, an entity with its headquarters in Kazakhstan.

The company also prepares consolidated financial statements that have a public character and are available on the website of the company, www.rompetrol.com, at the section Relation with Investors, subsection Rompetrol Refining.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation and statement of compliance

Effective as of 31 December 2012, the standalone financial statements of the Company are prepared in accordance with the Order of the Minister of Public Finance no. 1286/2012 for approval of the Accounting regulations in compliance with the International Financial Reporting Standards applicable to the companies whose real estate values are accepted for transaction on a regulated market, as amended and completed. These provisions are compliant with the requirements of the International Financial Reporting Standards as approved by the European Union, save the provisions of IAS 21, *the Effects of the exchange rate variation* with regards to the functional currency.

For the purpose of preparing these Financial Statements, in accordance with the requirements of the Romanian law, the Company's functional currency is the Romanian leu (RON).

For the year concluded as at 31 December 2011 and the previous financial years, the Company has prepared the standalone financial statements in accordance with the Romanian accounting standards (Order of the Minister of Public Finance no. 3055/2009). This is the first set of standalone Financial Statements prepared under IFRS and adopted by the EU.

The financial statements were prepared based on the historical cost, least the financial instruments which are presented at the fair value in the account and loss.

The standalone financial statements are prepared in RON and all the values are rounded up to the closest amount in lei, if not otherwise indicated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) The going concern

The financial statements of the Company are prepared on a going concern basis. As at 31 December 2012 and 2011, the Company reported net assets amounted to RON 2,144 million and minus RON 217 million respectively. For the years ended at 31 December 31 2012 and 2011, the Company reported losses of RON 298 million and RON 713 million respectively. The accumulated losses incurred so far are due to the fact that the Company has been affected by the specific of the refining activity, characterized by a significant volatility but, considering the massive investment trend of late, it is envisaged the obtaining of positive financial results which will decrease the cumulated loss registered until now.

To build on competitiveness of the Kazakh crude based products in the Black Sea market, an ambitious upgrade program has been developed, in order to bring the Petromidia refinery to world-class standards. Starting with the third quarter of 2012, as a result of finalising the investment program, the refining capacity may increase from 3,8 million ton per year to 5 million ton per year, capable to fully run on Ural's crude oil. Also, as a result of the same investments, the effectiveness of the distilled products for Diesel and Jet will raise to a world class 43% (of which 40% increase in Diesel). This upgrade makes Petromidia the largest refinery in Romania and one of the largest in the Region.

The refinery is strategically located on the Black Sea shore, with rapid access to several markets for which forecasted demand is expected to grow over the next years, at the same time offering certain advantages such as: good contribution margins and an increasing market share.

Crude oil average quotation in 2012 has been of USD 111,57/ bbl, increasing by 0,27% as compared to the 2011 average of USD 111,27/ bbl.

The performance reached in 2012 was possible due to margins improvements in key operational sectors, such as refining and implementation of costs controlling program. The aggressive costs reduction program has contributed to a better economic performance in 2012, as compared to the past three years.

While the first performance of the first semester of 2012 was affected by severe weather conditions during the first quarter of 2012 and the volatility of the crude oil price (around +/-100USD/ton), the second semester delivered much better results, as Petromidia gross margin achieved has been approximately USD 105 million, generated by international highest market margins in the past 4 years.

The Petromidia Upgrade program was finalized at the beginning of the third quarter of 2012, when the refining capacity was increased 3,8 million ton of raw materials per year to 5 million ton per year. As a result of the refinery upgrade program, in December, the effectiveness of obtained for white products reached a historical milestone of 92,5%, as compared to the previous level of 85,4%. For the year 2012, the refining average monthly throughput was higher by 4% as compared by 2011.

The 2013-2017 strategy is a mixture of cost optimization for the refining activity for the purpose of improving Solomon indicators:

- The technological improvements brought by the upgrade of the refinery has increased its economic indicators, the gross margin increasing by USD 60-90 million /year and the processing costs have been cut by USD 2 - 4 /ton (from USD 29 /ton currently).
- Besides the technological improvements, the management of the Petromidia refinery will keep focusing on the competitively of the costs (besides the cost reduction initiatives) and on the energetic efficiency for a better performance of the refinery.

The management considers that these developments will lead to an improvement of the Group capacity to support its continuous operations, despite the challenges of the financial crisis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The net assets of the Company have decreased to less than half of the value of the subscribed social capital. The Company's management intends to regulate this situation of the ratio between the net assets of the Company and its social capital, within the term provided by law, according to article 153.24 of Law 31/1990 on the trading companies, as updated.

The management believes that the support provided by the group companies will be enough to continue the activity and pay the debts in the ordinary course of the business operations, without the need for substantial asset sales, a forced interruption caused by external factors of its operations or other similar actions.

Moreover, the Rompetrol Group N.V. has received confirmation from KazMunaiGaz regarding the financial support for the next 12 months, in case the Group needs additional funds besides those already generated from its own activity or available from external sources.

On March 5th, 2013, the General Meeting of the Shareholders of S.C. Rompetrol Rafinare S.A. adopted the decision to additionally convert the loan granted by the Rompetrol Group NV with the amount of USD 150 million, in a hybrid loan repayable in 51 years (reaching to a total amount of USD 950 million), followed by the completion of an amendment to the contract concluded between the two parties.

Also, considering the Company's plans for 2013, it is considered that the preparation of the financial statements is based on the going concern principle.

c) Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires that the management should issue professional judgments, estimates and assumptions that affect the reported amounts of revenues and expenses, of assets and liabilities and the disclosure of contingent liabilities at the reporting date. The estimates and associated assumptions are based on the previous experience and on other factors considered relevant. However, uncertainty about these forecasts and estimates could result in adjusting the accounting value of the assets and liabilities in the future periods.

The estimates and assumptions that are the basis of the accounting judgements are constantly reviewed. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects that period or in the period of the revision and the future periods if the revision affects both the current period and the next.

The issues listed below are considered to be the most important in understanding the accounting judgments that affect the preparation of these financial statements and the uncertainties that could affect the result of the operations, the financial position and the treasury flows.

- Impairment of goodwill arising from acquisition

The Company performs the impairment test for goodwill based on the fair value less the cost of sale which uses the discounted cash flow model. The cash flows are derived from the budget for the next 5 years and do not include restructuring activities that the Company is not yet committed to undertake. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- *Impairment of non- financial assets*

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the carrying amounts for major property, plant and equipment are reviewed for possible impairment annually, while all assets are reviewed whenever events or changes in circumstances indicate that the carrying amounts for those assets may not be recovered. If assets are determined to be impaired, the carrying amounts of those assets are written down to their recoverable amount, which is higher of fair value less costs to sell, and value in use determined as the amount of estimated discounted future cash flows. Impairments, except those related to goodwill, are reversed as applicable to the extent that the events or circumstances that triggered the original impairment have changed.

Estimates of future cash flows are based on management estimates of future commodity prices, market supply and demand and product margins. Other factors that can lead to changes in estimates include restructuring plans and variation in regulatory environments. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model, as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

- *Provision for environmental liability*

The Company is involved in refining and petrochemicals, wholesale and retail sales and other related services (logistics). Environmental damage caused by such activities may require the Company to incur restoration costs to comply with the regulations in the various jurisdictions in which the Company operates, and to settle any legal or constructive obligation. Analysis and estimates are performed by the Company together with its technical and legal advisers, in order to determine the probability, timing and amount involved with probable required outflow of resources. Estimated restoration costs, for which cash outflow may be probable, are recognized as a provision in the Company's financial statements. When the final determination of such obligations differs from the recognized provisions, difference is registered in the Company's profit and loss account.

- *Deferred tax assets*

Deferred tax assets resulting from the unused tax losses are recognized only to the extent that it is probable that taxable profit will be available, against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

- *Retirement benefits costs*

Payments made to state-managed retirement benefit schemes are dealt with as defined contribution plans, meaning that the Company pays fixed contributions into the state-managed fund and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions are charged as an expense in the same period when the employee service was contracted and executed.

Under collective labour agreements in place, the employees are entitled to certain retirement benefits, payable on retirement, if they are employed by the Company at the date of their retirement. These amounts are estimated as of the reporting date based on benefits provided in the agreements, the number of employees of the Company and the actuarial assumptions on future liabilities. The actuarial valuation method involves various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to complexity of computation and the long term nature of these benefits, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The defined benefit liability as of reporting date comprises the present value of the defined benefit obligation and the related service cost recorded in the profit and loss account. All actuarial gains and losses are fully recognized in other comprehensive income in the period in which they occur for all defined benefit plans. Actuarial gains and losses recognized in other comprehensive income are presented in the statement of comprehensive income.

The Company has no other liabilities with respect to future pensions, health plans and other costs for its employees.

Further details on retirement benefits costs are provided in Note 14.

- Carrying value of trade and other receivables

The Company assesses at each reporting date the requirement for an adjustment for impairment in trade and other receivables. The Company uses its judgment, based on the nature and extent of overdue debtors and historical experience, in order to estimate the amount of such an adjustment. The adjustment is recognized where there is objective evidence that a particular trade receivable or a group of trade receivables are impaired.

- Carrying value of inventories

The Company considers on a regular basis the carrying value of inventories in comparison to expected use of the inventories, the impact of damaged or obsolete inventories, technical losses and the net realizable value in comparison to the cost, based on latest available information and market conditions. As applicable, it is recorded an adjustment for impairment of inventories.

- Useful lives of fixed assets and intangibles

In 2012 the Company reassessed the useful lives for the refinery assets (Petromidia and Vega).

The new useful lives were applied starting January 1st, 2012 and the impact within the 2012 financial statements is presented below:

	2012
Consolidated statement of financial position	
Intangible assets	100.347.403
Consolidated statement of comprehensive income	
Cost of production sold	(100.347.403)

Until the end of the assets lives, the decrease in yearly depreciation charge determined by the reassessment is estimated to be approximately RON 100 million.

d) Standards issued but not yet effective

The Company has not early adopted the following standards/interpretations:

- **IAS 1 Financial Statement Presentation (Amended) – Presentation of other Items of the Comprehensive Income**
  The amendment is effective for annual periods beginning on or after 1 July 2012. The amendments to IAS 1 change the grouping of the items presented in the comprehensive income. The items that could be reclassified (or 'recycled') through the profit or loss account at a future point in time (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of the financial position and performance). The Company is in the process of assessing the impact of this amendment on the information to be provided.

- **IAS 19 Employee Benefits (Revised)**
  The revised standard is effective for annual periods beginning on or after 1 January 2013. The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The Company is in the process of assessing the impact of this amendment on the financial position or performance of the Company.

- **IAS 27 Separate financial statements (Revised)**
  The revised standard is effective for annual periods beginning on or after 1 January 2013. For companies which apply IFRS as adopted by the E.U., the effective date is 1 January 2014. As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. Earlier application is permitted. The Company is presently in the process of assessing the impact of this amendment on the financial position or performance of the Company.

- **IAS 28 Investments in associated entities and in joint ventures (Revised)**
  The Standard is effective for annual periods beginning on or after 1 January 2013. For companies which apply IFRS as adopted by the EU, the effective date is 1 January 2014. As a consequence of the new IFRS 11 Joint arrangements and IFRS 12 Disclosure of Interests in other entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. Since the Group already applies the equity method to account for investments in joint ventures, the Company does not expect that this change will have an impact on the financial position or performance of the Company.

- **IAS 32 Financial Instruments: Presentation (Amended) - Offsetting Financial Assets and Financial Liabilities**
  The amendment is effective for annual periods beginning on or after 1 January 2014. These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The Company is in the process of assessing the impact of this amendment on the disclosure requirements.

- **IFRS 7 Financial Instruments: Disclosures (Amended) - Offsetting Financial Assets and Financial Liabilities**
  The amendment is effective for annual periods beginning on or after 1 January 2013. These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g. security agreements). These disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. The Company is in the process of assessing the impact of this amendment on the information to be provided.

- **IFRS 9 Financial Instruments: Classification and Measurement**
  The new standard is effective for annual periods beginning on or after 1 January 2015. IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The standard was initially effective for annual periods beginning on or after 1 January 2013, but amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of financial assets but will not have an impact on the classification and measurements of financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued. This standard has not yet been endorsed by the EU. The Company is in the process of assessing the impact of the new standard on the financial position or performance of the Company.

- **IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements**
  The new standard is effective for annual periods beginning on or after 1 January 2013. For companies which apply IFRS as adopted by the EU, the effective date is 1 January 2014. IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation — Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and therefore are required to be consolidated by a parent company, compared with the requirements of IAS 27.The Group is in the process of assessing the impact of the new standard on the financial position or performance of the Group.

- **IFRS 11 Joint Arrangements**
  The new standard is effective for annual periods beginning on or after 1 January 2013. For companies which apply IFRS as adopted by the EU, the effective date is 1 January 2014. IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. The Company does not expect that this change should have an impact on the financial position or performance of the Company.

- **IFRS 12 Disclosures of Interests in Other Entities**
  The new standard is effective for annual periods beginning on or after 1 January 2013. For companies which apply IFRS as adopted by the EU, the effective date is 1 January 2014.IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. The Group is in the process of assessing the impact of this amendment on the disclosure requirements.

- **IFRS 13 Fair Value Measurement**
  The new standard is effective for annual periods beginning on or after 1 January 2013. IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Company is in the process of assessing the impact of the new standard on the financial position or performance of the Company.

- **IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine**
  The interpretation is effective for annual periods beginning on or after 1 January 2013. This interpretation applies to waste removal (stripping costs) incurred in surface mining activity, during the production phase of the mine. The interpretation addresses the accounting for the benefit from the stripping activity. Since the Company does not have any such transactions, therefore, it does not expect that this change will have an impact on the financial position or performance of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- **Improvements of the IFRS**
The IASB has issued the Annual Improvements to IFRSs – 2009-2011 Cycle, which contains amendments to its standards and the related Basis for Conclusions. The annual improvements project provides a mechanism for making necessary, but non-urgent, amendments to IFRS. The effective date for the amendments is for annual periods beginning on or after 1 January 2013. Earlier application is permitted in all cases, provided that fact is disclosed. The adoption of the following amendments resulted in changes to accounting policies, but no impact on the financial position or performance of the Company.

  - **IAS 1 Presentation of Financial Statements:** This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period.
  - **IAS 16 Property, Plant and Equipment:** This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.
  - **IAS 32 Financial Instruments: Presentation:** This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.
  - **IAS 34 Interim Financial Reporting:** The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

- **Guide to IFRS implementation (amendments to IFRS 10, IFRS 11 and IFRS 12)**
The guidance is effective for annual periods beginning on or after 1 January 2013. The IASB issued amendments to IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities. The amendments change the transition guidance to provide further relief from full retrospective application. The date of initial application' in IFRS 10 is defined as 'the beginning of the annual reporting period in which IFRS 10 is applied for the first time'. The assessment of whether control exists is made at 'the date of initial application' rather than at the beginning of the comparative period. If the control assessment is different between IFRS 10 and IAS 27/SIC-12, retrospective adjustments should be determined. However, if the control assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons, IASB has also amended IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities to provide relief for transition to IFRS. This guidance has not yet been endorsed by the EU. The Company is in the process of assessing the impact of this amendment on the disclosures.

- **Amendments to IFRS 10, IFRS 12 and IAS 27**
The amendment is effective for annual periods beginning on or after 1 January 2014. The amendment applies to a particular class of business that qualify as investment entities. The IASB uses the term 'investment entity' to refer to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. An investment entity must also evaluate the performance of its investments on a fair value basis. Such entities could include private equity organisations, venture capital organisations, pension funds, sovereign wealth funds and other investment funds. Under IFRS 10 Consolidated Financial Statements, reporting entities were required to consolidate all investees that they control (i.e. all subsidiaries). The Investment Entities amendment provides an exception to the consolidation requirements in IFRS 10 and requires investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendment also sets out disclosure requirements for investment entities. This amendment has not yet been endorsed by the EU. Since the Company does not have any such transactions, therefore, it does not expect that this change will have an impact on the financial position or performance of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Financial instruments

Financial assets within the scope of IAS 39, are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit and loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Company determinates the classification of its financial assets and liabilities at the date of initial recognition.

The Company's financial assets include cash and cash equivalents, trade and other receivables, unquoted financial investments and derivative financial instruments. Financial liabilities include finance lease obligations, interest-bearing bank loans and overdrafts, derivative financial instruments and trade and other payables. For each item the accounting policies on recognition and measurement are disclosed in this note. Management believe that the estimated fair values of these instruments approximate their carrying amounts.

Financial assets are recognized and derecognized on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned and are initially measured at cost, including transaction costs.

For financial assets at fair value through profit and loss, gains and losses arising from changes in fair value are included in net profit or loss for the period. For available-for-sale investments, gains and losses arising from changes in fair value are recognized directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the net profit or loss for the period.

Hybrid instruments are regarded as a compound instrument, consisting of a liability component and an equity component. At the date of issue of the Hybrid instruments, the fair value of the instrument was assessed based on the valuation report prepared by an independent investment bank, engaged by the Group to assist it in establishing the present value of the Hybrid instruments. Difference in values exceeding 10% is considered to be extinguishment of old debt and issue of a new debt. Such differences are charged to consolidated income statement.

f) Impairment of financial assets

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets than can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter in bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease on the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Property, plant and equipment

Applying the International Financial Accounting Standards allows certain exceptions from the retroactive application of certain IFRSs. However, the Company has prepared consolidated financial statements according to the International Financial Accounting Standards starting with 2005. Thus, according to IFRS 1, the accounting policies used in the separate financial statements must be consistent with the accounting policies applied in the consolidated financial situations and also according to IFRS 1, if the parent company adopts, for the first time, the International Financial Reporting Standards for preparation of the separate financial situations, after preparing the consolidated financial statements, it will have to evaluate the assets and liabilities to the values in both sets of financial instruments, excepting the consolidation exceptions.

The Company has applied the following exemptions:

- ***Fixed assets*** - have been presented in the financial position statements prepared in accordance with the Romanian accounting standards at the assessments made on 31 December 2003. For these separate financial statements, prepared in accordance with International Financial Reporting Standards, the Company has chosen to see these values as cost assumed at that date, as the reassessed amount was generally comparable to the fair value. This exemption from retrospective application of the International Financial Reporting Standards has also been applied in the consolidated financial statements.

When assets are sold or disposed of, their cost and related accumulated depreciation are removed and any income or loss resulting from their output is included in the profit or loss account.

The initial cost of property, plant and equipment comprises its purchase price, including custom duties and non-refundable purchase taxes and any costs directly attributable to bringing the asset to the location and the condition necessary for operation. Expenses incurred after commissioning of the asset, such as repairs and maintenance costs are recorded in the income profit and loss account in the period in which the costs occurred. In situations where it can be demonstrated that expenses have increased the future economic benefits obtained from the use of intangible assets besides the standard evaluation of its performance, the expenditure is capitalized as additional costs of the tangible assets.

Assets in progress represent installations and buildings in construction and are presented at cost, less any impairment losses. This includes the cost of construction and other direct costs. Depreciation of these assets and the others is registered starting with the date when they are ready o be used for the activity they are intended.

With the exit of an asset, any revaluation reserve related to the sold asset sold is transferred to the loss carried on.

Depreciation of the intangible assets, less the lands and assets in progress is calculated using the straight-line method over their estimated useful lives:

Buildings and other constructions	10 - 60 years
Tanks	20 - 30 years
Tools and other equipments	3 - 20 years
Vehicles	5 years
Furniture and office equipments	3 - 10 years
Computers	3 years

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets purchased under finance leases are recorded in the statement of financial position and depreciated over their expected useful lives on the same basis as owned assets, or where shorter the term of the relevant lease.

As mentioned on Note 2c, the useful lives of the assets in the Refineries (Petromidia and Vega) have been revised starting with 1 January 2012.

h) Intangible assets

Intangible assets are measured initially at cost. Intangible assets are recognized if it is probable that the future economic benefits should be attributable to the asset and flow to the enterprise and if the cost of the asset can be measured reliably. After initial recognition, intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses. Intangible assets are amortized on a straight-line basis over the best estimate of their useful lives.

Intangible assets consist of software and licenses and are amortized on a straight-line basis over 3 to 5 years.

Development costs for specific projects which are reasonably anticipated to be recovered through commercial activity as well as expenditure on acquired computer software licenses are capitalized and amortized using the straight-line method over their useful lives, generally 3 years. The carrying amount of each intangible asset is reviewed annually and adjusted for impairment where it is considered necessary. External and internal costs specifically associated with the maintenance of already existing computer software programmes are expensed as incurred.

i) Impairment of non-financial assets

At each reporting date the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the respective asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the assets (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately, unless the relevant asset is stated at reassessed amount in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a reassessed amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense related to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

Environmental liabilities

Environmental expenditure that relates to current or future revenues is expensed or capitalized as appropriate. Expenditure that relates to an existing condition caused by past operations and that does not contribute to current or future earnings is recorded in the profit and loss account.

The Company has an environmental policy which complies with existing legislation and any obligations resulting from its environmental and operational licenses. In order to comply with all rules and regulations the Company has set up a monitoring mechanism in accordance with the requirements of the relevant authorities. Furthermore, investment plans are adjusted to reflect any known future environmental requirements. The above mentioned expenses are estimated based on the relevant environmental studies.

Liabilities for environmental remediation costs are recognized when environmental assessments or clean-ups are probable and the associated costs can be reasonably estimated. Generally, the timing of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites.

k) Leasing

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of the ownership to the lessee. All other leases are classified as operating leases. The Company has assets held under finance leases and that have been measured at their fair values at the date of acquisition. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Finance costs, that represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the consolidated income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense in the income statement on a straight line basis over the lease term.

l) Inventories

Inventories, including work-in-process are stated at the lower of cost and net realizable value. Net realizable value is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution.

Cost comprises the acquisition cost and other costs that have been incurred in bringing the inventories to their present location and condition and is determined by weighted average method for all the inventories.

m) Receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization and default or delinquency in payments are considered indicators the receivable must be impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flow discounted at the effective interest rate.

n) Cash and cash equivalents

Cash includes cash on hand, cash with banks and checks in course of being cashed. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with remaining three months or less to maturity from the date of acquisition and that are subject to an insignificant risk of change in value.

o) Recognition of revenues

Revenue comprises the fair value of the sale of goods and services, net of value-added tax and any excise duties and other sales taxes, rebates and sales discounts. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. ~~The Company has concluded that it is acting as a principal in~~ all of its concluded arrangements. The following specific recognition criteria must be met before revenue is recognized, if the entity:

- has primary responsibility for providing the goods or services;
- has inventory risk;
- has discretion in establishing prices;
- Bears the credit risk.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In addition:
- Sales of goods are recognized when delivery has taken place and transfer of significant risks and rewards has been completed.
- Revenue from rendering transportation services and other services is recognized when services are rendered.
- Interest income is recognized on a time-portion basis using the effective interest method.
- Dividend income from investments is recognized when the shareholders' rights to receive payment have been established.

Early settlement discounts, for reduction in amounts owed for payment of outstanding receivables in advance of normal trading periods, are included as part of "Finance cost", as being a financial incentive (to improve cash flow and reduce financing costs of the Company) and are not provided as a sales incentive to customers.

p) Interest bearing loans

All loans are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans are subsequently measured at amortized cost, using the effective interest method.

Gains and losses are recognized in the income statement when the liabilities are derecognized as well through the amortization process.

q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All the other costs are registered in the profit and loss account they occur. Borrowing costs consists of interest and other cost that an entity incurs in connection with the borrowing of funds.

The Company capitalized borrowing costs for all eligible assets where construction was commenced on or after 1 January 2010. The Company continues to expense borrowing costs relating to construction projects that commenced prior to 1 January 2010 as IAS 23 revised was adopted earlier from that date.

The rate of interest used is the weighted average interest of borrowings from shareholders.

r) Retirement benefit costs

Payments made to state - managed retirement benefit schemes are dealt with as defined contribution plans where the Company pays fixed contributions into the state-managed fund and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior period. The contributions are charged as an expense in the same period when the employee service was rendered. During the financial year, the total expense with these contributions amounted to RON 14,90 million, of which the amount of RON 13,19 million was paid during the year (RON 20.614.218 in 2011, of which the amount of RON 17.652.227 was paid).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Under collective labour agreements in certain of the Group's entities, employees are entitled to specified retirement benefits, payable on retirement, if they are employed with these entities at the date of their retirement. These amounts are estimated as of the reporting date, based on: applicable benefits provided in the agreement; the number of employees in the Company and the actuarial estimates of the future loans; The defined benefit liability as of reporting date comprises the present value of the defined benefit obligation with the related service cost charged to the profit and loss account. All actuarial gains and losses are fully recognised in other comprehensive income items in the period in which they occur for all defined benefit plans. Actuarial gains and losses recognized in other comprehensive income are presented in the statement of comprehensive income.

The Company has no other liabilities with respect to future pensions, health plans and other costs for its employees.

s) Taxes

- ***Current income tax***

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

- ***Deferred tax***

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted until the end of the reporting period.

Deferred tax relating to items recognized outside profit or loss account is recognized outside profit or loss account. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

- ***Sale related tax***

Revenues, expenses and assets are recognized net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable;
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

t) Dividends

Dividends are recorded in the year in which they are approved by the shareholders.

u) Emission rights

The Group refining and petrochemicals operations are allocated CO2 emission rights quota. The current quota is valid until 2013. The Company accounts for the liability for these emissions using net liability method. The liability is recognized only at a point where the actual emissions exceed the quota allocated to the respective companies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

v) Foreign Currency Transactions

For the purpose of preparing these Financial Statements, in accordance with the requirements of the Romanian law, the Company's functional currency is the Romanian leu (RON).

The exchange rates RON/USD and RON/EUR are the following:

Currency	31 December 2012	31 December 2011	31 December 2010
RON/USD	3,3575	3,3393	3,2045
RON/EUR	4,4287	4,3197	4,2848

The Company translates its transactions and balances in foreign currency, in the functional currency by applying the exchange rate between the functional currency and the foreign currency at the date of transaction.

Exchange rate differences arising on the settlement of monetary assets and liabilities or on reporting them at rates different from those at which they were initially recorded during the period or reported in the previous financial statements are recognized in the consolidated income statement in the period they arise.

w) Derivative financial instruments

The Group enters into contracts to purchase and sell crude oil and oil products at future delivery dates. These contracts expose the Company primarily to commodity risks of changes in fair value of crude oil and related oil products. The Company also uses financial instruments (primarily Options, Swaps and forwards) to hedge its risks associated with the fluctuation of foreign exchange.

The company develops contracts to hedge the risks of raw materials and finished products, by Vector Energy AG ("Vector"), a subsidiary of The Rompetrol Group N.V. Vector being registered as broker for transactions with derivatives, in substance, on behalf of Rompetrol Rafinare and buys / sells futures instruments as directed by Rompetrol Rafinare S.A. Vector charges a flat fee per contract for these services, which is presented in the profit and loss account, as part of the cost of sales. Vector invoices on a monthly basis the unrealized and realized results of these derivatives. The unrealized component represents the mark-to-market and therefore it is presented as derivatives assets / liabilities in the statement of financial position.

For foreign exchange related derivatives, the Company treats the unrealized part as Derivative Financial Asset/Liability in the statement of financial position with corresponding impact on financial charges. The use of financial derivatives is governed by the Company's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives.
The Group determines gain/loss on a net basis based on the daily open positions.

Derivative financial instruments are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates.

Changes in fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognized directly in equity and the ineffective portion is recognized immediately in the profit or loss account of the period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company's policy with respect to hedging forecasted transactions is to designate it as a cash flow hedge. If the cash flow hedge of a forecasted transaction results in the recognition of an asset or a liability, then at the time the asset or liability is recognized, the associated gains or losses on the derivative that had previously been recognized in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or liability, amounts previously recognized as equity are recognized in the profit or loss account of the period for which the hedged items have been recognized as profit or loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in period profit or loss in the period related to these transactions.

For the future contracts (both purchase and sales contracts) that are entered into, the realised and unrealised gains/losses are included in the cost of sales for the respective period (see Note 16).

x) Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

3. APPLYING THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) FOR THE FIRST TIME

These Financial Statements, for the year ended as at 31 December 2012, are the first statements prepared by the Company under the IFRS. For the periods up to and including the year ended at 31 December 2011, the Company has prepared the financial statements according to the accounting regulations in Romania (OMFP no. 3055/2009).

As a consequence, the Company has prepared the financial statements under the IFRS, applicable to the periods which are ended or after 31 December 2012, together with the respective comparative data for the year ended as at 31 December 2011. In preparing the financial statements IFRS for opening the sums previously carried have been adjusted in the financial statements drafted according to the Romanian accounting regulations (RAS).

The effects of passing from the RAS financial statements to IFRSs which have affected the financial position and the comprehensive result, are presented in the following tables and in the Explanatory note below.

Applied exemptions - IFRS 1

Applying the International Financial Accounting Standards for the first time allows certain exceptions from the retroactive application of certain IFRS.
The Company has applied the following exemptions:

- ***Fixed assets*** - have been presented in the financial position statements prepared in accordance with the Romanian accounting standards at the assessments made as at 31 December 2003. The Company has chosen to see these values as cost assumed at that date, as the re-valued amount was generally comparable to the fair value.

3. APPLYING THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) FOR THE FIRST TIME (continued)

The estimates

The estimates as at 2011 and 31 December 2011 (as well as 31 December 2012) are compliant with those prepared for the same dates, according to the Romanian accounting standards (after adjustments, in order to reflect any difference in the accounting policies). The estimates used by the Company to present these dates according to the IFRS reflect the conditions as at 1 January 2011, the date of transition to IFRS and as at 31 December 2011 and respectively 31 December 2012.

3. APPLYING THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) FOR THE FIRST TIME (continued)

Reconciliation of the Financial Position as at 1 January 2011

	Notes	Balance sheet according to OMF 3055/2009.	IFRS adjustments:	Provisions	IFRS balance sheet 1 January 2011
Intangible assets		4.434.053	-	-	4.434.053
Goodwill		152.720	-	-	152.720
Tangible assets	a	1.858.298.977	(117.007.972)	-	1.741.291.005
Financial assets	b	2.032.926.606	31.393.506	(58.717.515)	2.005.602.597
Total fixed assets		**3.895.812.356**	**(85.614.466)**	**(58.717.515)**	**3.751.480.375**
Net inventories	c	902.498.199	(12.681.631)	-	889.816.568
Receivables and accrued expenses, net	a, c	1.365.405.584	69.364.178	-	1.434.769.762
Cash and bank accounts		28.095.444	-	-	28.095.444
Current assets - total		**2.295.999.227**	**56.682.547**	**-**	**2.352.681.774**
TOTAL ASSETS		**6.191.811.583**	**(28.931.919)**	**(58.717.515)**	**6.104.162.149**
-		-	-	-	-
Equity and liabilities					
Share capital	d	4.410.920.573	5.734.750.095	-	10.145.670.668
Share premiums		232.637.107	-	-	232.637.107
Revaluation reserves	f	194.908.206	(194.908.206)	-	-
Other reserves	e	30.517.089	(12.712.484)	-	17.804.605
Loss carried forward	g	(3.617.629.973)	(5.574.200.682)	(58.717.515)	(9.250.548.170)
Result of the current financial year	h	(669.762.488)	18.661.315	-	(651.101.173)
Equity - total		**581.590.514**	**(28.409.962)**	**(58.717.515)**	**494.463.037**
-		-	-	-	-
Non current lease liabilities		17.743	-	-	17.743
Provisions	i	61.660.090	(521.957)	-	61.138.133
Non current liabilities - total		**61.677.833**	**(521.957)**	**-**	**61.155.876**
Commercial liabilities and other liabilities		2.190.412.009	-	-	2.190.412.009
Short-term lease liabilities		368.897	-	-	368.897
Short-term loans from shareholders		3.291.136.208	-	-	3.291.136.208
Short-term bank loans		66.626.122	-	-	66.626.122
Non current payables - total		**5.548.543.236**	**-**	**-**	**5.548.543.236**
TOTAL LIABILITIES AND EQUITY		**6.191.811.583**	**(28.931.919)**	**(58.717.515)**	**6.104.162.149**

3. APPLYING THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) FOR THE FIRST TIME (continued)

Reconciliation of the financial position as at 31 December 2011

	Notes	Balance sheet according to OMF 3055/2009.	IFRS adjustments:	Provisions	IFRS balance sheet 31 December 2011
Intangible assets		2.118.749	-	-	2.118.749
Goodwill		152.720	-	-	152.720
Tangible assets	a	2.265.630.938	(57.419.927)	-	2.208.211.011
Financial assets	b	2.032.861.978	31.393.506	(58.717.515)	2.005.537.969
Total fixed assets		**4.300.764.385**	**(26.026.421)**	**(58.717.515)**	**4.216.020.449**
Net inventories	c	906.137.452	(34.995.814)	-	871.141.638
Receivables and accrued expenses, net	a,c	1.294.127.835	36.120.571	-	1.330.248.406
Derivative financial instruments		19.475.065	-	-	19.475.065
Cash and bank accounts		43.062.148	-	-	43.062.148
Current assets - total		**2.262.802.500**	**1.124.757**	**-**	**2.263.927.257**
TOTAL ASSETS		**6.563.566.885**	**(24.901.664)**	**(58.717.515)**	**6.479.947.706**
-		-	-	-	-
Equity and liabilities					
Share capital	d	4.410.920.573	5.734.750.095	-	10.145.670.668
Share premiums		232.637.107	-	-	232.637.107
Revaluation reserves	f	215.074.275	(215.074.275)	-	-
Other reserves	e	30.517.089	(11.207.747)	-	19.309.342
Loss carried forward	g	(4.287.392.460)	(5.555.539.368)	(58.717.515)	(9.901.649.343)
Result of the current financial year	h	(735.847.584)	22.588.583	-	(713.259.001)
Equity - total		**(134.091.000)**	**(24.482.712)**	**(58.717.515)**	**(217.291.227)**
-		-	-	-	-
Non current lease liabilities			-	-	-
Provisions	i	55.018.523	(418.952)	-	54.599.571
Non current liabilities - total		**55.018.523**	**(418.952)**	**-**	**54.599.571**
Commercial liabilities and other liabilities		2.899.967.016	-	-	2.899.967.016
Short-term lease liabilities		17.766	-	-	17.766
Short-term loans from shareholders		3.618.454.195	-	-	3.618.454.195
Short-term bank loans		99.534.891	-	-	99.534.891
Current provisions		24.665.494	-	-	24.665.494
Non current payables - total		**6.642.639.362**	**-**	**-**	**6.642.639.362**
TOTAL LIABILITIES AND EQUITY		**6.563.566.885**	**(24.901.664)**	**(58.717.515)**	**6.479.947.706**

3. APPLYING THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) FOR THE FIRST TIME (continued)

Reconciliation of the financial position as at 31 December 2012

	Notes	Balance sheet according to OMF 3055/2009.	IFRS adjustments:	Provisions	IFRS balance sheet 31 December 2012
Intangible assets		6.466.548	-	-	6.466.548
Goodwill		152.720	-	-	152.720
Tangible assets	a	3.693.207.155	(1.195.602.701)	-	2.497.604.454
Financial assets	b	2.032.861.978	31.393.506	(58.717.515)	2.005.537.969
Total fixed assets		**5.732.688.401**	**(1.164.209.195)**	**(58.717.515)**	**4.509.761.691**
Net inventories	c	1.228.455.809	(60.519.666)	-	1.167.936.143
Receivables and accrued expenses, net	a, c	1.180.285.158	73.076.972	-	1.253.362.130
Derivative financial instruments		-	-	-	-
Cash and bank accounts		435.731.646	-	-	435.731.646
Current assets - total		**2.844.472.613**	**12.557.306**	**-**	**2.857.029.919**
TOTAL ASSETS		**8.577.161.014**	**(1.151.651.889)**	**(58.717.515)**	**7.366.791.610**
-					
Equity and liabilities		-	-	-	-
Share capital	d	4.410.920.573	5.734.750.095	-	10.145.670.668
Share premiums		232.637.107	-	-	232.637.107
Revaluation reserves	f	1.381.046.044	(1.381.046.044)	-	-
Other reserves	e	30.517.089	(11.729.177)	-	18.787.912
Other hybrid reserves		2.659.200.000	-	-	2.659.200.000
Loss carried forward	g	(5.023.240.045)	(5.532.950.784)	(58.717.515)	(10.614.908.344)
Result of the current financial year	h	(336.065.412)	38.411.912	-	(297.653.500)
Equity - total		**3.355.015.356**	**(1.152.563.998)**	**(58.717.515)**	**2.143.733.843**
-					
Non current lease liabilities		-	-	-	-
Provisions	i	227.678.294	912.109	-	228.590.403
Non current liabilities - total		**227.678.294**	**912.109**	**-**	**228.590.403**
Commercial liabilities and other liabilities		3.236.451.025	-	-	3.236.451.025
Derivative financial instruments		8.289.422	-	-	8.289.422
Short-term loans from shareholders		1.711.276.576	-	-	1.711.276.576
Short-term bank loans		43.931	-	-	43.931
Current provisions		38.406.410	-	-	38.406.410
Non current payables - total		**4.994.467.364**	**-**	**-**	**4.994.467.364**
TOTAL LIABILITIES AND EQUITY		**8.577.161.014**	**(1.151.651.889)**	**(58.717.515)**	**7.366.791.610**

3. APPLYING THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) FOR THE FIRST TIME (continued)

Reconciliation of the global result as at 31 December 2011

	Notes	Balance sheet according to OMF 3055/2009.	IFRS adjustments:	IFRS balance sheet 2011
Net turnover		10.174.808.952	-	10.174.808.952
Cost of production sold		(10.218.985.790)	(55.120.465)	(10.274.106.255)
Gross profit		**(44.176.838)**	**(55.120.465)**	**(99.297.303)**
Sales costs and general-administrative costs		(157.591.582)	4.926.537	(152.665.045)
Other revenues / (operational) expenses		(72.331.005)	194.220	(72.136.785)
Operating profit		**(274.099.425)**	**(49.999.708)**	**(324.099.133)**
Net financial result		(236.941.162)	72.588.291	(164.352.871)
(Loss) / gain deriving from difference in the exchange rate, net		(224.806.997)	-	(224.806.997)
Gross loss		**(735.847.584)**	**22.588.583**	**(713.259.001)**
Income tax		-	-	-
Loss of the financial year		**(735.847.584)**	**22.588.583**	**(713.259.001)**

Reconciliation of the global result as at 31 December 2012

	Notes	Balance sheet according to OMF 3055/2009.	IFRS adjustments	IFRS balance sheet for 2012
Net turnover		12.323.113.339	-	12.323.113.339
Cost of production sold		(12.094.224.900)	(59.820.577)	(12.154.045.477)
Gross profit		**228.888.439**	**(59.820.577)**	**169.067.862**
Sales costs and general-administrative costs		(170.148.691)	6.709.934	(163.438.757)
Other revenues / (operational) expenses		(189.987.146)	7.954.621	(182.032.525)
Operating profit		**(131.247.398)**	**(45.156.022)**	**(176.403.420)**
Net financial result		(199.079.659)	80.352.815	(118.726.844)
(Loss) / gain deriving from difference in the exchange rate, net		(5.738.355)	3.215.119	(2.523.236)
Gross loss		**(336.065.412)**	**38.411.912**	**(297.653.500)**
Income tax		-	-	-
Loss of the financial year		**(336.065.412)**	**38.411.912**	**(297.653.500)**

3. APPLYING THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) FOR THE FIRST TIME (continued)

Notes to the reconciliation of equity as at 1 January 2011, 31 December 2011 and 31 December 2012 and the total comprehensive income for the year ended at 31 December 2011 and the year ended at 31 December 2012.

a) Property, plant and equipment

The adjustment of IFRS represents the cumulated impact of the following items:

- According to the Romanian accounting standards, advances granted to suppliers of fixed assets are classified as part of property and equipment. In order to present IFRS, the closing balance of the advances granted to suppliers of fixed assets fixed was reclassified in trade and other receivables;
- Capitalization of interest in tangible assets resulting from the application of IAS 23.
- The Company has chosen to use fair value at 31 December 2003 as the cost for all classes of equipment; thus, the revaluation surplus from revaluations previous to this date have been reversed

The cumulative impact of these adjustments is as follows:

	1 January 2011	31 December 2011	31 December 2012
Reclassification of advances to asset providers	(56.682.547)	(1.124.757)	(12.557.306)
Impact of implementing IAS 23 - capitalization of interest	9.634.557	26.046.397	50.603.386
Value of revaluations after 31 December 2003	(69.959.982)	(82.341.567)	(1.233.648.781)
	(117.007.972)	**(57.419.927)**	**(1.195.602.701)**

b) Financial assets

According to the Romanian accounting standards, the Company has recorded the investments in subsidiaries under Cost. However, Romania has been a hyperinflationary economy until 31 December 2003. Consequently, in accordance with IAS 29, the Company adjusted the investment costs incurred before 31 December 2003 in order to reflect the impact of the adjustments in order to be accounted in a hyperinflationary economy.

Investment cost has been increased by an amount of RON 31.393.506.

Following the investment inflation, it's been also adjusted (increased) the value of the depreciation related to financial assets, with the amount of RON 58.717.515.

c) Inventories

According to the Romanian accounting standards, advances granted to inventory suppliers are classified as part of inventories. In order to present IFRS, the closing balance of the advances granted to suppliers of inventories, was reclassified in trade and other receivables.

	1 January 2011	31 December 2011	31 December 2012
Implementation of IAS 2 – reclassification of advances granted to suppliers for purchase of inventory	(12.681.631)	(34.995.814)	(60.519.666)
	(12.681.631)	**(34.995.814)**	**(60.519.666)**

3. APPLYING THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) FOR THE FIRST TIME (continued)

d) Share capital

According to the Romanian accounting standards, the Company has recorded the social capital under nominal historic value. However, Romania has been a hyperinflationary economy until 31 December 2003. Consequently, in accordance with IAS 29, the Company adjusted the social capital created before 31 December 2003 in order to reflect the impact of the adjustments in order to be accounted in a hyperinflationary economy.

The amount of the social capital has been increased to the amount of RON 5.734.750.095. This adjustment has no impact on the distributable carried result of the Company.

e) Other reserves

Following the implementation of IFRS adjustments, other reserves have been affected as follows:

	1 January 2011	31 December 2011	31 December 2012
Implementation of IAS 19	(3.465.923)	(1.961.186)	(2.482.616)
Implementation of IAS (assumed cost)	(8.977.198)	(8.977.198)	(8.977.198)
Reclassification of surplus made from revaluation reserves	(269.363)	(269.363)	(269.363)
	(12.712.484)	(11.207.747)	(11.729.177)

f) Revaluation reserves

For these separate financial statements, prepared in accordance with International Financial Reporting Standards, the Company has presented the fixed assets at the value of the valuations made by 31 December 2003 and has chosen to see these values as cost assumed at that date, as the revaluated amount has been generally comparable to the fair value. Revaluation reserves recorded by 2003 have been written under carried result and those subsequently recorded have been reversed.

The impact of registration under assumed cost has been the following:

Increase /(decrease)	1 January 2011	31 December 2011	31 December 2012
Statement of the financial position			
Tangible assets	(69.959.982)	(82.341.567)	(1.233.648.781)
Revaluation reserves - before 31 December 2003	(99.506.891)	(99.506.891)	(99.506.891)
Revaluation reserves - after 31 December 2003	(95.401.315)	(115.567.384)	(1.281.539.153)
Reported loss - revaluation before 31 December 2003	(99.506.891)	(99.506.891)	(99.506.891)
Loss carried forward - revaluation after 31 December 2003	(20.402.455)	(25.441.334)	(33.225.820)
Result of the current financial year	(5.038.880)	(7.784.485)	(14.664.553)
Profit and loss account			
Cost of production sold	5.038.880	7.784.485	14.664.553

g) Result carried forward

The carried result has been adjusted in order to reflect the cumulated impact of all the adjustments made by the Company.

	Notes	1 January 2011	31 December 2011	31 December 2012
Hyperinflation adjustment - Social capital (IAS 29)	3d	(5.734.750.095)	(5.734.750.095)	(5.734.750.095)
Hyperinflation adjustment - Financial assets (IAS 29) – Investment cost	3b	31.393.506	31.393.506	31.393.506
Hyperinflation adjustment - Financial assets (IAS 29) – Investment depreciation adjustment	3b	(58.717.515)	(58.717.515)	(58.717.515)
IAS Implementation (assumed cost) - revaluation reserves - revaluation before 31 December 2003	3f	99.506.891	99.506.891	99.506.891
Implementation of IAS (assumed cost) - other reserves	3e	8.977.198	8.977.198	8.977.198
Reclassification of surplus made from revaluation reserves - other reserves	3e	269.363	269.363	269.363
Capitalization of borrowing costs (IAS 23)-intangible assets	3a	-	9.634.557	26.046.397
Employee benefits (IAS 19)- long term provisions	3e	-	3.987.878	2.380.136
IAS Implementation (assumed cost) - revaluation reserves - revaluation after 31 December 2003	3f	20.402.455	25.441.334	33.225.820
		(5.632.918.197)	(5.614.256.883)	(5.591.668.299)

h) Result of the current financial year

	Notes	1 January 2011	31 December 2011	31 December 2012
Impact of IAS 23 – Borrowing costs	3a	9.634.557	16.411.840	24.556.989
Impact of IAS 19 – Employee benefits		3.987.878	(1.607.742)	(809.630)
Impact of IAS 16 – Amortization expenses (impact of revaluation overdraft)	3f	5.038.880	4.926.609	6.709.932
Impact of IAS 16 – Amortization expenses (impact of revaluation overdraft)	3f	-	2.857.876	7.954.621
		18.661.315	22.588.583	38.411.912

i) Provisions

Following the implementing of IAS 19, the Company has recorded the obligations related to employee taking into account the benefits stipulated in the contracts, depending on the number of employees in the companies and according to actuarial assumptions regarding future debts. These obligations are recorded at the fair value at the date of reporting. The cost relate to services and interest are recorded in the profit and loss account of the period, while all the actuarial gains and losses are fully recognized in other comprehensive income items in the period in which they occur.

	1 January 2011	31 December 2011	31 December 2012
Implementation of IAS 19	(521.957)	(418.952)	912.109
	(521.957)	(418.952)	912.109

4. INTANGIBLE ASSETS

	Softwares	Other ongoing	Tangible assets .	Total
Cost				
Initial balance as at 1 January 2011	**23.816.417**	**1.106.220**	**80.086**	**25.002.723**
Increases	50.673	-	-	50.673
Decreases	-	-	(49.388)	(49.388)
Transfers*	913.799	-	-	913.799
Final balance as at 31 December 2011	**24.780.889**	**1.106.220**	**30.698**	**25.917.807**
Increases	30.697	-	-	30.697
Decreases	-	-	(30.698)	(30.698)
Transfers and reclassifications*	6.339.107	-	-	6.339.107
Final balance as at 31 December 2012	**31.150.693**	**1.106.220**	**-**	**32.256.913**
Accumulated amortization				
Initial balance as at 1 January 2011	**(19.462.450)**	**(1.106.220)**	**-**	**(20.568.670)**
Amortization recorded during the year	(3.230.388)	-	-	(3.230.388)
Final balance as at 31 December 2011	**(22.692.838)**	**(1.106.220)**	**-**	**(23.799.058)**
Amortization recorded during the year	(1.991.307)	-	-	(1.991.307)
Final balance as at 31 December 2012	**(24.684.145)**	**(1.106.220)**	**-**	**(25.790.365)**
Net accounting value				
As at 1 January 2011	**4.353.967**	**-**	**80.086**	**4.434.053**
As at 31 December 2011	**2.088.051**	**-**	**30.698**	**2.118.749**
As at 31 December 2012	**6.466.548**	**-**	**-**	**6.466.548**

*) Includes transfers from tangible assets in progress, transfers in intangible assets, reclassifications to other categories and other adjustments

The greatest part of „Other" intangible assets refers to licenses.

Transfers and reclassifications amounting to RON 6,34 million represent transfers din property, plant and equipment.

5. GOODWILL

The goodwill amounting to RON 152.720 represents fractions of the trade funds of the companies Rompetrol S.A., Rompetrol Downstream S.R.L. and Rompetrol Well Services S.A., following purchase of shares (presently social shares) from these companies in Rom Oil S.A.

6. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Tools and equipments	Furniture and others	Property, plant and equipment in progress	Total
Cost or valuation					
As at 1 January 2011	1.351.588.509	1.431.450.395	6.092.728	542.707.379	3.331.839.011
Acquisitions	-	68.624	13.225	622.694.869	622.776.718
Transfers from tangible assets in progress	44.940.770	160.507.475	713.417	(206.161.662)	-
Outflow	-	(7.295.516)	(153.456)	-	(7.448.972)
Transfers*	-	1.143	-	(915.081)	(913.938)
At 31 December 2011	1.396.529.279	1.584.732.121	6.665.914	958.325.505	3.946.252.819
Acquisitions	8.270	205.671	5.788	376.222.951	376.442.680
Transfers from tangible assets in progress	241.928.890	809.297.232	310.430	(1.051.536.552)	-
Outflow	(808.972)	(4.454.245)	(224.053)	-	(5.487.270)
Transfers and reclassifications*	-	1.917	-	(6.339.104)	(6.337.187)
At 31 December 2012	1.637.657.467	2.389.782.696	6.758.079	276.672.800	4.310.871.042
Cumulated depreciation & Depreciation adjustments					
As at 1 January 2011	(701.707.552)	(882.684.194)	(2.680.217)	(3.476.043)	(1.590.548.006)
Amortization recorded during the year	(39.740.420)	(103.128.597)	(531.368)	-	(143.400.385)
Depreciation related to the leased assets	-	6.107.301	153.459	-	6.260.760
Depreciation adjustment	(5.983.746)	(4.673.844)	-	304.558	(10.353.032)
Transfers and reclassifications*	-	(1.145)	-		(1.145)
At 31 December 2011	(747.431.718)	(984.380.479)	(3.058.126)	(3.171.485)	(1.738.041.808)
Amortization recorded during the year	(45.083.474)	(39.319.235)	(393.370)	-	(84.796.079)
Depreciation related to the leased assets	808.972	4.435.599	224.051	-	5.468.622
Depreciation adjustment	1.180.814	2.923.780		-	4.104.594
Transfers and reclassifications*	-	(1.917)	-	-	(1.917)
At 31 December 2012	(790.525.406)	(1.016.342.252)	(3.227.445)	(3.171.485)	(1.813.266.588)
Net accounting value as at 1 January 2011	649.880.957	548.766.201	3.412.511	539.231.336	1.741.291.005
Net accounting value as at 31 December 2011	649.097.561	600.351.642	3.607.788	955.154.020	2.208.211.011
The net accounting value as at 31 December 2012	847.132.061	1.373.440.444	3.530.634	273.501.315	2.497.604.454

6. Property, plant and equipment (continued)

- Impairment of assets

No significant depreciation was recorded in 2012.

- Assets in progress

During 2012, the Company transferred in tangible assets a significant part of tangible assets in progress. A large portion of these assets relate to Petromidia refinery modernization package and include the hydrogen plant (RON 263 million), the mild hydrocracker (RON 535 million) and the new installation for sulphur recovery (RON 162 million).

- Capitalization of borrowing costs

The Company finances its activities mainly through loans and the cost of debt for the acquisition of assets is capitalized in the cost of the asset. The amount capitalized in the year ended at 31 December 2012 was RON 24,56 million (2011: RON 16,41 million). The rates for determining the amount of borrowing costs eligible for capitalization was 4,.2% (2011: 2,24%).

- Fixed assets pledged

The company pledged assets worth RON 658.241.950 (RON 657.334.753 in 2011), as follows:

- guarantees in favour of banks: RON 305.383.128 (2011: RON 287.881.851);
- collateral guarantees (rank 2) in favour of The Rompetrol Group: RON 230.939.296 RON (2011: 234.024.949);
- guarantees in favour of ANAF: RON 121.919.526 (2011: RON 135.427.953)

It was established a distraint on all fixed assets and investments and on the equity as well as on the shares, amounting to RON 1.998.804.563 in favour of the Romanian state. On these titles there was set up a rank 2 guarantee in favour of The Rompetrol Group.

On the guarantees in favour of ANAF, on September 10th, 2010, ANAF has established a distraint on the investments held by the Company in its subsidiaries and on the movable and immovable assets of the Company, except inventories The distraint is based on article 129 of the Fiscal Procedure Code and the main result is that the Company cannot sell / transfer the assets under distraint. The distraint was in force on 31 December 2012 and was contested by the Company in court. The distraint is not enforceable since ANAF has not initiated any enforcement procedure.

7. FINANCIAL ASSETS

	31 December 2012	31 December 2011	1 January 2011
Investments in subsidiaries	2.004.611.815	2.004.611.815	2.004.611.815
Other financial assets	926.154	926.154	990.782
Total	**2.005.537.969**	**2.005.537.969**	**2.005.537.969**

a) Investments in subsidiaries

Details regarding subsidiaries at 31 December 2012 and 2011 are as follow:

	Object of activity	Participation 2012	Participation 2011	Participation 2010	Balance as of 31 December 2012	Balance as of 31 December 2011	Balance as of 1 January 2011
Rompetrol Downstream S.R.L.	Fuel sales	99.99%	99.99%	99.99%	1.090.406.067	1.090.406.067	1.090.406.067
Rompetrol Petrochemicals S.R.L.	Petrochemicals	100.00%	100.00%	100.00%	687.290.054	687.290.054	687.290.054
Rom Oil S.A.	Rental services	99.99%	99.99%	99.99%	191.216.661	191.216.661	191.216.661
Rompetrol Logistics S.R.L.	Fuel Transportation	66.19%	66.19%	66.19%	24.349.123	24.349.123	24.349.123
Rompetrol Quality Control S.R.L.	Quality Control Services for oil products	99.93%	99.93%	99.93%	11.349.910	11.349.910	11.349.910
Total of equity investments					**2.004.611.815**	**2.004.611.815**	**2.004.611.815**

b) Other financial assets

	31 December 2012	31 December 2011	1 January 2011
Ecomaster Services Ecologice S.A.	3.340	3.340	3.340
Rominserv S.A.	1.296	1.296	1.296
Other receivables	921.518	921.518	986.146
Total other fixed equity	**926.154**	**926.154**	**990.782**

Other investments refer to investments in Romanian companies held for a long time for the growth potential. These investments are presented under Cost.

8. NET INVENTORIES

	31 December 2012	31 December 2011	1 January 2011
Crude oil and other feedstock materials	664.417.595	442.364.655	561.293.819
Finished products	409.627.665	289.653.579	183.319.407
Production in progress	227.375.019	222.637.534	172.502.103
Spare parts	13.833.458	12.574.949	12.929.782
Other consumables	18.253.905	20.722.790	24.560.634
Goods	244.739	369.460	600.183
Other inventories	1.896.508	1.903.104	2.407.827
Provisions for depreciation of inventories	(167.712.745)	(119.084.433)	(67.797.187)
Total	**1.167.936.143**	**871.141.638**	**889.816.568**

8. NET INVENTORIES (continued)

The inventories of finished goods comprise mainly oil finished products.

The movement of the provision for inventories in 2012 and 2011 is presented below:

	2012	2011
Provision at the beginning of the year	**(119.084.433)**	**(67.797.187)**
Provision to be recorded	(62.386.635)	(66.971.173)
Registration as expenses	-	-
Reconsidering the provision on the depreciation of inventories	13.758.323	15.683.927
Provision at the end of the year	**(167.712.745)**	**(119.084.433)**

The provisions for inventories represent mainly provisions for the net realizable value.

The provision has increased at 31 December 2012 as compared to 2011, due to the conditions on the oil and natural gas market, with decreasing sale prices.

9. RECEIVABLES AND ACCRUED EXPENSES, NET

	31 December 2012	31 December 2011	1 January 2011
Trade receivables	1.060.762.751	1.174.790.072	1.133.993.001
Advances paid to the suppliers	76.716.078	41.432.703	73.082.223
Various debtors	120.375.408	4.892.598	20.468.038
Recoverable VAT	1.575.873	7.335.250	7.421.739
Other receivables	167.558.281	146.956.901	232.968.466
Provisions for depreciation of receivables - customers	(173.626.261)	(45.159.118)	(33.163.705)
Total	**1.253.362.130**	**1.330.248.406**	**1.434.769.762**

The balances with affiliated parties are provided in Note 22. The movement of the above provision is presented in Note 18.

Included in Sundry debtors in 2012 are included the following main elements: the payment of RON 65,5 million to the Romanian Taxation Authorities ("ANAF") for antidumping and countervailing taxes for Biodiesel import; and RON 14,70 million for principal liabilities and related penalties paid to ANAF for the tax control covering 2007-2010 period (see Note 25).
These amounts are fully provisioned.

~~Trade receivables totalling RON 159.43 million (EUR 36 million) at 31 December 2012, respectively~~ totalling RON 155,51 million (EUR 36 million) at 31 December 2011 are pledged in order to obtain credit facilities (see Note 13).

The movement of adjustments for depreciation of customer depreciation is as follows:

	2012	2011
Balance at the beginning of the period	**(45.159.118)**	**(33.163.705)**
Value adjustment for depreciation of trade receivables	(129.435.574)	(12.146.018)
Reversed provisions	448.257	150.605
Exchange rate differences	520.174	-
Balance at the end of the period	**(173.626.261)**	**(45.159.118)**

9. RECEIVABLES AND ACCRUED EXPENSES, NET (continued)

At 31 December the analysis of trade receivable maturity dates is as follows:

	Total	Nor mature, nor provisioned	Mature but not provisioned				
			1-30 days	30-60 days	60-90 days	90-120 days	>120 days
2012	1.007.661.796	644.915.754	170.642.818	61.077.131	65.804.253	53.598.431	11.623.409
2011	1.134.649.905	787.759.390	167.470.365	115.065.102	30.722.473	25.918.640	7.713.935
2010	1.105.892.046	771.750.329	232.147.564	24.745.221	27.443.468	41.402.018	8.403.446

Trade receivables are not bearing interest and become mature at 30 days.

At 31 December 2012, the trade receivables at the initial value of RON 53,1 million (2011: RON 40,14 million) have been considered uncertain and provisioned. The movement of the receivable provision is to be found below:

	Provisioned collectively
At 1 January 2011	**(28.249.102)**
Value adjustment for depreciation of trade receivables	(12.041.670)
Reversed provisions	150.605
Exchange rate differences	-
At 31 December 2011	**(40.140.167)**
Value adjustment for depreciation of trade receivables	(13.872.729)
Reversed provisions	391.766
Exchange rate differences	520.175
At 31 December 2012	**(53.100.955)**

10. PETTY CASH AND BANK ACCOUNTS

	31 December 2012	31 December 2011	1 January 2011
Bank accounts	434.569.104	35.376.162	24.100.697
Cash	4.267	273.322	116.763
Other treasury values	1.158.275	7.412.664	3.877.984
Total	**435.731.646**	**43.062.148**	**28.095.444**

In the bank accounts there are included approximately RON 1,73 million at 31 December 2012, respectively RON 22,47 million at 31 December 2011 representing guaranteed cash. Other treasury values represent in the greatest part checks to be cashed.

11. SHARE CAPITAL

At 31 December 2012 and 2011, the social capital consists in 44.109.205.726 ordinary shares, authorized, wholly issued and paid up, with a nominal value of RON 0,1 each.

The shareholder structure at 31 December 2012:

Shareholders	**Percent held (%)**	**Statutory amounts in [RON]**
The Rompetrol Group NV	45,85%	2.022.604.013
The Romanian State represented by The Ministry of Economy, Trade and Business Environment	44,70%	1.971.500.905
Rompetrol Financial Group S.R.L.	6,47%	285.408.308
Rompetrol S.A.	2,26%	99.646.630
Rompetrol Well Services S.A.	0,05%	2.198.030
Others (except the Romanian State)	0,67%	29.562.687
Total	**100%**	**4.410.920.573**

The shareholder structure at 31 December 2011:

Shareholders	**Percent held (%)**	**Statutory amounts in [RON]**
The Rompetrol Group NV	43,74%	1.929.404.013
The Romanian State represented by The Ministry of Public Finance	44,70%	1.971.500.905
Rompetrol Financial Group S.R.L.	6,47%	285.408.308
Rompetrol S.A.	4,37%	192.846.630
Rompetrol Well Services S.A.	0,05%	2.198.030
Others (except the Romanian State)	0,67%	29.562.687
Total	**100%**	**4.410.920.573**

Shareholders structure at 1 January 2011:

Shareholders	**Percent held (%)**	**Statutory amounts in [RON]**
The Rompetrol Group NV	43,74%	1.929.404.013
Rompetrol Rafinare S.A – shares issued for the Romanian State (unpaid social capital)	44.70%	1.971.500.905
Rompetrol Financial Group S.R.L.	6,47%	285.408.308
~~Rompetrol S.A.~~	~~4,37%~~	~~192.846.630~~
Rompetrol Well Services S.A.	0,05%	2.198.030
Rompetrol Rafinare S.A.	0,01%	613.470
Others	0,66%	28.949.217
Total	**100%**	**4.410.920.573**

Following the Extraordinary General Meeting of Shareholders of 30 June 2010, which approved the capital increase with up to RON 450 million, Rompetrol subscribed and paid a total of 3.294.914.165 shares (equivalent of USD 100.222.279), and minority shareholders have subscribed and paid a total number of 6.506 shares (USD 198). These have been registered with the Trade Register.

11. SHARE CAPITAL (continued)

After the Extraordinary General Meeting of Shareholders on 30 September 2010, the Company converted the unredeemed bonds into shares in favour of the Romanian state, resulting a total of 19.715.009.053 shares amounting to USD 627.546.964.

Consequently, the Romanian state, through the Ministry of Finance owns 44,7% in the Company.

The Share Premium

The share premium is the result of conversion of bonds into ordinary shares on 30 September 2010, in favour of the Romanian State, represented by the Ministry of Finance, by the Emergency Ordinance ("GEO") 118/2003 ratified by Law 89/2005.

Other reserves

During 2012, the value of the hybrid loan was recorded in other reserves.

Since May 2012, USD 800 million of the loan granted by TRG Group NV was converted into a hybrid loan, repayable in 51 years. The interest rate is 15% of the total value of the EBIT indicator (operating profit) and is recorded and becomes payable if the cumulative conditions below are met.

- The company records during the year, a net profit after tax
- The Company distributes dividends in accordance with the Romanian legislation

Share capital related inflation

According to the Romanian accounting standards, the Company has recorded the social capital under nominal historic value. However, Romania has been a hyperinflationary economy until 31 December 2003. Consequently, in accordance with IAS 29, the Company adjusted the social capital created before 31 December 2003 in order to reflect the impact of the adjustments in order to be accounted in a hyperinflationary economy.

Thus, the amount of the social capital has been increased to the amount of RON 5.734.750.095.

12. COMMERCIAL LIABILITIES AND OTHER LIABILITIES

	31 December 2012	31 December 2011	1 January 2011
Trade payables	3.001.403.609	2.485.215.771	1.820.105.560
Advances received from the customer	21.451.546	26.089.949	15.085.398
VAT payable	134.378.354	118.392.259	120.615.122
FSPP	27.560.632	201.398.222	207.338.333
Taxes due	3.890.492	6.204.516	1.078.782
Debts with the personnel and social insurance	4.505.461	8.721.209	6.562.570
Other debts	43.260.931	53.945.090	19.626.244
Total	**3.236.451.025**	**2.899.967.016**	**2.190.412.009**

13. SHORT-TERM LOANS

	31 December 2012	31 December 2011	1 January 2011
The Rompetrol Group Rompetrol Rafinare S.A. Short-term facility for working capital needs in amount of up to USD 400 million, maturity date - September 20, 2013, assignment of receivables, real movable security interest over movable assets, real movable security interest over the participations over Rompetrol Logistics SRL, Rompetrol Petrochemicals SRL, Rompetrol Downstream SRL, Romoil SA; real movable security interest over the bank accounts.	1.274.228.002 0	3.285.385.228 0	3.105.655.496
Rompetrol Well Services Rompetrol Rafinare S.A.: Short-term facility for working capital needs in amount of up to RON 13, maturity date - January 9th, 2013. The loan is secured with a promissory note covering the debt.	0 13.000.000 0	0 13.000.000 0	13.000.000
Rompetrol Well Services Rompetrol Rafinare S.A.: Short-term facility for working capital needs in amount of up to RON 7 million, maturity date - January 13th, 2013. The loan is secured with a promissory note covering the debt.	0 7.000.000 0	0 7.000.000 0	7.000.000
Rompetrol Well Services Rompetrol Rafinare S.A.: Short-term facility for working capital needs in amount of up to RON 3.1 million, maturity date - January 3rd, 2013. The loan is secured with a promissory note covering the debt.	0 3.100.000 0	0 3.100.000 0	3.100.000
Rompetrol Well Services Rompetrol Rafinare S.A.: Short-term facility for working capital needs in amount of up to RON 1.5 million, maturity date - January 27th, 2013. The loan is secured with a promissory note covering the debt.	0 1.500.000 0	0 1.500.000 0	1.500.000
Midia Marine Terminal Rompetrol Rafinare S.A.: Short-term facility for working capital needs in amount of up to RON 7 million granted to Rompetrol Rafinare; maturity date - October 30th, 2013.	0 23.502.500 0	0 - 0	-
Interest due	0 388.946.074	0 308.468.967	160.880.712
	1.711.276.576	**3.618.454.195**	**3.291.136.208**

Short-term bank loans

	31 December 2012	31 December 2011	1 January 2011
Bancpost Revolving credit ceiling on short term of up to EUR 30 million, for issue of letters of credit and letters of guarantee; maturity January 29th, 2013; interest rate EURIBOR / LIBOR 3 months +5.9% or ROBOR +5%; a guarantee on all credit amounts of all the current accounts and lease of receivables agreement with Rompetrol Downstream 120%; promissory note in white; unconditional and irrevocable corporate guarantee issued by TRG; the mortgage on the delayed coking unit, fuel station; real pledge on machinery and equipment, real estate mortgage on the land area of 30,380,96 m2	43.931	99.534.891	66.626.122
Total	**43.931**	**99.534.891**	**66.626.122**

14. PROVISIONS

	1 January 2011	31 December 2011	31 December 2012
Current provision	228.590.403	54.599.571	61.138.133
Non - current provision	38.406.410	24.665.494	-
Total	**266.996.813**	**79.265.065**	**61.138.133**

The movement of the provisions is displayed below.

	At 1 January 2012	Result carried forward	Founding in year	Amounts used	Amounts not used	At 31 December 2012
Retirement benefit provision	7.257.381	521.430	809.630	-	-	8.588.441
Fiscal provision	13.714.023		32.744.665		(13.714.023)	32.744.665
Provision for environment	58.293.661	-	167.370.046	-		225.663.707
Total	**79.265.065**	**521.430**	**200.924.341**	**-**	**(13.714.023)**	**266.996.813**

	1 January 2011	Result carried forward	Founding in year	Amounts used	Amounts not used	At 31 December 2011
Retirement benefit provision	9.818.103	(1.504.737)	-	(1.055.984)	-	7.257.381
Fiscal provision			13.714.023			13.714.023
Provision for environment	51.320.030	-	10.951.471	(3.977.840)	-	58.293.661
Total	**61.138.133**	**(1.504.737)**	**24.665.494**	**(5.033.824)**	**-**	**79.265.065**

For 2012 and 2011, the current provision represents the environment provision of Rompetrol Rafinare S.A.

At 31 December 2011, an environmental provision has been recognised for The Vega Refinery, amounting to RON 47,34 million, related to the cleaning of the oil sludge pools and restoration of contaminated land. During 2012, an evaluation report was issued by an independent expert, estimating the costs associated to the technical methods to realize the remediation action. Based on these preliminary cost estimates and the estimated completion over a 10 year period, a discounted cash flow cost estimate of RON 220 million has been provided by the Company. Thus, at 31 December 2012, it was included an additional provision amounting to RON 172,66 million. A 10,1% discount factor was applied for the discounted cash flow calculation. The work is expected to start on the last quarter of 2013.

In the category of provisions for other obligations, the most significant (RON 32,74 million) is represented by delay penalties and VAT related to Biodiesel import of Rompetrol Rafinare (please see Note 25), amount which is subject to a payment schedule with ANAF to be paid in the following period. As of December 31, 2012 Rompetrol Rafinare paid and amount of RON 65,5 million, fully provisioned as other receivables (please see Note 8).

Under the collective labour agreements that certain Group's entities have in force provided that, employees are entitled to certain retirement benefits that are payable on retirement, if the employees are employed with the entities at the date of their retirement. These amounts are estimated as of the reporting date based on: the specific benefits provided in the agreement, the number of employees working within the company at date and actuarial assumptions on future liabilities. These liabilities are recorded at their fair values as of the reporting date. The related service cost and interest expense are charged to period profit and loss, while all the actuarial gains and losses are fully recognized in other comprehensive income in the period in which they occur.

14. Provisions (continued)

The present value of this obligation and the related current and past service costs were measured using the Projected Unit Credit Method. The discount rates used were 6,38% (2011: 7,33%), with an expected rate of long-term salary increase of 3,7% (2011: 3%).

Amounts recognized in profit or loss in respect of this obligation are as follows:

	2012	2011
Interest	299.465	438.220
Services	510.165	1.215.322
Discount due to restructuring	-	(2.709.526)
Total	**809.630**	**(1.055.984)**

Amounts recognized in the financial position in respect of this obligation are as follows:

	31 December 2012	31 December 2011	1 January 2011
The initial recognition of the obligations	7.257.381	9.818.102	5.709.840
Interest	299.465	438.220	261.985
Services	510.165	1.215.322	380.354
Discount due to restructuring	-	(2.709.526)	-
Actuarial gains / losses recorded in the year	521.430	(1.504.737)	3. 465.925
Final balance	**8.588.441**	**7.257.381**	**9.818.103**

The charge for the year is included in the salaries expenses, respectively in the interest related to the profit and loss account.

It is considered that there are no significant liabilities relating to the provisions that will arise in the twelve months until 31 December 2013.

15. NET TURNOVER

	2012	2011
Gross revenues related to the sale of finished oil products	14.690.043.096	12.355.517.501
Revenues from goods sold	17.936.208	10.073.931
Revenues from utilities sold	88.460.202	84.001.504
Revenues from rents and other services	16.053.151	10.517.740
Gross turnover	**14.812.492.657**	**12.460.110.676**
Less sale related tax	(2.489.379.318)	(2.285.301.724)
Total	**12.323.113.339**	**10.174.808.952**

16. COST OF PRODUCTION SOLD

	2012	2011
Crude oil and other feedstock materials	11.535.086.992	9.701.539.199
Consumables and other materials	41.580.827	48.492.797
Utilities	341.248.463	241.780.089
Staff costs	50.677.459	65.945.045
Transport	506.522	1.214.692
Maintenance	47.038.938	50.218.004
Insurance	2.489.685	4.447.022
Environment	11.944.099	6.645.391
Other	32.499.963	28.485.065
Cost of production before amortization	**12.063.072.949**	**10.148.767.304**
Amortization	74.727.974	138.885.985
Cost of production	**12.137.800.923**	**10.287.653.289**
Less the variation of inventories	(114.042.654)	(148.234.635)
Less: Own production from assets	(7.705.179)	(4.480.151)
Cost of other products sold	16.970.842	5.721.296
Cost of utilities resold	64.926.253	76.831.787
(Revenues) / losses from derivatives	59.046.092	56.614.669
Unrealized losses from derivatives	(2.950.799)	-
Total	**12.154.045.477**	**10.274.106.255**

17. SALES COSTS AND GENERAL-ADMINISTRATIVE COSTS, INCLUDING LOGISTICS COST

	2012	2011
Staff costs	23.539.494	33.060.507
Utilities	605.907	378.875
Transport	15.224.854	14.876.185
Consultancy	34.163.302	34.575.015
Royalties and rents	2.432.880	2.157.680
Consumables	(1.202.305)	200.635
Marketing	228.441	392.377
Taxes	7.236.051	7.019.532
Insurance	924.766	2.373.836
Expenses with computers	14.119.650	11.508.778
Expenses with environment	12.817.223	7.728.923
Repairs	9.581.825	4.341.393
Fees and penalties	19.784.869	13.875.293
Other expenses	11.922.388	12.431.227
Expenses before amortization	**151.379.345**	**144.920.256**
Amortization expenses	12.059.412	7.744.789
Total	**163.438.757**	**152.665.045**

18. OTHER OPERATIONAL REVENUES / EXPENSES, NET

	2012	2011
Net book value of non-current assets disposals	18.645	1.188.214
Provisions for impairment of tangible assets, net	(4.104.596)	10.353.031
Provisions for depreciation of receivables, net	128.987.317	16.961.755
Provisions for depreciation of inventories, net	48.628.311	51.287.246
Operating expenses regarding depreciated inventories	-	-
Other provisions	186.400.687	13.021.992
Other expenses /(revenues)	(177.897.839)	(20.675.453)
Total	**182.032.525**	**72.136.785**

The movement of the provision de inventories in 2012 includes an additional reserve as the difference between cost and the net realizable value for crude oil and petroleum products as at 31 December 2012.

In 2012, other provisions include the increase of the provision for environment in relation to Vega Refinery.

In 2012, Rompetrol Rafinare S.A. reversed previously accrued tax charges in respect of penalties and interest for FSPP (Special Fund of Petroleum Products) in amount of RON 173,8 million, included in the caption "Other expenses / (revenues), based on management's assessment that this liability no longer exists.

The provisions for depreciation of receivables include:

- an amount of RON (35,65) million representing additional principal tax liabilities and late payment interest and penalties in relation to the fiscal control carried on by ANAF DGAMC for the period 2007-2010;
- an amount of RON (65,5) million for amounts paid to the Romanian Tax Authorities relating to an assessment for antidumping and countervailing taxes for Biodiesel import (see Note 25).

In addition to the amount of RON (65,5) million recorded in provisions for depreciation of receivables, an amount of RON (32,4) million was recorded as part of other provisions in relation to the Biodiesel import. The amount represents late payment interests and penalties for which a rescheduling payment agreement was concluded with the Romanian Customs Authorities (see Note 25).

19. FINANCIAL COST, FINANCE INCOME AND FOREIGN EXCHANGE DIFFERENCES

	2012	2011
Financial expenses		
Interest expenses	(18.923.984)	(9.657.461)
Expense on the shareholders' interest	84.968.355	130.170.098
Bank fees	55.404.683	45.967.060
	121.449.054	**166.479.697**
Financial revenues		
Interest income	(2.722.210)	(2.126.826)
	(2.722.210)	**(2.126.826)**
Financial result, net	**118.726.844**	**164.352.871**
	-	-
Unrealized foreign exchange (losses)/gains	(185.441.407)	(122.563.138)
Realized net foreign exchange (losses)/gains	187.964.643	347.370.135
Foreign exchange gain/(loss), net	**2.523.236**	**224.806.997**
Total	121.250.080	389.159.868

20. INCOME TAX

a) Income tax was 16% in 2012 as in 2011.

As of December 31, 2012, the Company had the following unused fiscal losses:

Entity	Fiscal loss 2012	Fiscal loss 2011
	Million RON	Million RON
Rompetrol Rafinare SA	(1.592.86)	(1.295.05)
At 31 December 2012	**(1.592.86)**	**(1.295.05)**

Fs a result of the fiscal losses which can be recovered by 2018, it's not the probability to have a low taxable profit that is low, and therefore the Company did not compute any receivable in relation to the deferred tax related to the fiscal loss.

A breakdown of tax losses of the Company per year is displayed below:

Entity Rompetrol Rafinare SA	Fiscal loss Million	Fiscal loss Expires in
2008	(300,01)	2013
2009	(340,94)	2016
2010	(482,96)	2017
2011	(468,96)	2018
Tax loss carried forward in 2012	**(1.592,86)**	-

The Romanian Government has a number of agencies that are authorized to conduct audits (controls) of Romanian companies as well as foreign companies doing business in Romania. These controls are similar in nature to tax audits performed by tax authorities in many countries, but may extend not only to tax matters but to other legal and regulatory matters in which the applicable agency may be interested. In addition, the agencies conducting these controls appear to be subject to significantly less regulation and the company under review appears to have less practically safeguards than is customary in many countries.

Management believes that it has adequately provided for tax liabilities in the accompanying financial statements.

b) Below there is a reconciliation between the current income tax recorded in the profit and loss account and the whole expenses with the profit tax, based on the temporary differences and non-deductible items:

	2012	2011
Net profit / Accounting (Net loss)	**(297.653.500)**	**(713.259.001)**
Addition: Non-deductible expenses	315.342.383	273.484.784
Less: Non-taxable income	(257.381.301)	(29.182.076)
Legal deductible reserve	-	-
Net profit / Fiscal (Net loss)	**(239.692.418)**	**(468.956.293)**
Fiscal loss in the previous years	(1.592.860.403)	(1.295.048.605)
Taxable base	**(1.832.552.821)**	**(1.764.004.898)**
Income tax (16%)	-	-

21. OPERATING SEGMENT INFORMATION

Geographical segments

All the production facilities of the Company are located in Romania. The following chart provides an analysis of the net turnover of the Company depending on the geographical market:

	2012	2011
Romania	7.192.375.327	5.890.457.491
Export	5.130.738.012	4.284.351.461
Total	**12.323.113.339**	**10.174.808.952**

22. RELATED PARTIES

The ultimate parent of the Company is the company "State holding enterprise on assets management (Samruk)" JSC, an entity with its headquarters in Kazakhstan. The related parties and the nature of relationship are presented below:

Name of the affiliated entity	Nature of relation
The Rompetrol Group N.V.	Majority shareholder
Rompetrol S.A.	Company owned by The Rompetrol Group
Rominserv S.R.L	Company owned by The Rompetrol Group
Ecomaster Services Ecologice S.A.	Company owned by The Rompetrol Group
Vector Energy AG	Company owned by The Rompetrol Group
Rompetrol Well Services S.A.	Company owned by The Rompetrol Group
Palplast S.A.	Company owned by The Rompetrol Group
Rompetrol Bulgaria JSC	Company owned by The Rompetrol Group
Rompetrol Moldova SA	Company owned by The Rompetrol Group
Rompetrol Georgia LLC	Company owned by The Rompetrol Group
Midia Marine Terminal S.R.L.	Company owned by The Rompetrol Group
Rompetrol Financial Group S.R.L.	Company owned by The Rompetrol Group
Dyneff SAS	Company owned by The Rompetrol Group
The Rompetrol Group Corporate Center S.R.L	Company owned by The Rompetrol Group
Byron Shipping Ltd	Company owned by The Rompetrol Group
Byron Shipping S.R.L.	
Rompetrol Albania Wholesale Sh.A.	Company owned by The Rompetrol Group
Rompetrol Ukraine LLC	Company owned by The Rompetrol Group
Rominserv Valves Iaifo SRL	Company owned by The Rompetrol Group
Rominserv Kazakhstan Ltd	Company owned by The Rompetrol Group
Uzina Termoelectrica Midia S.A.	Associate of the Rompetrol Group
Global Security System S.A.	Company owned by The Rompetrol Group
Rompetrol Downstream S.R.L.	Company affiliated to the Company
Rompetrol Petrochemicals S.R.L.	Company affiliated to the Company
~~Rom Oil S.A.~~	~~Company affiliated to the Company~~
Rompetrol Logistics S.R.L.	Company affiliated to the Company
Rompetrol Quality Control S.R.L.	Company affiliated to the Company
Rompetrol Gas S.R.L.	Company owned by Rompetrol Logistics SRL
Dyneff Espagna SLU	Company owned by The Rompetrol Group
DPPLN SAS	Company owned by The Rompetrol Group
TMP SAS	Company owned by The Rompetrol Group
Dyneff Gas Station Network SL	Company owned by The Rompetrol Group
Rompetrol France	Company owned by The Rompetrol Group
Bioneff SL	Company owned by The Rompetrol Group
Agat Ltd	Company owned by The Rompetrol Group
Rompetrol Albania Downstream Sh.A.	Company owned by The Rompetrol Group
Rompetrol Albania Sh.A.	Company owned by The Rompetrol Group

22. RELATED PARTIES (continued)

Name of the related parties	Nature of the relation
Rompetrol Distribution Albania Sh.A	Company owned by The Rompetrol Group
TRG Petrol Ticaret AS	Company owned by The Rompetrol Group
Rompetrol Energy S.A	Company owned by The Rompetrol Group
The Romanian State and the Romanian Authorities	

The sales to and purchases from related parties are made in the ordinary course of business and are undertaken on a basis that considers prevailing market terms and conditions as applicable to the nature of goods and services provided or received. Outstanding balances at the year-end are unsecured, interest free (except for shareholders loans) and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended at 31 December 2012, the Company did not record any depreciation of the receivables referring to the amounts due to the related parties (2011: zero). This assessment is performed every year, by analysing the financial position of the related party and the market in which it is carrying on its activity.

In 2012 and 2011, Rompetrol Rafinare has made the following transactions with the related parties:

	0	Receivables	
Name of related party	**31 December 2012**	**31 December 2011**	**1 January 2011**
Vector Energy AG	546.085.549	390.822.460	311.089.218
Rompetrol Downstream S.R.L	264.358.526	564.867.394	628.923.338
Rompetrol Petrochemicals S.R.L.	148.831.228	117.473.017	199.281.366
The Rompetrol Group N.V.	618.074	1.354.657	1.877.039
Rompetrol Gas SRL	46.089.320	36.878.664	61.448.071
Rompetrol Moldova SA	8.511.141	1.647.996	-
Rominserv S.R.L.	114.583.185	78.900.602	114.804.058
Ecomaster Services Ecologice S.A.	184.472	94.747	18.343
Rompetrol Quality Control S.R.L.	180.375	355.036	163.778
Rompetrol Logistics S.R.L	9.072.087	14.363.123	12.267.053
Midia Marine Terminal S.R.L.	222.363	63.166	155.029
Rompetrol S.A.	92.681	92.681	92.681
Palplast S.A.	250.196	250.178	250.043
Rompetrol Well Services S.A.	1.617	809	-
Rompetrol Bulgaria JSC	1.391	3.481.699	-
Uzina Termoelectrica Midia S.A.	10.483.461	5.397.796	6.043.484
The Rompetrol Group Corporate Center S.R.L.	5.580	15.222	
Global Security System S.A.	646.872	620.413	613.294
Rominserv Kazakhstan Ltd	564.621	598.680	
Byron Shipping Ltd	1.458	2.425	
Total	**1.150.784.197**	**1.217.280.765**	**1.337.026.795**

22. RELATED PARTIES (continued)

0	Payables		
Name of related party	**31 December 2012**	**31 December 2011**	**1 January 2011**
Vector Energy AG	2.778.526.034	2.169.632.990	1.629.887.113
Rompetrol Downstream S.R.L	38.233.275	24.199.773	23.537.612
Rompetrol Petrochemicals S.R.L.	4.392.011	3.069.215	8.711.829
The Rompetrol Group N.V.	1.666.378.469	3.604.167.251	3.276.659.567
Rompetrol Gas SRL	2.121.205	1.494.149	859.319
Rompetrol Moldova SA	-	-	1.114.398
Rominserv S.R.L.	92.390.543	200.300.910	77.067.399
Ecomaster Services Ecologice S.A.	-	461.938	2.752.241
Rompetrol Quality Control S.R.L.	4.206.893	3.615.022	5.198.683
Rompetrol Logistics S.R.L	407.016	137.194	859.144
Midia Marine Terminal S.R.L.	24.335.108	22.190.545	19.750.789
Rompetrol S.A.	17.801.555	-	2.677.723
Palplast S.A.	-	-	-
Rompetrol Well Services S.A.	24.787.542	24.787.954	24.943.734
Rompetrol Bulgaria JSC	-	-	2.429.173
Uzina Termoelectrica Midia S.A.	22.896.246	12.444.991	8.024.085
The Rompetrol Group Corporate Center S.R.L.	6.851.230	4.071.743	922.765
Global Security System S.A.	1.631.805	1.565.873	763.322
Rominserv Kazakhstan Ltd	-	-	
Byron Shipping Ltd	-	-	6.818
Total	**4.684.958.932**	**6.072.139.548**	**5.086.165.714**

22. RELATED PARTIES (continued)

0	0	Sales		Purchases	
Name of related party	Nature of transaction	2012	2011	2012	2011
Vector Energy AG	Raw materials / Petroleum products				
Rompetrol Downstream S.R.L	Fuel tickets / Petroleum products, rent, utilities and other	4.319.928.278	3.364.111.758	11.493.332.959	9.456.794.603
Rompetrol Petrochemicals S.R.L.	Raw materials, energy, lab analyses / Raw materials, rent, utilities and other	5.123.303.882	4.206.191.764	14.190.729	1.135.362
The Rompetrol Group N.V.	Management services, interest loan	522.217.075	487.276.654	88.238.362	81.877.270
Rompetrol Gas SRL	Platform operation, propane / Petroleum products, rent, other	-	189	87.723.181	133.956.554
Rompetrol Moldova ICS	Petroleum products	696.758.095	554.037.201	80.334	755.128
Rompetrol Bulgaria JSC	Biodisel / Petroleum products	254.472.727	166.299.257	-	
Rominserv S.R.L.	Maintenance, property acquisitions/Rent, utilities, reinvoices	73.361.205	86.414.010	-	4.290.335
Ecomaster Services Ecologice S.A.	Ecology services / Rent, Service provision	16.003.843	4.288.453	403.133.322	289.238.206
Rompetrol Quality Control S.R.L.	Lab analyses / Rent, utilities, other services	91.839	80.352	2.886.317	2.233.197
Rompetrol Logistics S.R.L	Transport, rents / Rent, utilities	1.288.442	1.316.151	15.533.693	14.678.919
Midia Marine Terminal S.R.L.	Port provisions / Rent, utilities, bunkering, reinvoicing, other	12.325	69.567	290.782	156.237
Rompetrol Well Services S.A.	Loan interest	2.046.127	1.890.301	19.912.685	36.724.570
Uzina Termoelectrica Midia S.A.	Utilities / Petroleum products	7.825	5.869	1.974.280	2.779.009
The Rompetrol Group Corporate Center S.R.L.	Management services	80.577.695	38.940.884	106.596.691	59.828.661
Global Security Services S.A.	Security, courier services, cleaning, fire prevention	-	14.011	41.241.210	33.891.487
Rominserv Kazakhstan Ltd		-	85	8.063.161	7.416.204
Byron Shipping Ltd	Demurrage /Rent, reinvoices of other services	-	534.770	-	-
		20.518	-	4.164	72.162
		11.090.089.876	8.911.471.276	12.283.201.870	10.125.827.904

The Ministry of Public Finance of Romania ("MFPR") was the holder of 44,6959% of the share in Rompetrol Rafinare SA since September 2010 until July 2012. Starting July 2012, trough a Government Ordinance, the share holder became Ministry of Economy Trade and Business Environment ("MECMA"). As a result MFPR, MECMA and Other Authorities are considered to be a related party of the Group. No entities in the Group have had any transactions during the period since MFPR and MECMA became a related party, or balances as of period end, other than those arising from Romanian fiscal and legislative requirements.

The amount of remuneration for key management personnel in 2012 was of RON 501.364 (RON 448.596 in 2011).

The salaries and bonuses paid to the Company management in 2012 (in average 14 persons) was RON 2.141.668 (RON 2.122.536 in 2011, in 2011, in average 13 persons).

23. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the ordinary equity holders of the parent is based on the following data:

	2012	2011
Net profit (+), loss (-)	(297.653.500)	(713.259.001)
Average number of shares	44.109.205.726	44.109.205.726
Result per share - base (money/share)	(0,67)	(1,62)

24. CONTINGENT LIABILITIES

Related to the Parent's oil products technological lending practice to other refineries by the Company, D.G.F.P. Constanta claimed that the Company had unrecorded income, excise, VAT and related penalties totalling RON 47,7 million (USD 14,3 million). These claims (the legal effects) were suspended by the local court for admission. Subsequently, a second suspension has been issued by the fiscal authorities (D.G.S.C. – A.N.A.F.) until the final sentence regarding the criminal case, as the fiscal authority believes that this matter is now to be dealt as part of the criminal investigation started by the General Prosecutor Office (see Note 25). The management is confident that the Company is able to defend itself and the likelihood of a negative outcome is remote.

In 2001, the Company processed crude oil for another refinery for which it originally raised excise invoices. However due to the law prevailing at the time, such invoices raised by the Company were challenged by the respective refinery and the courts held at the time that the Company is not to issue the excise invoices and therefore the Company cancelled such invoices. The Company is now challenged for such reversals by D.G.F.P. Constanta, which concluded not to acknowledge the conclusions of the court decision and held the Company liable for paying such excises; the Company appealed the tax audit, which is now being suspended as described in the paragraph above. The amount noted in the minutes issued by D.G.F.P. Constanta is RON 9,5 Million (USD 3 million). The management is confident that the likelihood of reversal of the earlier court decision is very little. In 2012 no changes were incurred.

25. LEGAL MATTERS

Litigation with the State involving criminal charges

Starting with 22 March 2005 and as of the date of this report, the investigations concerning current and past administrators, officers and external censors of S.C. Rompetrol Rafinare S.A. ("RRC") have been formally developing (despite certain discontinuities occurred from time in the course of the criminal investigation stage). At present, the Prosecutors' General Office attached to the High Court of Cassation and Justice ("PGO") is investigating only one of the current administrators.

The charges apprehended upon the initiation of the investigation were: a) failure to fulfil the investment commitments undertaken under the privatization contract concerning the Company; b) unlawful statement of excises and other debts to the state budget; c) incorrect maintenance of accounting registries regarding the transactions undertaken at the oil terminal owned by Oil Terminal. These charges concern events taken place during April 2001 – October 2002. The said charges have been split by the prosecutors' office from the initial file (which has been sent to trial following such split) and are subject to a separate file currently open before PGO - DIICOT.

25. LEGAL MATTERS (continued)

For certain charges under investigation – charges not concerning the Company directly, that are part of the initial file open by the prosecutors' office, even after the split of the file – the PGO decided to send to trial certain officials of The Rompetrol Group N.V. ("TRG"), the controlling company of S.C. Rompetrol Rafinare S.A. Following intensive discussions on several procedural matters, the first competent court, the Bucharest Tribunal, initiated the inquiry on the merits (the factual background) by interviewing the accused persons. Following the hearing of 17 September 2010, the court decided to refer the file to the Constitutional Court for settlement of certain motions raised by the defence. Currently, the trial is suspended before the Bucharest Tribunal and will resume after the Constitutional Court will issue its decision (there is no particular time-frame for the Constitutional Court to take-up such discussions).

The Rompetrol Group N.V. and the Parent Company publicly stated and continues to consider, in relation with all charges, that it has provided clear, reasonable and legitimate explanations with respect to all the activities undertaken by the Parent and the related persons.

The Company finds all charges brought against it as legally ungrounded. The Parent's standing has been confirmed also by the court of law when ruling in favour of the motion submitted by The Rompetrol Group N.V. and S.C. Rompetrol Rafinare S.A. against the sequester that was established in relation with its assets and shares. The respective sequester, established unilaterally by the PGO, has been definitively and irrevocably annulled by the competent court of law.

Furthermore, on 15 December 2005, The Rompetrol Group N.V. submitted a request for arbitration before the International Centre for Settlement of Investment Disputes within the World Bank ("ICSID") of Washington DC against the Government of Romania whereby it requested compensation for the damages incurred. The request for arbitration emphasizes the breach by the Romanian State of The Rompetrol Group N.V.'s rights under the Agreement on Encouragement and Reciprocal Protection of Investments between the Government of the Kingdom of the Netherlands and the Government of Romania, in force as of 1 February 1995 (the "Dutch-Romanian BIT"). In May 2010, the debates on the merits of the dispute were closed (followed by two rounds of post-hearing briefs) and the award (including any individual or dissenting opinion) is expected during 2013. During 2012 the criminal charges against individuals was dismissed on merits. Based on the grounds submitted in the file and the recent court decision, the management consider that the allegations of PGO are ill founded even the case is still not settled.

Litigations related to Hybrid Conversion

A) The Romanian Ministry of Public Finance (MFP) has initiated various litigations against Rompetrol Rafinare S.A. ("RRC") regarding the legality of combined redemption and conversion of bonds issued in 2003 into Rompetrol Rafinare shares.

Emergency Ordinance ("EGO") 118/2003, approved by Law 89/2005, and the Issuing Convention of December 5, 2003 ("Issuing Convention"), regulated the conversion of RON 2.177,7 million of state budget liabilities, including penalties, into 22.812.098 Euro-denominated long-term reverse-convertible bonds with face value EUR 25 each (i.e. a total of EUR 570,3 million at the RON/EUR exchange rate as of September 30, 2003 of 3,8185 RON/EUR or USD 719,4 million at the same date).The Bonds carried interest and were redeemable on or before maturity, whereas EGO specifically provided that bonds not redeemed by September 30, 2010 should be convertible, at a fixed conversion rate, into ordinary shares of Rompetrol Rafinare S.A., at the option of the Company.

In accordance with the requirements of EGO 118/2003 and the Issuing Convention, Rompetrol Rafinare S.A. undertook the following transactions in relations to bonds settlement during the period ended 30.09.2010:

1) The Extraordinary General Meeting of the Shareholders as of June 30, 2010 approved, among others, the increase of the Company's share capital by USD 100,2 million, for the purpose of raising financing to redeem part of the Bonds and to pay trade and other liabilities;

25. LEGAL MATTERS (continued)

2) On August 9, 2010, RRC redeemed 2.160.000 Bonds in aggregate amount of EUR 54 million;
3) The Extraordinary General Meeting of the Shareholders on September 14, 2010 issued, among others, the preliminary approval of the conversion of the unredeemed Bonds into shares. Subsequently, on September 30, 2010, the Extraordinary General Meeting of the Shareholders of Rompetrol Rafinare S.A. approved the conversion of the unredeemed Bonds into shares, the corresponding share capital increase and the exact numbers of shares to be received by the Romanian Ministry of Public Finance for the Bonds it held. The number of shares was calculated based on the conversion rate of bonds into shares indicated by the EGO 118/2003 and the Issuing Convention (see Note 11).

The Ministry of Public Finance (MFP) has publicly taken an adverse position against such course of action and challenged it in various court procedures (as detailed below). The MFP position may be summarized as follows:

1) The Company had the right to either redeem or to convert the Bonds, in each case in their entirety, but no legal option to combine a partial redemption and a partial conversion of the Bonds issue;
2) The payment of August 9, 2010 effected by the Company should be deemed as an irrevocable expression of will by Rompetrol Rafinare S.A. to opt for redeeming the entire Bonds issue and, consequently,
3) The possibility of the Company to convert the balance of the unredeemed Bonds upon maturity was barred. Thus the conversion performed on September 30, 2010 is illegal and effectless, and
4) Commencing October 1, 2010, the Company has had a budgetary debt to the Romanian treasury of 2.205.592.436 RON (the RON equivalent of the Bonds not redeemed in cash, approximately Euro 516 million).

On the basis of these allegations, the Ministry of Public Finance has taken the following main actions:

1) MFP filed a request, asking by an injunction relief, for suspending the execution of General Meeting of Shareholders ("GMS") Decisions of June 30, 2010. The injunction request was irrevocably dismissed.
2) MFP filed also an intervention to the registration of the share capital increase of June 30, 2010 with the Trade Registry. The first court dismissed it and MFP filed an appeal which was also dismissed. The share capital increase was fully registered with the Trade Registry and the capital market institutions.
3) MFP submitted a request for annulment of the GMS decisions of:
   a. June 30, 2010, referring to the share capital increase by USD 100 million;
   b. September 14, 2010, referring to the preliminary approval of the conversion option;
   c. September 30, 2010, referring to share capital increase by conversion of the unredeemed bonds into ordinary shares adopted by RRC's shareholders. Constanta Tribunal dismissed the Romanian State request: (a) for some of the annulment reasons considering that the Romanian State lacks the capacity to stand trial, arguing that same did not have the capacity of shareholder when such acts were adopted, (b) for some of the annulment reasons considering that there were not grounded. MFP submitted a final appeal before Constanta Court of Appeal.
4) MFP submitted interventions to the registration of the all GMS decisions (decisions of June 30, 2010, of September 14, 2010 and of September 30, 2010) to the Trade Registry. Most of the cases were dismissed by Constanta Tribunal and MFP submitted appeal requests which are pending with Constanta Court of Appeal. The rest of the cases are either pending in first court proceedings, or suspended as result of relocation requests submitted to High Court of Justice and Cassation by MFP. The relocation requests were also dismissed, but the interventions requests are not yet reopened and settled. In relation to the MFP intervention to the registration to the Trade Registry of the GMS dated June 30, 2010 the Constanta Court rejected the claim. Therefore, the Trade Registry registered on December 27, 2010 the share capital increase according to GMS as of June 30, 2010. Consequently, CNVM approved on February 8, 2011 the issuing of the new shares registrations certificate following the share capital increase.

25. LEGAL MATTERS (continued)

MFP appealed the Constanta Court decision mentioned above. Both Constanta Tribunal and Constanta Court of Appeal dismissed the Romanian State intervention request.

On September 10, 2010 the National Agency of Fiscal Administration ("ANAF") issued a decision for establishment of a precautionary seizure on all the participations held by Rompetrol Rafinare S.A. in its affiliates as well as on all movable and immovable assets of Rompetrol Rafinare S.A. except inventories. This measure is still in force and it is challenged by the Group. As of the date of these financial statements this seizure has not produced direct effects on the Company's recurring operations.

The Group has challenged this decision and requested the court to annul the seizure. The main ground the Group has taken is that starting October 1, 2010 no liability of RRC to MFP exists as the bonds were settled through conversion into share capital under the Issuance Convention. The case was dismissed at the first court hearing by Bucharest District 5 Court and Rompetrol Rafinare S.A. filed a final appeal. The hearing of the case had been suspended in June 2012 pursuant to the joint request of the Company and of the Ministry of Public Finances and can be resumed during one year period, until June 6, 2013.

On February 15, 2013, The Rompetrol Group NV and the Office of State Ownership and Privatisation in Industry ("OPSPI"), representing the Romanian State, signed a memorandum of understanding whereby they agreed the amiable settlement of the dispute over the conversion of the Bonds, including the following key aspects:

- OPSPI will sell and The Rompetrol Group NV will acquire shares owned by OPSPI and representing 26,6959% of RRC's share capital for a cash consideration of USD 200 million;
- The Rompetrol Group NV will invest in energy project related to its core activities an amount estimated at USD 1 billion over 7 years;
- MFP will drop all cases against the GMS decisions related to the conversion and will cancel the forced execution title.

The agreement is subject to proper approvals of each party's governing bodies.

As a result of the memorandum, the parties agreed the suspension of the court proceedings, in order to allow the time to implement the memorandum, which was acknowledged by the court on February 18, 2013.

Litigation regarding the import of Biodiesel

On June 20, 2012 the National Authority of Customs, the Excise Supervision and Customs Operations Department issued a Minute in which they assessed that Rompetrol Rafinare should pay an amount of RON 108 million for antidumping and countervailing duties, VAT and interests for late payment plus penalties related to imports of biodiesel made during 2009 and 2010.

During 2009 and 2010, Rompetrol Rafinare concluded a series of import operations of biodiesel origin from Canada according to the Certificate of origin issued by the relevant Canadian authorities in this respect.

The investigation and related Minutes were issued by the Romanian Customs Authorities following contacts with OLAF (European Antifraud Office) which led an investigation in Canada in cooperation with Canadian Customs (CBSA) regarding the export of Canadian biodiesel into the European Union. OLAF issued its preliminary findings indicating a belief that biodiesel exported into the EU had an origin from the USA rather than Canada and was being imported by various means from the USA to Canada before being exported to the EU.

OLAF final conclusions do not contain any explanation and / or additional proof from those presented on June 20, 2012.

25. LEGAL MATTERS (continued)

Rompetrol Rafinare considers that it has acted in good faith and that documents received by it indicate that the biodiesel has a Canadian origin, as long as the certificates of origin were issued by Canadian authorities in accordance with the legal dispositions.

In the additional taxes imposed by the Romanian Customs Authorities it has included both duties (antidumping and countervailing), which under European and Romanian legislation such an approach can be done only in specific cases which must be very well grounded by the customs authorities. In the assessment minutes, there are no arguments and explanations as to why both duties were imposed.

Rompetrol Rafinare requested the competent Court to postpone (or suspend) the payment of the fine until the entire situation is finalised by a final and irrevocable Court decision. On July 5, 2012 the Court rejected this request. The appeal in this case was examined on March 7 2013 by the Supreme Court of Justice. The appeal was rejected.

On July 20, 2012 Rompetrol Rafinare submitted a contestation against the findings of the tax inspection for the entire amount of RON 108 million (equivalent to USD 32 million). As the National Agency for Fiscal Administration – General Directorate of Solving Contestations ("ANAF – DGSC") did not respond within the deadline provided by the law, a court proceeding was commenced by Rompetrol Rafinare to request a reply from ANAF. On February 20, 2013, the Court decided in favour of Rompetrol Rafinare SA.

Given that ANAF, through its answer, largely maintained conclusions from the findings of the tax inspection from June 20, 2012, the Company will request from the competent court an annulment of these findings.

To avoid triggering additional tax risks (i.e. cancellation of VAT deferment certificate, cancellation of reduction of the guarantee for tax warehouse, etc.) Rompetrol Rafinare has paid an amount of RON 58 million representing antidumping and countervailing taxes.

For the remaining amount of RON 50 million, Rompetrol Rafinare initiated legal procedures to obtain an approval for reschedule of payment, which was granted by the competent authority.

Rompetrol Rafinare considers that it has met all technical requirements in accordance with European and national legislation. Even so, there are frequent cases in practice when the tax authorities have an aggressive approach in interpreting national and European legislation, assessing and enforcing payment of additional tax liabilities, leaving the taxpayer the burden to proof the incorrect assessments and to recover the amounts through time long and costly contestation and appeal processes. Therefore a provision has been included for the full amount of USD 28,8 million although Rompetrol Rafinare considers it has a supportable case and management believes that the amounts related to the matter will be cancelled or significantly reduced.

Rompetrol Rafinare, through Vector Energy, can also consider recourse against the Canadian supplier of the biodiesel. To date no formal action has been commenced in this regard.

Litigation on Tax Assessments received by Rompetrol Rafinare S.A. from ANAF DGAMC

In March 2012, the National Agency for Tax Administration sent to Rompetrol Rafinare SA a General Tax Audit Report covering the period 2007-2010 and an Assessment Decision for Payment of RON 48 million (equivalent USD 15 million), out of which half represents additional principal tax liabilities and the other half represents late payment interest and penalties.

25. LEGAL MATTERS (continued)

The following has subsequently occurred relating to this matter:

- Both the Report and the Decision were challenged subject to a prior administrative appeal, which is currently still pending settlement by the National Agency for Tax Administration – General Division for Appeals Settlement. As ANAF did not respond within the deadline provided by the law, a court proceeding has been commenced by the Rompetrol Rafinare to request a reply from ANAF. On February 20, 2013, the Court decided in the favour of the company. After being communicated to ANAF and becoming final the court decision is enforceable, meaning that any further failure of responding by ANAF may result in fines against those responsible. The company believes that once receiving this court decision ANAF should not go on challenging this necessity and solutions to the company's pending applications will soon be issued. As well, a payment suspension application for all the amounts additionally charged was filed, but it was rejected by the relevant Court.
- The settlement term was set as May 31, 2012. The Court (Constanta Court of Appeal) dismissed the request of Rompetrol Rafinare for the rescheduling of the hearing term and for a more expedient settlement of the suspension application, Rompetrol Rafinare was requested to pay the additionally charged amounts on May 5, 2012.
- The main arguments put forward by Rompetrol Rafinare for its administrative appeal were: (1) it had used and benefitted from the management and advertising service referred to; it has related justifying documents that were not taken into consideration by the tax authorities; and the Tax authorities did not consider the definition provided by the Fiscal Code and its Application Norms, as well as, applicable, Double Tax Treaties and Commentaries to the OECD model conventions as regards definition of royalties versus services.

Although Rompetrol Rafinare considers that all technical requirements have been met by it and it is challenging all the items included in the report issued by the National Agency for Tax Administration, there is a chance that Rompetrol Rafinare may not recover the amount in whole or part, based on the high ambiguity in respect of the legislation and the court practice in a similar cases in Romania. Therefore a provision has been recognized for an overall amount of USD 15 million, out of which USD 11 million was expensed during 2012.

On February 22, 2013 Rompetrol Rafinare SA received a response from ANAF indicating that it would re-audit for an amount of approximately RON 10 million in relation to the assessment previously issued. It is the intention of Group Management to proceed with further legal action in relation to the assessment.

Litigation regarding CO2 emission allowances

On February 28, 2011 Rompetrol Rafinare S.A. won the court case against The Romanian Government and The Ministry of Environment which obliged the Romanian authorities to allocate to Rompetrol Rafinare an additional number of 2.577.938 CO2 emission certificates for the entire period 2008-2012. This first decision issued by the Constanta Court of Appeal was challenged by the Ministry of Environment and The Romanian Government but the appeals were rejected by the Supreme Court of Justice on October 30, 2012 and the first court decision became final.

Currently, Rompetrol Rafinare is in the position to ask for enforcement of the above mentioned final decision by the Romanian relevant authorities.

According to the current Romanian and European legislation, the certificates obtained for 2008 – 2012 period may be owned and used also for the next period of 2013–2020. The current market value for a CO2 emission certificate is Euro 4,5 per certificate.

26. OTHER LITIGATIONS

Environmental commitments

The principal activity of Rompetrol Rafinare SA (including Vega Refinery) of refinery petroleum products and Rompetrol Petrochemicals has inherent effects on the environment in term of emission into land, water and air. The environmental effects of the Group's activities are monitored by local authorities and the management of the Group.

As of December 31, 2012 Rompetrol Rafinare SA has environmental commitments amounting to USD 7.98 million (2011: 52,62 million) to conform to the Integrated Environmental Authorization.

Other commitments

Rompetrol Rafinare S.A. has contracted capital commitments in projects related to capacity increase and compliance with Euro standards at the Petromidia refinery of USD 19,63 million (2011: USD 75,3 million).

Sale and purchase commitments

As of December 31, 2012 Rompetrol Rafinare S.A. has contracted purchase contracts for raw materials and utilities outside TRG group, amounting to USD 133.65 million (2011: USD 137,38 million) and commitments for petroleum products and utilities outside the group amounting to USD 198,37 million (2011: USD 267,10 million).

27. FINANCIAL AND RISK MANAGEMENT INSTRUMENTS

27.1 Capital risk

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Group consists of bank debt and shareholder loans (see Notes 12 and 13), cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the "Consolidated Statement of Changes in the Shareholders' Equity".

27.2 SIGNIFICANT ACCOUNTING POLICIES

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

27. FINANCIAL AND RISK MANAGEMENT INSTRUMENTS (continued)

27.3 Financial instruments

The estimated fair value of these instruments approximates their carrying amounts.

	31 December 2012	31 December 2011	1 January 2011
Financial assets			
Commercial liabilities and other liabilities	1.348.696.440	1.326.639.571	1.387.429.505
Derivative financial instruments	-	19.475.065	-
Cash and bank accounts	435.731.646	43.062.148	28.095.444
TOTAL FINANCIAL ASSETS	**1.784.428.086**	**1.389.176.784**	**1.415.524.949**
Financial liabilities:			
Short-term loans from shareholders	1.711.276.576	3.618.454.195	3.291.136.208
Derivative financial instruments	8.289.422	-	-
Commercial liabilities and other liabilities	3.049.170.001	2.547.882.070	1.846.294.374
Short-term loans	43.931	99.534.891	66.626.122
TOTAL FINANCIAL PAYABLES	**4.768.779.930**	**6.265.871.156**	**5.204.056.704**

Trade and other receivables are at net recoverable value and the following categories are not considered as financial assets:

- Advances paid to the suppliers;
- VAT to be recovered
- Profit tax to be recovered
- Other taxes to be recovered

Similarly, for trade and other payables the following are not considered as financial liabilities:

- Advances paid from customers;
- Excises taxes
- FSPP
- VAT payable
- Profit tax payable
- Salary taxes payable
- Other taxes
- Deferred revenues

The estimated fair values of these instruments approximate their carrying amounts.

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments;
- Fair value of unquoted available-for-sale financial assets is estimated using appropriate valuation techniques.
- The Company enters into derivative financial instruments with various counterparties. As at 31 December 2012, the marked to market value of derivative position is for financial instruments recognised at fair value.

27. FINANCIAL AND RISK MANAGEMENT INSTRUMENTS (continued)

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are based on observable market data, either directly or indirectly.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	31 December 2012	Level 1	Level 2	Level 3
Financial assets				
Commercial liabilities and other liabilities	1.348.696.440	-	-	1.348.696.440
Cash and bank accounts	435.731.646	-	-	435.731.646
TOTAL FINANCIAL ASSETS	**1.784.428.086**	**-**	**-**	**1.784.428.086**
Financial liabilities				
Short term borrowings from shareholders	1.711.276.576	-	-	1.711.276.576
Derivative financial instruments	8.289.422	-	8.289.422	-
Commercial liabilities and other liabilities	3.049.170.001	-	-	3.049.170.001
Short-term loans	43.931	-	-	43.931
TOTAL FINANCIAL PAYABLES	**4.768.779.930**	**-**	**8.289.422**	**4.760.490.508**

	31 December 2011	Level 1	Level 2	Level 3
Financial assets				
Commercial liabilities and other liabilities	1.326.639.571	-	-	1.326.639.571
Derivative financial instruments	19.475.065	-	19.475.065	-
Cash and bank accounts	43.062.148	-	-	43.062.148
TOTAL FINANCIAL ASSETS	**1.389.176.784**	**-**	**19.475.065**	**1.369.701.719**
Financial liabilities				
Short-term borrowings from shareholders	3.618.454.195	-	-	3.618.454.195
Derivative financial instruments	-	-	-	-
Commercial liabilities and other liabilities	2.547.882.070	-	-	2.547.882.070
Short-term loans	99.534.891	-	-	99.534.891
TOTAL FINANCIAL PAYABLES	**6.265.871.156**	**-**	**-**	**6.265.871.156**

At 31 December 2011 there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

27.4 Derivative financial instruments

The Company uses different commodity derivatives as a part of price risk management in trading of crude oil and products. Generally the instruments are allocated to individual instruments.

27. FINANCIAL AND RISK MANAGEMENT INSTRUMENTS (continued)

The Company started in January 2011 the hedge of commodities within Rompetrol Rafinare.

	31 December 2012	31 December 2011
Derivative financial assets	-	19.475.065
Derivative financial liabilities	(8.289.422)	-
Net position - asset/(liability)	**(8.289.422)**	**19.475.065**

Profit and loss account

	31 December 2012	31 December 2011
Unrealised gains	(2.950.799)	2.950.799
Unrealized gains		
Net position - (gain)/loss - in Cost of sales	**(2.950.799)**	**2.950.799**
Realised losses - net	52.363.474	53.663.870
Total position - loss/(gain) - in Cost of sales	**49.412.675**	**56.614.669**

	31 December 2012	31 December 2011
Derivative asset/(liability) 2011	19.475.068	
Unrealized derivative gains/(loss)	2.950.799	(2.950.799)
Forex unrealized (hedging of forex)	(46.974.130)	(1.976.508)
Cash payments	15.884.999	21.123.012
Translation adjustment	373.842	3.279.360
Derivative asset/(liability) 2012	**(8.289.422)**	**19.475.065**

Derivative financial instruments are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates. Changes in the fair value of derivative financial instruments are recognized in profit or loss as they arise.

27.5 Market risk

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.

27. FINANCIAL AND RISK MANAGEMENT INSTRUMENTS (continued)

27.6 FOREIGN CURRENCY RISK MANAGEMENT

The Company's functional currency is the Romanian leu ("RON").

Crude oil imports and a significant part of petroleum products 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 retranslated 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. Company Treasury is responsible for handling the Company foreign currency transactions.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Payables		Assets	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
USD currency	4.481.182.422	5.808.204.611	1.012.869.278	430.819.883
EUR currency	6.036.233	121.619.596	4.532.804	25.771.223

27.7 FOREIGN CURRENCY SENSITIVITY ANALYSIS

The Company is mainly exposed to the USD and EUR fluctuation risk.

The following table details the Company's sensitivity to a 5% increase and decrease in the RON exchange rate against the relevant foreign currencies. The sensitivity analysis includes only the foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in the exchange rates. A positive number below indicates an increase in profit and other equity here generated by a positive exchange rate course of 5%. For a 5% weakening of the RON against the main currencies, there would be a negative impact in the profit, with the same value.

	USD		EUR	
RON	**2012**	**2011**	**2012**	**2011**
5%	(173.415.657)	(268.869.236)	(75.171)	(4.792.419)
-5%	173.415.657	268.869.236	75.171	4.792.419

27.8 INTEREST RATE RISK MANAGEMENT

Interest rate price risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates relative to the interest rate that applies to the financial instrument. Interest rate cash flow risk is the risk that the interest cost will fluctuate over time. The Company has long-term debt and short-term debt that incur interest at fixed and variable interest rates that exposes the Company to both fair value and cash flow risk. Details of the interest rate terms, which apply to the Company's borrowings, are provided in Note 12.

The sensitivity analyses below have been determined based on the financial instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year.

27. FINANCIAL AND RISK MANAGEMENT INSTRUMENTS (continued)

27.9 Liquidity risk

The tables below summarize the maturity profile of the Group's financial liabilities at 31 December 2012 and 31 December 2011 based on contractual undiscounted payments, including interest payable until the end of the contracts for finance leasing and loans.

Balance as at 31 December 2012	Less than 1 month or current	<3 months	3-12 months	1-5 years	>5 years	Total
Net obligations under Finance lease	-	-	-	-	-	-
Commercial liabilities and other liabilities	1.757.008.739	1.479.442.286	-	-	-	3.236.451.025
Derivative financial instruments	-	8.289.422	-	-	-	8.289.422
Leasing liabilities	-	-	-	-	-	
Short-term borrowings from shareholders	-	24.911.271	1.686.365.305	-	-	1.711.276.576
Short-term bank loans	-	43.931	-	-	-	43.931
	1.757.008.739	**1.512.686.910**	**1.686.365.305**	**-**	**-**	**4.956.060.954**

Balance as at 31 December 2011	Less than 1 month or current	<3 months	3-12 months	1-5 years	>5 years	Total
Net obligations under finance lease	-	-	-	-	-	-
Commercial liabilities and other liabilities	1.541.065.514	1.358.901.502	-	-	-	2.899.967.016
Leasing liabilities	-	17.766	-	-	-	17.766
Short-term borrowings from shareholders	-	24.787.684	3.593.666.511	-	-	3.618.454.195
Short-term bank loans	-	99.534.891	-	-	-	99.534.891
	1.541.065.514	**1.483.241.843**	**3.593.666.511**	**-**	**-**	**6.617.973.868**

Balance as at 1 January 2011	Less than 1 month or current	<3 months	3-12 months	1-5 years	>5 years	Total
Commercial liabilities and other liabilities	1.616.107.410	574.304.599	-	-	-	2.190.412.009
Leasing liabilities	-	368.897	-	17.743	-	386.640
Short-term borrowings from shareholders	-	-	3.291.136.208	-	-	3.291.136.208
Short-term bank loans	-	66.626.122	-	-	-	66.626.122
	1.616.107.410	**641.299.618**	**3.291.136.208**	**17.743**	**-**	**5.548.560.979**

27. FINANCIAL AND RISK MANAGEMENT INSTRUMENTS (continued)

27.10 Commodity price risk

The Company is affected by the volatility of crude oil, oil product and refinery margin prices.

Its operating activities of the Company require ongoing purchase of crude oil to be used in its production as well as supplies to its customers. Due to significantly increased volatility of crude oil, the management developed a hedge policy which was presented to the Company'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 Company started on January 2011 to hedge commodities held by Rompetrol Rafinare.

According to the hedge policy, on the commodity side, the flat price risk for priced inventories above a certain threshold (called base operating stock) is hedged using future contracts traded on ICE Exchange and some OTC instruments for the secondary risks. The base operating stock is the equivalent of priced stocks that are held at any moment in time in the Company, hence price fluctuations will not affect the cash-flow. The Company started a few transactions of refinery margin hedge during 2012 and the intention is to extend refinery margin hedge transactions in 2013.

Trading activities are separated into physical (purchase from third parties other than KazmunayGas Group, and sales to third parties or Intercompany) and paper trades (for economic hedging purposes). Each physical 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 Company sells or buys the equivalent number of future contracts. This financial trade is done only to hedge the risk of the price risk and not to gain from the trading of these instruments.

27.11 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or purchase contracts, which leads to a financial loss. The Company 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

Outstanding customer receivables are regularly monitored. Sales to Vector Energy AG, a related party represent 33% of the Company's revenues. The requirement for impairment is analyzed on a regular basis, being undertaken on an individual basis as well as collectively on the basis of aging.

Financial instruments and bank deposits

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

28. SUBSEQUENT EVENTS

On January 28, 2013, the maturity date of loan given by BancPost to Rompetrol Rafinare S.A. was prolonged up to April 30, 2013.

Rompetrol Rafinare S.A credit facility in amount of RON 13 million granted by Rompetrol Well Services S.A was prolonged until May 10, 2013.

Rompetrol Rafinare S.A credit facility in amount of RON 7 million granted by Rompetrol Well Services S.A was prolonged until April 14, 2013.

Rompetrol Rafinare S.A credit facility in amount of RON 3,1 million granted by Rompetrol Well Services S.A was prolonged until May 3, 2013.

Rompetrol Rafinare S.A credit facility in amount of RON 1,5 million granted by Rompetrol Well Services S.A was prolonged until April 27, 2013.

On February 15, 2013, The Rompetrol Group NV and the Office of State Ownership and Privatisation in Industry ("OPSPI"), representing the Romanian State, signed a memorandum of understanding whereby they agreed the amiable settlement of the dispute over the conversion of the Bonds, including the following key aspects:

- OPSPI will sell and the Group will acquire shares owned by OPSPI and representing 26,6959% of Rompetrol Rafinare's share capital for a cash consideration of USD 200 million;
- The Rompetrol Group NV will invest in energy project related to its core activities an amount estimated at USD 1 billion over 7 years;
- MFP will drop all cases against the GMS decisions related to the conversion and will cancel the forced execution title.

The agreement is subject to proper approvals of each party's governing bodies.

As a result of the memorandum, the parties agreed the suspension of the court proceedings, in order to allow the time to implement the memorandum, which was acknowledged by the court on February 18, 2013.

On March 5th, 2013, the General Meeting of the Shareholders of S.C. Rompetrol Rafinare S.A. adopted the decision to additionally convert the loan granted by the Rompetrol Group NV with the amount of USD 150 million, in a hybrid loan repayable in 51 years (reaching to a total amount of USD 950 million), followed by the completion of an amendment to the contract concluded between the two parties.

OTHER FINANCIAL INFORMATION

Balance as at 31.12.2012

	Row no.	Balance as at the beginning of the year	Balance as at the end of the period
A	B	1	2
A. FIXED ASSETS			
I. INTANGIBLE ASSETS			
1. Development expenses (acc. 203-2803-2903)	01	-	-
2. Rights, patents, licenses, trademarks, rights and other similar assets and intangible assets (acc. 205+208-2805-2808-2905-2908)	02	2.088.051	6.466.548
	03	152.720	152.720
4. Property, plant and equipment in progress (acc. 233-2933)	04	30.698	-
TOTAL (lines 01 la 04)	**05**	**2.271.469**	**6.619.268**
II. PROPERTY, PLANT AND EQUIPMENT			
1. Land and buildings (acc. 211+212-2811-2812-2911-2912)	06	649.097.561	847.132.061
2. Plant and machinery (acc. 213+223-2813-2913)	07	600.351.642	1.373.440.444
3. Other machinery and fixtures (acc. 214+224-2814-2914)	08	3.607.788	3.530.634
4. Real estate investments (acc 215-2815-2915)	09	-	-
5. Property, plant and equipment in progress (acc. 231-2931)	10	955.154.020	273.501.315
6. Real estate investments in progress (acc. 235-2935)	11	-	-
TOTAL (lines 06 la 11)	**12**	**2.208.211.011**	**2.497.604.454**
III. BIOLOGIC ASSETS (acc. 241-284-294)	**13**	-	-
IV. FINANCIAL ASSETS			
1. Shares held with subsidiaries (acc. 261-2961)	14	2.004.611.815	2.004.611.815
2. Loans to related parties (acc. 2671+2672-2964)	15	-	-
3. Shares held with the mutually controlled entities (acc. 262+263-2962)	16	-	-
4. Loans granted to related entities and to the mutually controlled entities (acc. 2673+2674-2965)	17	-	-
5. Other long-term receivables (265-2963)	18	926.154	926.154
6. Other loans (acc. 2675*+2676*+2677+2678+2679*-2966*-2968*)	19	-	-
TOTAL (lines 14 to 19)	**20**	**2.005.537.969**	**2.005.537.969**
FIXED ASSETS - TOTAL (row. 05+12+13+20)	**21**	**4.216.020.449**	**4.509.761.691**
B. CURRENT ASSETS **I. INVENTORIES**			
1. Raw materials and consumable materials (acc. 301+302+322+303+/-308+321+322+323+328+351+358+381+/-388-391-392-3951-3958-398)	22	435.631.836	638.634.955
2. Fixed assets held for sale (311)	23	-	-
3. Work in progress (acc. 331+341+/-348-393-3941-3952)	24	222.637.534	227.375.019
4. Finished products and commodities (acc. 345+346+/348+354+356+357+361++326+/-368+371+/-378+327-3945-3946-3953-3954-3956-3957-396-397-4428)	25	212.872.268	301.926.169
TOTAL (lines 22 to 25)	**26**	**871.141.638**	**1.167.936.143**

	Row no.	Balance as at the beginning of the year	Balance as at the end of the period
A	B	1	2
II Receivables (amounts to be received after a period longer than 1 year and which must be displayed separately for each item	26	-	-
1. Trade receivables (acc. 2675*+2676*+2678*+2679*-2966*-2968*+411+413+418-491)	27	1.141.795.520	1.007.661.796
2. Advances paid (acc. 409)	28	41.432.703	76.716.078
3. Amounts receivable from group companies (acc. 451*-495)	29	102.697.102	138.002.600
4. Receivables from affiliated undertakings and mutually controlled entities (acc. 453-495)	30	-	-
5. Receivables resulted from operations with derivative instruments (acc. 465)	31	-	-
6. Other receivables (acc. 425+4282+431+437+4382+441+4424+4428 +444+445+446+447+4482+4582+461+473-496+5187)	32	62.242.878	28.406.487
7. Issued and unpaid share capital (acc. 456-4953)	33	-	-
TOTAL (lines 27 to 33)	34	**1.348.168.203**	**1.250.786.961**
III. SHORT-TERM INVESTMENTS (acc. 505 +506+508-595-596-598+5113+5114)	35	-	-
IV. PETTY CASH AND BANK ACCOUNTS (acc. 5112+512+531+532+541+542)	36	**43.062.148**	**435.731.646**
CURRENT ASSETS - TOTAL (row 26+34+35+36)	37	**2.262.371.989**	**2.854.454.750**
C. ACCRUED EXPENSES (acc. 471)	38	**1.555.268**	**2.575.169**
D. TRADE PAYABLES TO BE PAID IN LESS THAN ONE YEAR 1. Loans from the issue of debentures, with distinct indication of loans from the issue of convertible debentures (acc. 161+1681-169)	39	-	-
2. Amounts due to credit institutions (acc. 1621+1622+1624 +1625+1627+1682+ 5191+5192+5198)	40	99.534.891	43.931
3. Advances received for orders (acc. 419)	41	26.089.949	21.451.546
4. Trade payables to suppliers (acc. 401+404+408)	42	2.485.215.772	3.001.403.610
5. Bills of exchange payable (acc. 403+405)	43	-	-
6. Debts from financial leasing (acc. 406)	44	-	-
7. Amounts payable to related parties (acc. 1661+1685 +2691+451)	45	3.619.474.784	1.754.314.857
8. Loans payable to related entities and to the mutually controlled entities (acc. 1663+1686 +2692+453)	46	-	-
9. Debts resulted from operations with derivative instruments (acc. 465)	47	-	-
10. Other liabilities, including tax liabilities and social security liabilities (acc. 1623+1626+167+1687+2693+421+422+423+424+426+427+4281+431+437+4381+441+4423+4428+444+446+447+4481 +455+456+457+4581+ 462+473+509+5186+5193+5194 +5195+5196+5197)	48	387.658.472	178.847.010
TOTAL (lines 39 to 48)	49	**6.617.973.868**	**4.956.060.954**
E. NET CURRENT ASSETS / NET CURRENT LIABILITIES (rows 37+38-49-68)	50	**(4.354.046.611)**	**(2.099.031.035)**
F. TOTAL ASSETS MINUS CURRENT LIABILITIES (rows 21+50)	51	**(138.026.162)**	**2.410.730.656**

	Row no.	Balance as at the beginning of the year	Balance as at the end of the period
A	B	1	2
G. DEBTS: AMOUNTS PAYABLE IN MORE THAN A YEAR			
1. Loans from the issue of debentures, with distinct indication of loans from the issue of convertible debentures (acc. 161+1681-169)	52	-	-
2. Amounts owed to credit institutions (acc. 1621+1622+1624+1625+1627+1682+5191+5192 +5198)	53	-	-
3. Advances received for orders (acc. 419)	54	-	-
4. Trade debts - suppliers (acc. 401+404+408)	55	-	-
5. Bills of exchange payable (acc. 403+405)	56	-	-
6. Debts from financial leasing (acc. 406)	57	-	-
7. Amounts payable to related parties (acc. 1661+1685 +2691+451)	58	-	-
8. Loans payable to related entities and to the mutually controlled entities (acc. 1663+1686 +2692+453)	59	-	-
9. Debts resulted from operations with derivative instruments (acc. 465)	60	-	-
10. Other liabilities, including tax liabilities and social security liabilities (acc. 1623+1626+167+1687+2693+421+422+423+424+426 +427+4281+431+437+4381+441+4423+4428+444+446+447+4481 +455+456+457+4581+ 462+473+509+5186+5193+5194 +5195+5196+5197)	61	-	-
TOTAL (rows 52 to 61)	**62**	**-**	**-**
H. PROVISIONS			
1. Provisions for employee benefits (acc. 1517)	63	7.257.381	8.588.442
3. Other provisions (acc. 1511+1512+1513+1514+1518)	64	72.007.684	258.408.371
TOTAL (lines 63+64)	**65**	**79.265.065**	**266.996.813**
I. DEFERRED INCOME			
1 - Subsidies for investments (acc. 475)	66	-	-
2 - Deferred revenues (acc. 472)-total (rows 68+ row 69), of which	67	-	-
Amounts to be carried in a period up to one year (acc. 472)	68	-	-
Amounts to be carried in more than one year (acc. 472)	69	-	-
3-Advance income related to assets received by transfer from the customers (acc. 478) Negative goodwill (acc. 2075)	70	-	-
TOTAL (rows 66+67+70)	**71**	**-**	**-**
J. CAPITAL AND RESERVES			
I. CAPITAL		-	-
1- Subscribed and paid in share capital (acc. 1012)	72	4.410.920.573	4.410.920.573
2- Subscribed and unpaid share capital (acc. 1011)	73	-	-
3-Subscribed capital representing financial liabilities (acc. 1027)	74	-	-
4-Adjustments of the social capital (acc. 1028)		-	-
Credit balance	75	5.734.750.095	5.734.750.095
Debit balance	76	-	-
5-Other items of own equity (acc. 103)			
Credit balance	77	-	-
Debit balance	78	-	-
TOTAL (rows 72+73+74+75-76+77-78)	**79**	**10.145.670.668**	**10.145.670.668**
II. EQUITY PREMIUMS (acc. 104)	**80**	**232.637.107**	**232.637.107**
III. REVALUATION RESERVES (acc. 105)	**81**	**-**	**-**

	Row no.	Balance as at the beginning of the year	Balance as at the end of the period
A	B	1	2
IV. RESERVES			
1. Legal reserves (acc. 161+1681-169)	82	10.882.193	10.882.193
2. Statutory or contractual reserves (acc. 1063)	83	-	-
4. Other reserves (acc. 1068)	84	8.427.149	2.667.105.719
Total (rows 82 to 84)	**85**	**19.309.342**	2.677.987.912
Exchange rate differences from conversion of the annual financial statements in a different currency than the functional currency (acc. 1072)			
Credit balance	86	-	-
Debit balance	87	-	-
Own shares (acc. 109)	88	-	-
Gains in respect of own capital instruments (acc. 141)	89	-	-
Losses in respect of own capital instruments (acc. 149)	90	-	-
V. CARRIED RESULT, EXCEPTING THE CARRIED RESULT DERIVING FROM THE IMPLEMENTING IAS 29 FOR THE FIRST TIME (acc. 117)			
Credit balance	91	-	-
Debit balance	92	4.139.575.241	4.852.834.241
VI. CARRIED RESULT DERIVING FROM THE IMPLEMENTING IAS 29 FOR THE FIRST TIME (acc. 118)			
Credit balance	93	-	-
Debit balance	94	5.762.074.103	5.762.074.103
VII. PROFIT OR LOSS AT THE END OF THE REPORTING PERIOD (acc. 121)			
Credit balance	95	-	-
Debit balance	96	713.259.001	297.653.500
Profit distribution (acc. 129)	97	-	-
TOTAL EQUITY (rows 79+80+81+85+86-87-88+89-90+91-92+93-94+95-96-97)	**98**	**(217.291.227)**	**2.143.733.843**
The public patrimony (acc. 1026	99	-	-
TOTAL EQUITY (rows 98+99)	**100**	**(217.291.227)**	**2.143.733.843**

The standalone financial statements from pages 3 - 82 have been approved by the Board of Directors and submitted for approval of the General Meeting of the Shareholders on 29 April 2013, by:

AZAMAT ZHANGULOV
Chairman of the Board of Directors

VASILE - GABRIEL MANOLE
Economic Director

SORIN GRAURE
General Manager

Prepared by (Chief Accountant)
Pasa Cherata

ROMPETROL RAFINARE S.A.

Profit and loss account as at 31.12.2012

Name of indicator	Line no.	Previous financial year	Current financial year
A	B	1	2
1. Net turnover (row 02+03-04+05+06)	01	**10.174.808.952**	**12.323.113.339**
Production sold (acc. 701+702+703+704+705+706+708)	02	10.165.998.550	12.305.177.131
Income from sales of commodities (acc. 707)	03	10.073.931	17.936.208
Granted trade discount (709)	04	1.263.529	-
Income from operating subsides relating to the net turnover (acc. 7411)	05	-	-
2. Income related to the cost of commodity inventory (acc. 711) Credit balance	06	148.234.635	113.994.081
Debit balance	07	-	-
3. Income from the production of assets and real estate investments (acc. 09+10)	08	4.480.151	7.705.179
4. Income from the production of tangible and intangible assets (acc. 721+722)	09	4.480.151	7.705.179
5. Income from production of real estate investments (acc. 725)	10	-	-
6. Income from fixed assets (or the groups designed to leasing) held for sale (acc. 752)	11	-	-
7. Income from the revaluation of tangible and intangible assets (acc. 755)	12	-	-
8. Income from real estate investments (acc. 756)	13	-	-
9. Income from biologic assets and agricultural products (acc. 757)	14	-	-
10. Income from operating subsidies in case of calamities and other similar events (acc. 7417)	15	-	-
11. Other operating income (acc. 758+7419)	16	28.351.841	178.367.269
OPERATING INCOME - TOTAL (rows 01+06-07+08+11+12+13+14+14+16)	17	**10.355.875.579**	**12.623.179.868**
12. a) Expenses with raw materials and consumables	18	9.752.812.329	11.577.716.099
(acc. 601+602-7412)			
Other material expenses	19	1.955.856	1.319.139
(acc. 603+604+608)			
b) Other external expenses (energy and water)	20	318.990.908	406.780.624
(acc. 605-7413)			
c) Merchandise expenses (acc. 607)	21	5.721.296	16.982.861
Trade discounts received (acc.	22	10.000	0
13. Staff costs (rows 24+25) including:	23	93.344.947	72.648.590
a) Salaries and indemnities (acc. 641+642+643+644-7414)	24	72.890.449	56.308.056

Name of indicator	Line no.	Previous financial year	Current financial year
A	B	1	2
b) Social security contributions	25	20.454.498	16.340.534
(acc. 645-7415)		-	-
14. a) Value adjustments concerning plant and equipment, real estate investments and biologic assets valued at cost (rows 21 - 22)	26	156.983.806	82.682.791
a.1) Expenses (acc. 6811+6813+6816+6817)	27	162.332.898	86.787.387
a.2) Revenues (acc. 7813+7816)	28	5.349.092	4.104.596
b) Current assets value adjustment (rows 30-31)	29	68.234.001	177.615.629
b.1) Expenses (acc. 654+6814)	30	84.083.534	191.822.209
b.2) Revenues (acc. 754+7814)	31	15.849.533	14.206.580
15. Other operating expenses (rows 33 to 41)	32	261.253.916	277.436.869
15.1. Expenses for external service provisions (acc. 611+612+613+614+621+622+623+624+625 +626+627+628-7416)	33	223.575.098	221.732.223
15.2. Taxes, duties and similar expenses (acc. 635)	34	11.628.890	18.009.316
15.3. Expenses with environment protection (acc. 652)	35	14.374.579	24.786.625
15.4 - Expenses related to non-current assets (or groups designed for leasing) held for sale (acc. 653)	36	-	-
15.5. Income from the revaluation of tangible and intangible assets (acc. 655)	37	-	-
15.6 Expenses related to real estate services (acc. 656	38	-	-
15.7. Income related to biologic assets and agricultural products (acc. 657)	39	-	-
15.8 - Expenses related to calamities and other similar events (acc. 6587)	40	-	-
15.9 Other expenses (acc. 6581+6852+6583+6585+6588)	41	11.675.349	12.908.705
Provision adjustments (rows 43-44)	42	20.687.653	186.400.687
Expenses (acc. 6812	43	24.665.494	259.748.890
Income (acc. 7812)	44	3.977.841	73.348.203
OPERATING EXPENSES - TOTAL (rows 18 to 21-22+23+26+29+32+42)	**45**	**10.679.974.712**	**12.799.583.288**
OPERATING RESULT			
- Profit (rows 17-45)	**46**	-	-
- Loss (rows 45-17)	**47**	**324.099.133**	**176.403.420**
16. Income from shares held with subsidiaries (acc 7611)	48	-	-
17. Income from shares held with related entities and mutually controlled entities (acc. 7613)	49	-	-
18. Income from operations with titles and other financial instruments (acc. 762)	50	-	-
19. Income from operations with derivative instruments (acc. 763)	51	-	-

Name of indicator	Line no.	Previous financial year	Current financial year
A	B	1	2
20. Income from differences in the exchange rate (acc. 765)	52	1.438.287.774	1.208.165.865
21. Income from interests (acc. 766)	53	1.956.378	2.722.210
- of which, income from group entities	54	1.637.771	529.005
22. Other financial income (acc. 7615+764+767+768)	55	170.448	132.041
FINANCIAL INCOME – TOTAL (rows 48+49+50+51+52+53+55)	**56**	**1.440.414.600**	**1.211.020.116**
23. Value adjustment in respect of financial assets and financial investments held as current assets (rows 58-59)	57	-	-
Expenses (acc. 686)	58	-	-
Revenues (acc. 786)	59	-	-
24. Expenses regarding operations with titles and other financial instruments (acc. 661)	60	-	-
25. Expenses related to operations with derivative instruments (acc. 662)	61	-	-
26. Interest related expenses (acc. 666 - 7418)	62	120.512.637	66.044.371
- of which, expenses in respect of related parties	63	113.758.256	60.411.367
27. Other financial expenses (acc. 663+664+665+667+668)	64	1.709.061.831	1.266.225.825
FINANCIAL EXPENSES – TOTAL (rows 57+60+61+62+64)	**65**	**1.829.574.468**	**1.332.270.196**
FINANCIAL PROFIT (LOSS):			
- Profit (rows 56-65)	**66**	**-**	**-**
- Loss (rows 65-56)	**67**	**389.159.868**	**121.250.080**
TOTAL REVENUES (rows 17+56)	**68**	**11.796.290.179**	**13.834.199.984**
TOTAL EXPENSES (rows 45+65)	**69**	**12.509.549.180**	**14.131.853.484**
28. GROSS RESULT:			
- Profit (rows 68-69)	**70**	**-**	**-**
- Loss (rows 69-68)	**71**	**713.259.001**	**297.653.500**
29. Current income tax (acc. 691)	72	-	-
30. Deferred income tax (acc. 692)	73	-	-
31. Income from deferred tax (acc. 792)	74	-	-
32. Other tax not included in the items above	75	-	-
(acc. 698)			
20. NET PROFIT OR LOSS AT THE END OF THE REPORTING PERIOD			
- Profit (rows 70-72-73+74-75)	**76**	**-**	**-**

Name of indicator	Line no.	Previous financial year	Current financial year
A	B	1	2
- Loss (rows 71+72+73-74+75)	77	713.259.001	297.653.500

The standalone financial statements from pages 3 - 82 have been approved by the Board of Directors and submitted for approval of the General Meeting of the Shareholders on 29 April 2013, by:

AZAMAT ZHANGULOV
Chairman of the Board of Directors

SORIN GRAURE
General Manager

ROMPETROL RAFINARE S.A.

VASILE - GABRIEL MANOLE
Economic Director

Prepared by (Chief Accountant)
Pasa Cherata

Informative data as at 31.12.2012

Code 30

I. Data about the recorded retained earnings	Row no.	No. Units	Amounts
A	B	1	2
Units which registered profit	01		
Units which registered loss	02	1	297.653.500
Units that have registered neither profit, nor loss	03		

II. Data on overdue payments	Row no.	Total col. 2+3	Of which: For current activity	Of which: For investments
A	B	1	2	3
Overdue payments-total (rows 04+08+14 to 18+22) of which:	04	902.084.582	901.612.400	472.182
Overdue suppliers-total (rows 06 to 08), of which	05	902.084.582	901.612.400	472.182
- over 30 days	06	897.365.371	897.197.398	167.973
- over 90 days	07	1.914.322	1.689.594	224.728
- over 1 year	08	2.804.889	2.725.408	79.481
Overdue payments to the social security budget – total (rows 10 to 14), out of which	09	-	-	-
- contributions to state social security payable by employers, employees and other assimilated entities	10	-	-	-
- contributions payable by legal or natural entities hiring employees and contributions payable by persons insured with the health social insurance fund	11	-	-	-
- contribution to additional pension scheme	12	-	-	-
- contribution payable by legal entities or individuals that use salary work and contributions for the unemployment fund payable by employees	13	-	-	-
Other social payments	14			-
Overdue payments to the budgets of special funds	15			-
Outstanding obligations to other creditors	16		-	-
Taxes and fees not paid in due time to the state budget	17		-	-
Taxes and fees not paid in due time to local budgets	18	-	-	-
Bank credits unpaid until the due date -total (rows 19 to 21), of which	19	-	-	-
- overdue after 30 days	20	-	-	-
- overdue after 90 days	21	-	-	-
- overdue after 1 year	22	-	-	-
Outstanding interest	23	-	-	-

III. Average number of employees	Row no.	31.12.2011	31.12.2012
A	B	1	2
Average number of employees	24	1.103	946
The actual number of employees at the end of the fiscal year, namely on December 31st	25	1.088	926

IV Payments of interests and royalties	Row no.	Amounts (RON)
A	B	1
Gross income from interests paid by Romanian legal entities to non-resident individuals, out of which:	26	-
- tax due to the state budget	27	-
Gross income from interests paid by Romanian legal entities to non-residents from the EU member states, of which:	28	-
- tax due to the state budget	29	-
Gross income from interests paid by Romanian legal entities to affiliated*) legal entities, non-residents, of which:	30	-
- tax due to the state budget	31	-
Gross income from interests paid by Romanian legal entities to affiliated*) legal entities, non-residents of the member states of the EU, of which:	32	-
- tax due to the state budget	33	-
Gross income from dividends paid by Romanian legal entities to non-residents of which:	34	-
- tax due to the state budget	35	-
Gross income from dividends paid by Romanian legal entities to affiliated*) legal entities non-resident, of which:	36	-
- tax due to the state budget	37	-
Income from royalties paid by Romanian legal entities to affiliated *) legal entities non-resident of the member states of EU, of which:	38	-
- tax due to the state budget	39	-
Royalties paid during the financial year for public interest goods, held in concession, of which:	40	-
- royalties for public interest goods paid to the state budget	41	-
Mining royalty paid	42	-
Subsidies received during the financial year, of which:	43	-
- subsidies received during the financial year related to assets	44	-
- subsidies related to income	45	-
- Subsidies for stimulating the work force	46	-
Outstanding receivables, which were not received by the deadlines stipulated in the commercial agreements and/or regulations in force, out of which:	47	418.213.109
- outstanding receivables from entities held in majority or totally by the state	48	614.605
- outstanding receivables from entities from the private sector	49	417.598.504

V. Luncheon vouchers	Row no.	Amounts (RON)
A	1	2
Value of luncheon vouchers given to the employees	50	1.815.620

VI. Research and development expenses	Row no.	31.12.2011	31.12.2012
A	B	1	2
Research and development expenses, out of which:	51	-	-
- from public funds	52	-	-
- from private funds	53	-	-

VII. Innovation expenses	Row no.	31.12.2011	31.12.2012
A	B	1	2
Innovation expenses – total (rows 57 to 55) of which:	54	-	-
- Innovation expenses completed during the period	55	-	-
- Innovation expenses to be completed during the period	56	-	-
- Innovation expenses abandoned during the period	57	-	-

VIII. OTHER INFORMATION	Row no.	31.12.2011	31.12.2012
A	B	1	2
Down payments granted for intangible assets (acc. 4094)	58	-	-
Down payments granted for tangible assets (acc.	59	-	-
Financial assets, in gross amounts (acc. 61+69), of which:	60	2.190.302.568	2.190.302.568
Shares in affiliates, investments, other long term investments and bonds, in gross amount (rows 62 to 68) of which:	61	2.190.302.568	2.190.302.568
- bonds issued by non-residents	62	-	-
- non-listed shares issued by residents	63	192.141.518	192.141.518
- shares and parts issued by residents	64	1.998.161.050	1.998.161.050
- bonds issued by residents	65	-	-
- shares issued by collective investment institutions (including SIFs) by residents	66	-	-
- shares and parts issued by non-residents	67	-	-
- bonds issued by non-residents	68	-	-
Long-term receivables in gross amounts (rows 70 +71), of which:	69	-	-
- long-term receivables in lei and expressed in lei, whose settlement is done depending on the exchange rate of a foreign currency (from acc. 267)	70	-	-
- long-term receivables in foreign currency (from acc. 267)	71	-	-
Trade receivables, advances to suppliers and other assimilated accounts, in gross amount (acc. 4092 + 411 + 413 + 418) of which:	72	1.187.247.818	1.064.401.855
-external trade receivables, advances to external suppliers and other assimilated accounts, in gross amounts (from acc. 4092 + from acc. 411 + from acc. 413 + from acc. 418)	73	415.586.857	556.593.825
Trade receivables unpaid on due date from acc. 4092+from acc. 411+from acc. 413	74	-	-
Personnel-related receivables and similar accounts (acc. 425 + 4282)	75	72.945	239.191
Receivables related to social security budget and state budget (acc. 431 + 437 + 4382 + 441 + 4424 + 4428 + 444 + 445 + 446 + 447 + 4482), (rows 77 to 81) of which:	76	42.821.218	28.317.194
- receivables related to social security budget (acc. 431+437+4382)	77	151.666	143.425
- fiscal receivables related to state budget (acc. 441+4424+4428+444+446)	78	42.164.528	27.667.245
- subsidies to receive (acc. 445)	79	-	-
- special funds: taxes and similar levies (acc. 447)	80	-	-
- other receivables related to the social security budget (acc. 4482)	81	505.024	506.524
Receivables in connection with affiliates (acc. 451)	82	102.697.102	138.002.600
Receivables related to social security budget and state budget unpaid by the due date (from acc 431+from acc 437+from acc 4382+from acc 441+from acc 4424+from acc 4428+from acc 444+from acc 445+from acc 446+from acc 447+from acc 4482	83	-	-
Receivables resulted from operations with derivative instruments (acc. 465)	84		
Other receivables (acc. 453 + 456 + 4582 + 461 + 471 + 473) (rows 86 to 88) of which:	85	25.922.936	122.950.576
- settlements related to participation interests, settlements with shareholders/associates on capital, transactions from joint operations (acc. 453+456+4582)	86	-	-
- other receivables related to individuals and legal entities other than receivables related to public institutions (of the state) (from acc. 461 + from acc. 471 + from acc. 473)	87	25.922.936	122.950.576
- sums taken over from acc. 542 "Treasury advances" representing treasury advances, granted under law and not granted until the date of balance (from acc. 461)	88	-	-

VIII. OTHER INFORMATION	Row no.	31.12.2011	31.12.2012
A	B	1	2
Interest receivable (acc. 5187), of which:	89	-	-
- from non-residents	90	-	-
Value of loans granted to economic operators	91	-	-
Short-term investments in gross amounts (acc. 501 + 505 + 506 + from acc. 508)	92	-	-
(rows 93 to 99), of which:			
- listed shares issued by residents	93	-	-
- non-listed shares issued by residents	94	-	-
- shares issued by residents	95	-	-
- bonds issued by residents	96	-	-
- shares issued by collective investment institutions			
(including SIFs)	97	-	-
- shares issued by non-residents	98	-	-
- bonds issued by non-residents	99	-	-
Other amounts receivable (acc. 5113 + 5114)	100	-	-
Cash in Lei and foreign currency (rows 102+103) of which:	101	273.322	4.267
- in lei (acc. 5311)	102	273.175	4.187
- in foreign currency (acc. 5314)	103	147	80
Current bank accounts in lei and foreign currency (rows 105+107), of which:	104	35.376.161	434.569.104
- in lei (acc. 5121)	105	31.318.839	11.959.407
current accounts in lei open with non-resident banks	106	-	-
- in foreign currency (acc. 5124), of which:	107	4.057.322	422.609.697
current accounts in foreign currency open with non-resident banks	108	16.702	16.810
Other current accounts in banks and letters of credit (rows 110+111), of which:	109	7.397.472	1.152.800
- amounts under settlement, letters of credit and other amounts receivable, in Lei (acc. 5112 +			
5125 + 5411)	110	7.397.472	1.152.800
- amounts under settlement, and letters of credit in foreign currency (acc. 5125 + 5412)	111	-	-
Debts (rows 113+116+119+122+125+128+131+134+137+140+143+144+148+150 +151+156+157+158+159+165) of which	112	6.617.973.868	4.956.060.954
Debenture loans in gross amounts (acc. 161) (rows 114+115), of which			
:	113	-	-
- in lei	114	-	-
- in foreign currency	115	-	-
Interest related to debenture loans in gross amounts (acc. 1681			
(rows 117+118), of which:	116	-	-
- in lei	117	-	-
- in foreign currency	118	-	-
- Short-term internal bank loans (acc. 5191 + 5192 + 5197),			
(rows 120+121), of which:	119	99.534.891	43.931
- in lei	120	3.403.737	5.000
- in foreign currency	121	96.131.154	38.931
- Short-term internal bank loans and related interests (rows 5198)			
rows 123+124), of which:	122	-	-
- in lei	123	-	-
- in foreign currency	124	-	-
- Short-term external bank loans and related interests (acc. 5193+5194+5195)			
rows (126+127) of which:	125	-	-
- in lei	126	-	-
- in foreign currency	127	-	-
- Short-term external bank loans and related interests (from acc. 5198)			
(row 129+130), of which:	128	-	-
- in lei	129	-	-
- in foreign currency	130	-	-

VIII. OTHER INFORMATION	Row no.	31.12.2011	31.12.2012
A	B	1	2
Long-term bank credits (acc. 1621 + 1622 + 1627), (rows 132+133) of which:	131	-	-
- in lei	132	-	-
- in foreign currency	133	-	-
Long-term bank loans and related interests (din acc. 1682) (rows 135+136) of which:	134	-	-
- in lei	135	-	-
- in foreign currency	136	-	-
Long-term bank credits (acc . 1623 + 1624 + 1625) (rows 138+139) of which:	137	-	-
- in lei	138	-	-
- in foreign currency	139	-	-
Long-term bank external bank loans and related interests (from acc. 1682) (rows 141+142), of which:	140	-	-
- in lei	141	-	-
- in foreign currency	142	-	-
- Loans from the State Treasury (acc. 1626 + from acc. 1682)	143	-	-
- Other loans and related interests (acc. 166 + 167 + 1685 + 1686 + 1687) (rows 145+146), of which:	144	52.935.599	-
- in Lei and expressed in Lei, the settlement of which will depend on a foreign exchange rate of a currency	145	-	-
- in foreign currency	146	52.935.599	-
Value of concessions received (from acc. 167)	147	-	-
Trade payables, advances from customers and other similar accounts, in gross amounts (acc. 401 + 403 + 404 + 405 + 408 + 419) of which:	148	2.511.305.721	3.022.855.156
- External trade payables, advances from external customers and other similar assimilated accounts, in gross amounts (from acc. 401+from acc. 403 +from act. 404 + from acc. 405 + from acc. 408 + from acc. 419)	149	2.190.767.205	2.808.270.712
Personnel-related payables and similar accounts (acc. 421 + 423 + 424 + 426 + 427 + 4281)	150	8.721.209	4.505.461
Payables related to the social insurance budget and State Budget (acc. 431 + 437 + 4381 + 441 + 4423 + 4428 + 444 + 446 + 447 + 4481) (rd.152+155) of which:	151	325.994.998	165.829.477
- receivables related to social security budget (acc. 431+437+4382)	152	4.381.719	2.680.253
- fiscal receivables related to state budget (acc. 441+4424+4428+444+446)	153	120.092.403	163.149.224
- special funds: taxes and similar levies (acc. 447)	154	35.806.578	-
- Other payables related to the social insurance budget (acc. 4481	155	165.714.298	-
Debts of the entities in relation to the related entities (acc.451)	156	3.619.474.784	1.754.314.857
Amounts due to shareholders / associates (acc. 455)	157	-	-
Debts resulted from operations with derivative instruments (acc. 465)	158	-	-
- Other payables (acc. 453 + 456 + 457 + 4581 + 462 + 472 + 473 + 269 + 509) rows (160 to 164) of which:	159	6.666	8.512.072
- settlements related to participation interests, settlements with shareholders/associates on capital, settlements from operations in participation (acc. 453+456+457+4581)	160	-	-
- other receivables related to individuals and legal entities other than debts related to public institutions (state institutions) 1)			

VIII. OTHER INFORMATION	Row no.	31.12.2011	31.12.2012
A	B	1	2
(from acc. 462+from acc 472+from acc.473)	161	6.666	8.512.072
- Subsidies not carried as revenues (from acc. 472)	162	-	-
- payments to be made for financial assets and investments with short		-	-
deadline (acc. 269+509)	163	-	-
- advance income related to assets received by transfer from the customers (acc. 478)	164	-	-
- Interest payable (acc. 5186)	165	-	-
Value of loans received from the economic operators	166	-	-
Subscribed and paid in share capital (acc. 1012)(rows 157 to 160), of which:	167	4.410.920.573	4.410.920.573
- listed shares 2)	168	4.410.920.573	4.410.920.573
- non-listed shares 3)	169	-	-
- social shares	170	-	-
- subscribed and paid in share capital by non-residents (from acc. 1012)	171	-	-
Patents and licenses (from acc. 205)	172	-	-

IX. Information on the expenses made for externally-contracted manpower	row no.	31.12.2011	31.12.2012
A	B	1	2
Expenses for externally-contracted manpower (acc. 621	173	448.596	385.993
X Information related to goods on the public domain	173		
Value of the goods in the public domain of the state, in administration	174	-	-
Value of the goods in the public domain of the state, in concession	175	-	-
Value of the goods in the public domain of the state, in rental	176	-	-
XI. Capital stock unpaid (from acc. 1012), (rows 178 + 181 + 185 + 186 + 187 + 188), of which:	177	-	-
- held by public institutions (rows 179 + 180), of which:	178	-	-
- held by public institutions in central subordination (rows	179	-	-
- held by public institutions in local subordination	180	-	-
- held by companies with state capital, of which:	181	-	-
- integral state capital	182	-	-
- majority state capital	183	-	-
- minority state capital	184	-	-
- held by autonomous companies	185	-	-
- held by companies with private capital:	186	-	-
- held by natural persons	187	-	-
- held by other entities	188	-	-
XII. Dividends of the companies with state capital, and participations from the autonomous companies, of which:	189	-	-
- dividends/participations related to 2012, distributed to public institutions, of which:	190	-	-
- to public institutions in central subordination	191	-	-
- to public institutions in local subordination	192	-	-
- dividends/participations related to 2011, distributed to public institutions, of which:	193	-	-
- to public institutions in central subordination	194	-	-
- to public institutions in local subordination	195	-	-
- dividends/participations in the profit related to the fiscal years prior 2011, of which:	196	-	-
- to public institutions in central subordination	197	-	-
- to public institutions in local subordination	198	-	-

The standalone financial statements from pages 3 - 82 have been approved by the Board of Directors and submitted for approval of the General Meeting of the Shareholders on 29 April 2013, by:

AZAMAT ZHANGULOV
Chairman of the Board of Directors

VASILE - GABRIEL MANOLE
Economic Director

ROMPETROL RAFINARE S.A.

SORIN GRAURE
Chief Executive Officer

Prepared by (Chief Accountant)
Pasa Cherata

Fixed assets statement as at 31.12.2012

Code 40

Fixed asset items	Line no.	Gross amounts				
				Decreases		
		Initial balance	Increases	Total	Of which - dismantling and cassation	Final balance (col. 5=1+2-3)
A	B	1(1)	2(2)	3(3)	4(4)	5(5)
I. Intangible assets						
Development costs	01	1.106.220	-	-	-	1.106.220
Other fixed assets	02	24.933.609	6.369.804	-	-	31.303.413
Intangible assets in execution	03	30.698	-	30.698	-	-
TOTAL (rows 01 to 03)	04	**26.070.527**	**6.369.804**	**30.698**	-	**32.409.633**
II. Tangible assets						
Lands	05	167.082.181	15.224.629	-	-	182.306.810
Buildings	06	1.229.447.098	226.712.531	808.972	808.972	1.455.350.657
Plant and machinery	07	1.584.732.121	809.504.820	4.454.245	4.454.245	2.389.782.696
Other machinery and fixtures	08	6.665.914	316.218	224.053	224.053	6.758.079
Real estate investments	09	-	-	-	-	-
Intangible assets in execution	10	958.325.505	376.222.951	1.057.875.656	-	276.672.800
Real estate investments in progress	11	-	-	-	-	-
Total (rows 05 to 11)	12	**3.946.252.819**	**1.427.981.149**	**1.063.362.926**	**5.487.270**	**4.310.871.042**
III. Biologic asset	13	-	-	-	-	-
IV. Financial assets	14	**2.190.302.568**	-	-	-	**2.190.302.568**
FIXED ASSETS - TOTAL (rows 04+12+13+14)	15	**6.162.625.914**	**1.434.350.953**	**1.063.393.624**	**5.487.270**	**6.533.583.243**

Statement of fixed assets amortization

Fixed asset items	Line no.	Amortizations			
		Initial balance	Amortization during the period	Amortization of fixed assets removed from the accounting records	Amortization at the end of the year (col. 9=6+7-8)
A	B	6(1)	7(2)	8(3)	9(4)
I. Intangible assets					
Development costs	16	1.106.220	-	-	1.106.220
Other fixed assets	17	22.692.838	1.991.307	-	24.684.145
Total (rows 16+17)	18	**23.799.058**	**1.991.307**	-	**25.790.365**
II. Tangible assets					
Lands	19	17.862.162	604.371	-	18.466.533
Buildings	20	714.438.940	44.479.103	808.972	758.109.071
Plant and machinery	21	974.831.882	39.321.152	4.435.599	1.009.717.435
Other machinery and fixtures	22	3.058.126	393.370	224.051	3.227.445
Real estate investments	23				
TOTAL (rows 19 to 23)	24	**1.710.191.110**	**84.797.996**	**5.468.622**	**1.789.520.484**
II. Biologic assets	25	-	-	-	-
TOTAL AMORTIZATIONS (rows 18 + 24+25)	26	**1.733.990.168**	**86.789.303**	**5.468.622**	**1.815.310.849**

Statement of adjustments for impairment

Fixed asset items	Row no.	Adjustments for impairment: Initial balance	Adjustments during the year	Adjustments carried from revenues	Final balance (col. 13=10+11-12)
A	B	10(1)	11(2)	12(3)	13(4)
I. Intangible assets					
Development costs	27	-	-	-	-
Other fixed assets	28	-	-	-	-
Intangible assets in execution	29	-	-	-	-
Total (rows 27 to 29)	30	-	-	-	-
II. Tangible assets					
Lands	31	-	-	-	-
Buildings	32	15.130.616	-	1.180.814	13.949.802
Plant and machinery	33	9.548.597	-	2.923.780	6.624.817
Other machinery and fixtures	34	-	-	-	-
Real estate investments	35	-	-	-	-
Intangible assets in execution	36	3.171.485	-	-	3.171.485
Real estate investments in execution	37	-	-	-	-
Total (rows 31 to 37)	38	27.850.698	-	4.104.594	23.746.104
III. Biologic assets	39	-	-	-	-
IV. Financial assets	40	184.764.599	-	-	184.764.599
FIXED ASSETS - TOTAL (rows 30+38+39+40)	41	212.615.297	-	4.104.594	208.510.703

The standalone financial statements from pages 3 - 82 have been approved by the Board of Directors and submitted for approval of the General Meeting of the Shareholders on 29 April 2013, by:

AZAMAT ZHANGULOV
Chairman of the Board of Directors

SORIN GRAURE
Chief Executive Officer

ROMPETROL RAFINARE S.A.

VASILE - GABRIEL MANOLE
Economic Director

Prepared by (Chief Accountant)
Pasa Cherata