

CONPET S.A.
ECONOMICAL DIRECTORATE
Financial Department
No. 14578/22.04.2015

ENDORSED,
General Manager
eng. Liviu Ilasi
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REPORT

**on the proposal for allocation of the net profit corresponding for the financial year 2014,
establishment of the gross dividend per share, of the term and of the method of payment of
dividends**

taking into account the followings:

- *article 19, para. (3) of no. 82/1991 republished Accounting Law;*
- *no. 64/2001 Government Ordinance regarding profit distribution for the national companies, national companies and commercial companies with whole or majority state owned capital, as subsequently amended and no. 144/2005 Ordinance of the Public Finance Minister on the approval of the Specifications to determine the amounts that are subject of profit distribution as per no. 64/2001 art.1 para.(3) G.O.;*
- *no. 109/2011 Emergency Ordinance regarding corporate governance of public enterprises*
- *Law no. 31/1990 concerning the companies reissued with subsequent amendments and completions (art.111 paragraph (2) letter a) and art. 67, paragraph (2));*
- *Law no. 297/2004 on capital market as amended and supplemented subsequently (art. 238, paragraph (1 and 2));*
- *no. 1/2006 National Commission of Transferable Securities Regulation on issuers and securities operations, as subsequently amended and supplemented (art. 129³ paragraph (2)).*

On the strength of financial statements indicators we submit for analysis to BoA the proposal for the distribution of the net profit on the date of 31 December 2014, amounting to 56,381,586 lei, as it follows:

item no.	Destinations	The sum (lei)	Full element weigh	
			Plan (IEB)	Accomplished
1	Profit sharing	4,947,392	10%	8.78%
2	Dividends due to shareholders	51,434,194	85%	91.22%
3	Total distributions (1+2)	56,381,586		

Specifications on calculations regarding determining the amounts distributed from the net profit:



- no amounts were distributed to legal reserves as they are currently constituted in the quota limit of 20% from the share capital, according to 183 article, paragraph (1) and (2) of no. 31/1990 Law subsequently amended and supplemented provisions regarding companies;
- employees participation at profit, has been determined in accordance with no. 144/2005 Ordinance of the Public Finance Ministry, in the limit of an average monthly base salary realised in the year 2014, according to the average number of employees, realised in the ended fiscal year.

As seen in the shown table, compared to the rate provided in the IEB which was at the level of the legal one (namely 10%) the profit allocated for the employees profit-sharing (including the share due to administrators) has a share of only 8.78% in the assigned profit;

- dividends due to the shareholders are at the level of the net profit remained after the deducting from the gross profit of the profit sharing and income tax. In the income and expenditure budget for 2014 approved by no. 593/2014 2014 Government Decision, the allocation share provided with this destination was of only 85% from the profit to be distributed, the difference of 5% being provided for the establishment of other development reserves. Correlating the data from the financial statements with the budget projection (the development section), it results that the company already has established its own financing sources for investments in the next three years and their supplementation is not justified on account of the net profit and in these conditions, the dividends to be distributed to shareholders represent 91.22% from the profit that is to be distributed.

Gross Dividend per share

Taking into account that:

- ✓ dividends due to shareholders, according to the proposed profit distribution of the year 2014 are in amount of 51,434,194 lei;
- ✓ dividends are distributed to shareholders proportionally to the shareholding at the share capital and
- ✓ the share capital of the company is of 28,569,841 lei, divided into 8,657,528 ordinary indivisible shares, nominative, with a nominal value of 3.3 lei,

it results a gross dividend value of 5.9409792 lei / share.

Dividends are due to the shareholders who will own shares on the registration date approved by the Ordinary General Assembly of Shareholders convened for the date of 28/29 April 2015.

The provisions of article 238 (1) of no. 297/2004 Law regarding the capital market shows that "notwithstanding the provisions of no. 31/1990 Companies Act, republished, as subsequently amended and supplemented, the date when it will take place the identification of shareholders who are to receive dividends or other rights and who are affected by decisions of the General Meeting of Shareholders effects shall be determined by the latter. This date will be at least 10 working days afterwards the General Meeting of Shareholders"

The expenses incurred by the payment of dividends shall be paid by shareholders.

Dividends term of payment

Dividend payment date will be the limit date permitted by law, after not more than 3 working days since the registration date established by the General Meeting of Shareholders (art.129^3 of no. 1/2006 National Commission of Transferable Securities Regulation).

Considering that:

- the company, according to art (1) paragraph (3) of no. 64/2001 Government Ordinance, has the obligation to pay dividends due to shareholders within 60 days after the legal deadline for submission of the annual financial statements and



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- the deadline for submission of annual financial statements according to no. 65/2015 Public Finances Minister Order is of ... "150 days since the fiscal year closure..."

it results that the deadline for payment of dividends due to shareholders is **30 July 2015**

Corroborating the shown provisions we propose the setting by OGMS of the dividend payment date as the date of **July 23, 2015**.

The net value of the dividend will be calculated as follows:

- the gross amount of dividends corresponding to each shareholder will be calculated by multiplying the number of shares held on the date of recording with the gross dividend value per share, the resulting amount being rounded to two decimals plus or minus;
- tax dividends will be calculated and detained under the provisions of the Tax Code
- a net amount of dividend payment will be represented by the difference between the gross value and the corresponding tax.

Method of dividends payment

Payment of dividends will be made in lei, only to the shareholders registered in the Register of Shareholders (held by "Depozitarul Central" SA) on the registration date set by the General Meeting of Shareholders and the method of payment will be announced to shareholders before the start of payment.

Economical Manager
ec. Toader Sanda
indecipherable signature

Financial Manager,
ec. Curteanu Veronica
indecipherable signature



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