

NOTE 1 TO FINANCIAL STATEMENTS
 as at 31st of December 2011

1. NON-CURRENT ASSETS
 a) *Intangible assets*

NAME OF THE IMMOBILIZATION ITEM	GROSS VALUE			
	BALANCE ACCOUNT AT THE BEGINNING OF THE FINANCIAL YEAR	INCREASES	ASSIGNMENTS, TRANSFERS AND OTHER REDUCTIONS	BALANCE ACCOUNT AT THE END OF THE FINANCIAL YEAR
0	1	2	3	4=1+2-3
INTANGIBLE ASSETS	9.503.746,00	-8.556,00	-	9.495.190,00
ADVANCE PAYMENTS AND INTANGIBLE ASSETS IN PROGRESS	7.843.278,00	-	-	7.843.278,00

The intangible assets were diminished as a result of the completion of the Addendum 1 to contract 341/2008, concluded with Total Soft SRL Bucharest, calling off the implementation of Primavera system.

The intangible assets in progress consist in the effort of implementing an integrated informational System ORACLE APPLICATIONS SIVECO BUSINESS, based on the contract 924 concluded with SIVECO ROMANIA SA, which is presently suspended, taking into account the company's conservation period..

b) *Tangible assets*

NAME OF THE IMMOBILIZATION ITEM	VALOAREA BRUTA			
	BALANCE ACCOUNT AT THE BEGINNING OF THE FINANCIAL YEAR	INCREASES	ASSIGNMENTS, TRANSFERS AND OTHER REDUCTIONS	BALANCE ACCOUNT AT THE END OF THE FINANCIAL YEAR
0	1	2	3	4=1+2-3
TANGIBLE ASSETS total of which:	629.565.423,00	97.615.473,00	67.504.142,00	659.676.754,00
LANDS	125.027.479,00	-	45.463,00	124.982.016,00
CONSTRUCTIONS	190.723.281,00	14.120.319,00	1.639.214,00	203.204.386,00
TECHNOLOGICAL UNITS AND MACHINES	250.642.663,00	50.527.900,00	818.904,00	300.351.659,00
OTHER UNITS	5.020.679,00	79.564,00	160.160,00	4.940.083,00
ADVANCES AND TANGIBLE ASSETS IN PROGRESS	58.151.321,00	32.887.690,00	64.840.401,00	26.198.610,00

During the ended financial year, the company performed modernization works by own means, amounting to **25.013.950 lei**, which are found in the activity of the account 722, concomitantly with modernization works performed by third parties, amounting to **578.997,43 lei**.

Legal Person: SC " RAFO " SA ONESTI
 Address: Onesti, Industriilor Street, no.3, phone number 0234/303303
 C.U.I RO 958772
 J 04/538/1991

NOTE 2 TO FINANCIAL STATEMENTS
as of 31st December 2011

PROVISIONS FOR LITIGATIONS

During 2011 the company did not establish any provisions for litigations.

NAME OF PROVISION	01.12.2011	TRANSFERS		BALANCE ON 31.12.2011
		IN ACCOUNT	FROM ACCOUNT	
0	1	2	3	4=1+2-3
Provisions for litigations, of which:	6,017,891	403,641	0	5,614,250
Provisions for litigations, of which:	6,017,891	403,641	0	5,614,250
File 3920/2003 - Bercuci regarding the damage according to Law 10 /2001 added in accordance with the Decision no. 150/05.11.2008	403,641	403,641	0	0
Glencore Provision	5,614,250	0	0	5,614,250
Other provisions for risks and expenses, of which:	0	0	0	0

GENERAL MANAGER
 DERMENDJIEV MIROSLAV

Signature

Company's seal

CHIEF ACCOUNTANT,
 LAURA TICU

LEGAL PERSON: S.C. RAFO S.A. ONESTI
Address: Onesti, Industriilor Street, no. 3
C.U.I RO 958772
J04/538/1991

NOTE 3 - TO FINANCIAL STATEMENTS-31.12.2011

ALLOCATION OF PROFIT IN 2011

lei	
DESTINATION	SUM
NET PROFIT TO BE ALLOCATED:	0.00
legal reserve	0.00
coverage of the accounting loss	0.00
dividends, etc.	0.00
NON-ALLOCATED PROFIT:	0.00

GENERAL MANAGER

MIROSLAV DERMENDJIEV

Signature

Company's seal

CHIEF ACCOUNTANT

LAURA TICU

Signature

Legal person: SC RAFO SA ONESTI
 Address: Onesti, 3, Industriilor Street, phone no. 0234/303104
 Sole Registration Code RO 958772
 J 04/538/1991

NOTE 4 TO THE FINANCIAL STATEMENTS
as of 31 December 2011

Indicator's denomination	Financial period	
	Previous	Current
0	1	2
1. Net turnover	44,985,871	81,949,051
2. Cost of sold goods and rendered services (3 + 4 + 5)	44,189,140	28,325,379
3. Epenses related to the core activity	1,045,262	2,433,578
4. Expenses related to the auxiliary activities	27,817,449	22,072,328
5. Production overheads	15,326,429	3,819,473
6. Gross result related the net turnover (1 - 2)	796,731	53,623,672
7. Selling expenses	837,692	21,269,792
8. Administrative overheads	30,554,504	29,750,127
9. Other operating incomes	3,479,904	14,884,225
10. Operating result (6 - 7 - 8 + 9)	-27,115,561	17,487,978

GENERAL MANAGER,
 MIROSLAV DERMENDJIEV

Signature

Company's stamp

Chief Accountant,

Ec Laura Ticu

Legal person: SC RAFO SA ONESTI
 Address: Onesti, 3, Industriilor Street, phone no. 0234/303303
 Sole Registration Code RO 958772
 J 04/538/1991

NOTE 5 TO THE FINANCIAL STATEMENTS
as of 31 December 2011

<u>Receivables</u>	Balance as of 31.12.2011 (column 2+3)	Liquidity term	
		< 1 year	> 1 year
	1	2	3
Trade receivables	287,751	287,751	
Amounts receivable from related parties		0	
Other receivables	11,211,906	11,211,906	
TOTAL	11,499,657	11,499,657	0

<u>Debts</u>	Balance as of 31.12.2011 (column 2+3+4)	Due term		
		< 1 year	1 - 5 years	> 5 years
	1	2	3	4
Commercial debts	3,483,689	3,483,689		
Amounts due to related parties	15,276,759	550,019	14,726,740	
Advances received on orders	69,764	69,764		
Other debts	204,272,171	10,663,351	193,608,820	
TOTAL	223,102,383	14,766,823	208,335,560	0

GENERAL MANAGER,
 MIROSLAV DERMENDJIEV

Chief Accountant
 Ticu Laura

Signature

Company's stamp

6. NOTE 6 - ACCOUNTING PRINCIPLES, POLICIES AND METHODS

a) Cost/Evaluation

The items presented in the annual financial statements 2011 have been evaluated based on the acquisition cost, respectively on the production cost concerning the works performed by own forces.

b) Amortization

The expenses related to the acquisition of capitalized patents, trademarks and licenses are amortized based on the straight-line method during their lifetime, which cannot exceed 20 years.

The expenses for the development of the informational programs recognized as assets are amortized based on the straight-line method during their useful life cycle, which cannot exceed a 3 years period.

The main accounting policies adopted for the drawing up of these financial statements are presented below:

In 2011, by the coming into force of the provisions of the Order number 3055/2009 for the approval of the Accounting Regulations complying with the European Directives, regarding the assets that were under preservation, the amortization was registered in the balance, comparing with the previous year when the amortization of the fixed assets, for which the approval of the fiscal body was obtained, was not registered in the balance. Regarding the assets without utilization ratio (respectively the fuels distribution stations) the amortization was registered off the balance, same as related to the previous financial period. We mention that regarding the fixed assets that are under preservation the fiscal amortization was not calculated.

Concomitantly, we would like to specify that regarding the plants that are part of the modernization plan, neither the accounting amortization or the fiscal amortization is calculated.

Basis of the financial statements drawing up

a) General information

These financial statements were drawn up according to the Order of the Minister of Public Finance number 3055/2009 for the approval of the Accounting Regulations complying with the European Directives.

For the drawing up of these financial statements the provisions of the IAS 29, the IASs referring to consolidation and the constructions related to these standards and SIC 19 were not applied.

These financial statements were drawn up based on the historical cost convention, including the exceptions further provided in the accounting policies.

b) Utilization of estimations

The drawing up of the financial statements in compliance with the Order of the Minister of Public Finance number 3005/2009 requires to the company's management to make estimations and hypothesis which affect the reported values of the assets and liabilities, the submission of the assets and contingent liabilities as of the date of the financial statements drawing up and the income and expenses related to the reporting period.

Notwithstanding these estimations are made by the company's management based on the best information available as of the date of the financial statements, the realized results can differ from theses estimations due to the external factors the company depends on, especially due to the exchange rate used for the monthly updating of the receivables and debts in foreign currency, reported at the exchange rate notified by BNR.

During the financial period 2011, the financial loss in amount of 20.547.720 lei covered the operating profit in amount of 17.487.978 lei due to the increase of the currency exchange rate from 4.2848 lei/EUR/31.12.2010 to 4.3197lei/EUR/31.12.2011, respectively from 3.2045 lei/ \$/31.12.2010, to 3.3392 lei/\$/31.12.2011.

Going concern

As of 31st of December 2011, the net current assets exceeded the net current debts with an amount of 141.369.330 lei (as of 31.12.2010 the net current assets exceeded the net current debts with an amount of 128.230.370 lei), and the loss related to the financial period was of 3.105.204 lei, of which operating profit of 17.487.978 lei (during the financial period 2010 a loss of 54.704.754 lei was registered, of which the operating loss amounted to 27.115.561 lei). The operating loss registered in 2010 amounted to 27.115.561 lei comparing with the operating profit obtained in 2009 of 14.934.553 lei. The explanation consists in the influence of the registration of the amortization, including the amortization of the fixed assets under preservation (by the amendment imposed by the Order 3055/2009).

In 2011 the company continued to perform modernization works, especially by own forces, creating the premises for the going concern.

These financial statements were drawn up based on the going concern principle because the company's management considers that the company will be able to continue its activity in the near future, and therefore the application of the going concern principle in the drawing up of the financial statements is justified.

Consequently, these financial statements do not include adjustments related to the recoverability and classification of the value of the assets registered or related to the values and the classification of the debts that can be necessary if the entity would not have been capable to continue its activity in the future.

Participating interests

The participating interests (associated companies) are accounted by the equity method. Thus, the part of the company from the associated company's post-acquisition profit or loss is recognized in the profit and loss account and its part from the associated company's post-acquisition variations of reserves is recognized in reserves.

The cost of the investment is adjusted by the part of the company from the cumulative variations of the post-acquisitions reserves.

The participating interests represent shares held in entities in which the company has a significant weight but it does not exert the control.

These are accounted by the equity method.

The significant weight is determined when the company holds, directly or indirectly, a percentage between 17% and 99% of the voting rights.

The gains that are not realized from transactions between the company and associated companies shall be eliminated up to the limit of the company's share within these entities; also the loss not realized shall be eliminated, except the case when there are indications regarding the depreciation of the transferred asset.

The part of the company from the associated company includes the goodwill (net of accumulated amortization) generated as of the acquisition date.

Conversion of transactions into the foreign currency

a) Reference currency

The items included in the financial statements shall be evaluated using the currency fairly reflecting the economic substance of the events and circumstances relevant to the company.

These financial statements are presented in Romanian lei, which is also the company's reference currency.

Leu is not a convertible currency outside Romania.

b) Transactions and balances in foreign currency

The company's transactions using a foreign currency are registered as of the exchange rates notified by the National Bank of Romania (BNR) for the date of transactions.

The balances in the foreign currency are converted in lei at the exchange rates notified by BNR for each calendar month, respectively as of the date of balance sheet closure.

The gains and the losses resulting from the settlement of the transactions in a foreign currency and from the conversion of the monetary assets and liabilities expressed in a foreign currency are recognized in the profit and loss account, within the financial result.

Tangible assets

a) Cost /Evaluation

Initially, the tangible assets are evaluated as per the acquisition cost. A part of the tangible assets have been revaluated based on the Government Decisions 945/1990, 2665/1992, 500/1994 and 983/1998, by the indexation of the historical cost with the indices specified in the respective Government Decisions.

The increasing of the tangible assets book values resulted from these revaluations were initially credited in the revaluation reserves and subsequently, except the revaluation of HG 983/1998, in the share capital, according to the provisions of the respective Government Decisions.

On 31st of December 2001, the company's tangible assets were evaluated with the support of some independent professional evaluators, with the evaluation's reference date of 31st of December 2001. On 30.05.2007, the evaluation of the buildings located on the company's perimeter was performed and registered in the patrimony, with the purpose of local taxes and charges according to the provisions of the article 253 of the Fiscal Code. On 31.12.2008, the evaluation of the group I „Constructions” related to the fuels distribution stations was performed and registered in the patrimony, taking into account that the fuels distribution stations are independent assets (work points), which have been registered in the patrimony with a value much above the fair value, mainly due to the high acquisition prices and to the related modernizations, these having implications regarding the treasury flow, generating outputs of sources through the payment of the maximum tax percentage, established by the Decisions of the local councils with territorial jurisdiction upon the stations, concomitantly with the application of these percentages to an insubstantially high taxation basis.

On 31.05.2010, the company S.C. Evex S.R.L performed the evaluation of the buildings, included in the group “Constructions”, located on the territory of S.C. Rafo S.A, also with the purpose of local taxes and charges application.

In 2007 and 2008, the company SHM – Hodkinson performed the evaluation of the technological equipment, but the results were not registered because the values established by the evaluator would have increased very much the taxes and our company could not afford it, considering the great efforts the company made for coming out of the reorganization procedure. After finalizing the modernization investments, an evaluation of the entire assets shall be performed and registered.

On 31.12.2011, the evaluation of the buildings belonging to the stations and assets included in the group “Constructions” was performed, with the purpose of local taxes and charges application. The company S.C. Evex S.R.L performed the evaluation. The results of the evaluation were registered in the financial statements related to the year 2011 and in the profit tax return.

We mention that independent professional evaluators, recognized by the authorized bodies, have performed these evaluations.

The basis used for the revaluation of the assets was the replacement cost method, net amortized.

The utilization value was confirmed through the market comparison method.

The maintenance and repairs of the tangible assets are recorded as expenses when they occur and the significant improvements of the tangible assets, which increase their value or estimated life time or significantly increase their capacity to generate economic benefits are capitalized.

The non-current assets, such as inventory objects, including tools and instruments are registered as expenses when they are purchased and they are not including in the accounting value of the tangible assets

b) Amortization

The amortization is calculated at cost using the straight-line method during the estimated useful life of the assets, as follows:

<u>Asset</u>	<u>Useful life</u>
Buildings	24-36 years
Plant and machinery	5-15 years
Computers and office support	3-6 years
Means of transport	4-18 years
Other	8-15 years

Lands are not depreciated.

The sale/decommissioning of tangible assets

The tangible assets that are decommissioned or sold are eliminated from the balance sheet together with the adequate accumulated depreciation, concomitantly with the revaluation difference transferred to the account 106, as per the provisions of the Government Emergency Ordinance 34/2009.

Any profit or loss resulting from such an operation is included in the current profit and loss account, as well as in the profit tax return.

Investments held as financial assets

The company adopted the standard IAS 39 "Financial instruments: recognition and measurement" on January 1st, 2001 and classified the financial assets as follows:

- Financial assets held for trading;
- Held-to-maturity investments;
- Available-for-sale financial assets.

The financial assets purchased with the purpose of generating profit are classified as financial assets held for trading and included in the current assets. The fixed term investments which the company's management has the intention and possibility to hold up to maturity are classified as held-to-maturity investments and are included in the non-current assets.

The financial assets held for an indefinite period of time, that can be sold due to liquidity requirements or to the interest rate changes are classified as available-for-sale financial assets; these assets are included in the non-current assets, except for the situation when the company's management intends to keep them for a period of less than 12 months from the balance sheet date or it is necessary to sell them in order to obtain operating capital, situations when they are included in the current assets.

The company's management classifies accordingly the financial assets upon their acquisition and reviews this classification on a regular basis.

The financial assets acquisitions are recognized on their settlement date, representing the date when the investment is delivered to or by the company.

The acquisition cost includes the trading cost.

The financial assets held for trading and the financial assets available for sale are subsequently measured at their fair value.

The financial assets held to maturity are measured at the amortized cost using the effective yield method.

The gains and losses realized or unrealized from the fair value change of the assets held for trading and of those available for sale are recognized in the profit and loss account in the period they occur.

Inventories

The inventories are registered at the lowest value between the cost and the net achievable value.

The cost is generally determined based on the first in - first out method (FIFO).

The cost of the finished products and of the products in progress of realization includes the materials, the work force and the indirect production costs related.

Where necessary, provisions for slow moving, worn out or obsolete inventories are made. The net achievable value is estimated on the basis of the sale price minus the costs estimated for finishing and sale and in the case of the inventories of materials obtained from recovery and processing in the own workshops by authorized personnel, the cost is established depending on the market price, adjusted with the wear and tear. Currently, although the inventories are without or with slow movement, no provisions have been made, because the company has just ended the reorganization procedure and the modernization works requiring also the release of materials for assembly, will be started.

The inventories recovered and refurbished through the works performed with own forces were registered at the market value adjusted with a percentage of wear determined by a specialists commission.

Trade receivables

The trade receivables are registered at the invoiced value less the provision for the impairment of these receivables.

The provision for impairment of trade receivables is established when there is objective proof that the company will not be able to collect all the amounts within the initial deadlines.

The provision is calculated as the difference between the value registered in the accounting records and the recoverable value, respectively the updated value of the estimated cash flows using the interest rate available on the market, related to a similar financial instrument.

Short-term financial investments

The short-term financial investments include the short-term bank deposits and other short-term investments with high liquidity, as well as treasury certificates.

Cash and cash equivalents

The cash and the cash equivalents are reported in the balance sheet at cost.

For the cash flow statement, the cash and the cash equivalents include cash on hand, bank accounts, short-term financial investments and treasury advances.

Share capital

As at 31.12.2011, the subscribed and paid up capital was of 2.194.936.967,5 lei, the face value per share being of 2,5 lei.

Dividends

The dividends related to the ordinary shares are recognized in the equity in the period they are declared.

Loans

The loans are initially registered with the received amount, net of expenses caused by their contracting. In the following periods, the loans are registered at the amortized cost using the effective yield method, the differences between the amounts received (net of the trading costs) and the amortized cost being recognized in the profit and loss account during the period of the loan agreement, by monthly update at the closing exchange rate communicated by the National Bank of Romania.

Commercial debts

The short-term commercial debts (with due date in less than 12 months) are registered at their face value, which approximates the fair value of the amounts to be paid for the goods and services received.

The long-term commercial debts are registered at the fair value of the amounts to be paid for the goods or services received.

Provisions for risks and expenses

The provisions for risks and expenses are recognized when the company has a legal or implicit liability resulted from past events, when for the settlement of the liability an outflow of resources, incorporating economic benefits is necessary and when the value of the liability can be reliably estimated.

Employee benefits

a) Pensions and other post-retirement benefits

In the ordinary course of business, the company makes payments to the health, pensions and unemployment funds in the account of its employees, at the statutory rate. All the employees are members of the Romanian State pension plan.

These costs are recognized in the profit and loss account together with the salaries recognition.

The Company does not operate any other pension or post retirement benefit plan and consequently, has no obligation related to pensions.

b) Employee participation in profit

The liability towards the employees related to company's profit participation fund is recognized in the risks and expenses provision only in case the company does not have any other alternative than to redeem this liability through payment.

The liabilities related to employee profit participation fund shall be settled in less than one year and are measured as the amounts that are to be paid in the moment of settlement.

Taxation

a) Current profit tax

The company registers the current profit tax based on the taxable profit reported, as per the relevant Romanian legislation.

Revenue recognition

Revenue includes the goods sold and the services provided.

Revenue arising from the sale of goods is recognized upon the company's transfer to the buyer of the main risks and benefits associated to the possession of the goods.

Revenue arising from royalties is recognized on an accruals basis in accordance with the economic substance of the relevant agreements.

Revenue arising from interests is recognized on a pro-rata temporis basis, taking into consideration the main amount to be reimbursed and the effective interest rate up to the loan maturity date, when it is established the fact that the company is entitled to receive the revenue.

Dividends are recognized as revenues when the legal right to receive these amounts is established.

In these financial statements, the revenue and the expenses are presented at their gross value.

In the accounting balance, the debts and the receivables from the same partners are presented at their net value when a set off right is established.

Turnover

The turnover represents the amounts already invoiced or that are to be invoiced, net of VAT and commercial discounts, for goods delivered or services rendered to third parties.

Operating expenses

The operating expenses are recognized in the period they refer to.

GENERAL MANAGER
MIROSLAV DERMENDJIEV

Signature,

Company's seal

FINANCIAL ACCOUNTING MANAGER
LAURA TICU

Signature,

Company's seal

Legal person: SC "RAFO" SA ONESTI

Address: ONESTI, INDUSTRIILOR Street, no. 3, phone number 0234/303303

NOTE 7 TO FINANCIAL STATEMENTS
as of 31st of December 2011

➤ Shareholders' structure as of 31.12.2011:

- The shareholders' structure registered at Bacau Trade Register Office, is the following:

PETROCHEMICAL HOLDING GmbH = 2.118.423.802,5 lei = 847.369.521 shares = 96,5141%

List of shareholders, natural and legal persons = 76.513.165 lei = 30.605.266 shares = 3,4859%

The share capital is of **2.194.936.967,5 lei**, fully subscribed and paid up, divided into **877.974.787 shares** with the face value of **2,5 lei/share**.

- S.C. RAFO S.A. shares are transacted on the Unlisted Securities Market within Bucharest Stock Exchange.

During 2011 the Articles of Incorporation of SC RAFO SA were not amended.

GENERAL MANAGER
MIROSLAV DERMENDJIEV

CHIEF ACCOUNTANT
TICU LAURA

NOTE 8 TO FINANCIAL STATEMENTS
as of 31st of December 2011

INFORMATION REGARDING THE EMPLOYEES AND THE MEMBERS OF THE
ADMINISTRATION, MANAGEMENT AND SUPERVISION BODIES

a) Managers' and administrators' wage system

➤ the structure of the executive management in 2011:

NO.	POSITIONS	NUME SI PRENUME	PERIOD
1	CHAIRMAN OF THE MANAGING BOARD – GENERAL MANAGER	Miroslav Dermendjiev	01.01.2011- 31.12.2011
2	MANAGING BOARD	Andrey Yurkevich	01.01.2011- 31.12.2011
3	MANAGING BOARD	Rohlin Igor	01.01.2011- 31.12.2011
4	TECHNICAL DEPUTY GENERAL MANAGER	Gadetskiy Alexander	01.01.2011 - 31.12.2011
5	HUMAN RESOURCES MANAGER	Luchian Liliana	01.01.2011 - 31.12.2011
6	FINANCIAL-ACCOUNTING MANAGER CHIEF ACCOUNTANT	Ticu Laura	01.01.2011 - 03.10.2011 03.10.2011 31.12.2011
7	FINANCIAL MANAGER FINANCIAL MANAGER	Durlesteanu Mariana	20.06.2011- 22.09.2011 22.09.2011- 31.12.2011
8	QUALITY MANAGER	Magureanu Gabriela	01.01.2011- 31.12.2011
9	PRODUCTION PROJECT MANAGER	Stanciu Ioan Luca Narcis	01.01.2011- 22.09.2011 22.09.2011- 31.12.2011
10	S.U. – SSM MANAGER	Manea Vasile	01.01.2011- 31.12.2011
11	ENTREPRENEURIAL – MAINTENANCE OPERATIONS MANAGER	Ionescu Teodor	01.01.2011- 31.12.2011
12	INVESTMENTS MANAGER	Paval Florin	01.07.2011- 31.12.2011

The basic salaries fund for the company's managers and administrators, related to the year ended on 31.12.2011 is of 1 461 912 lei (1 208 985 lei during 2010).

Legal Person: SC "RAFO" SA ONESTI

Address: ONESTI, INDUSTRIILOR Street, no. 3, phone number 0234/303303

In 2011 the Managing Board had the following structure:

1. Mr. Dermendjiev Miroslav, Bulgarian citizen, born in Burgas – Bulgaria on 22.06.1959, domiciled in Pancearevo place, Stolicina county, Bulgaria, holder of the identity card no. 626280930 issued by the Authorities from Sofia on 22.10.2009, for the position of **Chairman of the Managing Board, also acting as General Manager**
2. Mr. Yurkevich Andrey, Russian citizen, born in USSR on 12.05.1971, domiciled in Vienna, Austria, holder of the passport 51N^o3871982 issued by the Authorities of the Russian Federation on 20.06.2008, for the position of **member of the Managing Board**
3. Mr. Igor Rohlin, Israeli citizen, born in USSR on 03.01.1964, domiciled in Israel – Ashdod, holder of the passport 9028171, issued by the Authorities from Israel on 19.09.2005, for the position of **member of the Managing Board**

b) Employees

The actual number of personnel on 31.12.2011 was of 948 employees, of which:

- | | |
|---|-------------|
| ➤ skilled workers | 709 persons |
| ➤ unskilled workers | 4 persons |
| ➤ white collar workers with higher education | 162 persons |
| ➤ white collar workers with secondary education | 73 persons |

The expenses with the personnel registered in 2011 amount to 36 644 047 lei, of which:

- | | |
|------------------------------------|----------------|
| ➤ salaries and benefits | 29 254 198 lei |
| ➤ insurances and social protection | 7 389 849 lei |

GENERAL MANAGER
MIROSLAV DERMENDJIEV
Signature

CHIEF ACCOUNTANT
LAURA TICU
Signature

Company's seal

NOTE 9 TO FINANCIAL STATEMENTS
as of 31.12.2011

1. <u>Liquidity indicators</u>		<u>previous</u>	<u>current</u>
a)	current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	3.01 / 10.57
b)	quick ratio	$\frac{\text{Current assets- Inventories}}{\text{Current liabilities}}$	0.30 / 0.79
2. <u>Risk indicators</u>			
a)	Indebtness degree indicator	$\frac{\text{Loan capital}}{\text{Equities}}$	0.43 / 0.51
b)	interest cover indicator	$\frac{\text{Loss before the payment of interest and profit tax}}{\text{Interest expenses}}$	N/A / 1.27
3. <u>Activity indicators (management indicators)</u>			
a)	Stock turnover	$\frac{\text{Sales cost}}{\text{Average stock}}$	0.25 / 0.18
b)	Number of depositing days	$\frac{\text{Average stock} * 365}{\text{Sales cost}}$	1439 days / 2077 days
c)	Debits turnover- customers	$\frac{\text{Customers average balance} * 365}{\text{Turnover}}$	5 days / 20 days
d)	Credits turnover -suppliers	$\frac{\text{Suppliers average balance} * 365}{\text{Goods purchases without services}}$	626 days / 1332 days
e)	Non-current assets turnover	$\frac{\text{Turnover}}{\text{Non-current asset}}$	0.10 / 0.17
d)	Total assets turnover	$\frac{\text{Turnover}}{\text{Total assets}}$	0.07 / 0.13
4. <u>Profitability indicators</u>			
a)	Return on equity	$\frac{\text{Loss before the payment of interest and profit tax}}{\text{Equity}}$	-0.09 / 0.03
b)	Gross margin from sales	$\frac{\text{Gross loss/profit from sales} * 100}{\text{Turnover}}$	-0.60% / .021%

GENERAL MANAGER,
 MIROSLAV DERMENDJIEV

CHIEF ACCOUNTANT
 LAURA TICU

Signature

Signature

Company's seal

**NOTE 10 TO FINANCIAL STATEMENTS
 as of 31st of December 2011**

d) Information regarding the profit tax

	<u>Financial period</u> <u>ended at</u> <u>31.12.2010</u>	<u>Financial period</u> <u>ended at</u> <u>31.12.2011</u>
Statuary result before taxation	-52,306,124	-2,572,481
The effect of the OMF adjustments		
Profit (Accounting loss before taxation)	-52,306,124	-2,572,481
Deductions (-)	23,293,360	7,059,340
Non-taxable income (-)	20,497,499	14,456,724
Non-deductible expenses for tax calculation purposes (+)	27,472,176	13,462,966
Taxable profit (fiscal loss) for the reporting year	-68,624,807	-10,625,579
Fiscal loss to be recovered from previous years	-289,926,302	-302,382,114
Profit (net loss)	-358,551,109	-313,007,693

e) Turnover

Presentation of the turnover per types of trading markets

	<u>Financial period</u> <u>ended at</u> <u>31.12.2010</u>	<u>Financial period</u> <u>ended at</u> <u>31.12.2011</u>
Sales on the domestic market	6,112,368	35,215,015
Sales on the foreign market	<u>38,873,505</u>	<u>46,734,036</u>
TOTAL	44,985,873	81,949,051

Presentation of the turnover per types of products:

	<u>Financial period</u> <u>ended at</u> <u>31.12.2010</u>	<u>Financial period</u> <u>ended at</u> <u>31.12.2011</u>
Gasoline		
Gasoil		
Other products	1,398,953	27,826,406
Constituents		
Fuel oil		
Services	2,356,850	3,233,463
Coke		
Liquefied gases		
Semi-finished products	699,512	1,042,904
Residual products	2,993,676	3,112,242
Gas emission allowances	<u>37,536,880</u>	<u>46,734,036</u>
TOTAL	44,985,871	81,949,051

g) Fees paid to auditors

In 2011, the company paid fees to auditors for the audit of the financial statements drawn up in accordance with Order 3055/2009 in amount of 88.306,23 lei .

GENERAL MANAGER,
 MIROSLAV DERMENDJIEV

CHIEF ACCOUNTANT
 LAURA TICU

Signature

Signature

Company's seal