

Registration No. 43071/05.11.2014

**Current Report no. 28/2014
 as per Law no. 297/2004 and CNVM Regulation no. 1/2006**

Date of the report	05.11.2014
Name of the issuing entity	S.C. CONPET S.A. Ploiești
Registered Office	No. 1-3 , Anul 1848 Street, Ploiești
Phone/Facsimile/E-mail	0244/ 401360/ 516451/ 402385/ actionariat@conpet.ro
Sole Registration Number	1350020
No. at the Trade Registry	J29/ 6/ 22.01.1991
Subscribed and paid-up share capital	28,569,842.40 Lei
Total no. Of shares	8,657,528 nominative shares
The regulated market where the issued securities are being traded: B.V.B., Ist Tier	

Reporting significant events:

Following the Board of Administration meeting that took place on 05.11.2014, CONPET S.A. informs the investing public regarding the following significant events:

I. Convening Notice of the Ordinary General Meeting of Shareholders (OGMS);

II. Report regarding the state of implementation of the disposed measures contained in Decision no.28/2013 of Prahova Chamber of Accounts, drafted considering the OGMS decision no.3/5.06.2013.

I. OGMS is convened on 18.12.2014, in first call/19.12.2014 in second call, 10 A.M., at the company registered offices in Ploiești, no. 1-3 Anul 1848 Street. Reference date of the OGMS: 05.12.2014. Registration date advanced by the Board of Administration: 13.01.2015. Settlement of 12.01.2015 as ex-date.

The OGMS Convening Notice has the following Agenda:

1. Approval to amend the Procurement Internal Procedural Norms applicable at S.C. CONPET S.A. level.
2. Approval to review the 2014 Investment Program, within the same values approved pursuant to GD no. 593/16.07.2014 and to 2014 Capital Repairs Programs.
3. Settlement of sub-component 2 of the variable component of the remuneration of the non-executive administrators of the company, applicable at 2014 level, based on the Report of the Nomination and Remuneration Committee constituted at the level of the Board of Administration.
4. Settlement of sub-component 2 of the variable component of the remuneration of the General Director, applicable at 2014 level, based on the Report of the Nomination and Remuneration Committee constituted at the level of the Board of Administration.

5. Approval to conclude an Addendum to the administration contracts signed with S.C. CONPET S.A. administrators, having as scope the settlement of sub-component 2 of the variable component of the remuneration thereof, applicable at 2014 level.
6. Granting mandate to a shareholders' representative for the execution of the Addendum to the administration contracts concluded with S.C. CONPET S.A. administrators.
7. The empowerment:
 - a) of the President of the Ordinary General Meeting of Shareholders to sign the OGMS Decision;
 - b) of the Chairman of the Board of Administration to enforce the OGMS decision, as per the legal provisions.
 - c) of the General Director to perform the necessary diligence in order to register the OGMS Decision to the Trade Register Office attached to Prahova Court of Law, the publishing thereof in the Official Gazette of Romania, Part IV, as well as to be granted the right to delegate, to another person, the proxy to perform the above-mentioned diligence.
8. Settlement of the date of 13.01.2015, advanced by the Board of Administration, as Registration Date, serving at the identification of the shareholders who will be affected by the OGMS Decision and settlement of the date of 12.01.2015 as ex-date, in compliance with the provisions of Law no. 297/2004 regarding the capital market, of Regulation no.1/2006 regarding the issuers and securities operations and the Regulation no. 6/2009 regarding the exercising of certain rights of the shareholders within the general meetings of the commercial companies, further amendments and additions, and correlated with the Financial Supervisory Authority Decision (Rom.A.S.F.) no. 1430/07.10.2014.

II. The report regarding the state of implementation of the disposed measures contained in Decision no.28/2013 of Prahova Chamber of Accounts, drafted considering the OGMS Decision no.3/5.06.2013 was presented to the Board of Administration on 05.11.2014. Pursuant to Decision no.15/05.11.2014, the Board of Administration acknowledged the above-mentioned report and ordered the dissemination thereof by way of a current report.

We hereby attach the OGMS Convening Notice for 18.12.2014 (19.12.2014), as well as the Report no.42351/30.10.2014.

General Director
Eng. Liviu Ilăși
S.s. Illegible

Stamp Head of the Investor and Capital Market Relations
Econ. Bogdan Pînzariu
S.s. Illegible



**SC CONPET SA**

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e-mail: conpet@conpet.ro; web: www.conpet.ro
Cod unic de înregistrare: R 1350020, Cod CAEN 4950
Înregistrată la Registrul Comerțului Prahova sub nr.J29/6/22.01.1991
Capital social subscris și versat 28 569 842,40 lei



CONVENING NOTICE

THE BOARD OF ADMINISTRATION OF S.C. CONPET S.A. Ploiești

Headquartered in Ploiești, no. 1-3, Anul 1848 Street, registered at the Trade Registry attached to Prahova Law Court under no. J29/6/1991, Sole Registration Number 1350020, with a subscribed and paid-in capital amounting 28,569,842.40 Lei, in compliance with the provisions of Law no. 31/1990 (Companies' Act), republished, further amendments and additions, of Law no. 297/2004 regarding the capital market, of CNVM Regulation no. 6/2009 and Articles of Incorporation of the company, based on the BOA Decision no. 15/05.11.2014

CONVENES

THE ORDINARY GENERAL MEETING OF SHAREHOLDERS (OGMS)

For **18.12.2014, 10:00 AM**, that will take place at the registered offices of the company in Ploiești, no. 1-3, Anul 1848 Street, to which have the right to participate and vote only the persons acting as shareholders, respectively they are registered in the Shareholders' Registry held by S.C. Depozitarul Central S.A. at the end of the reference date **05.12.2014**, with the following

AGENDA

1. Approval to amend the Procurement Internal Procedural Norms applicable at S.C. CONPET S.A. level.
2. Approval to review the 2014 Investment Program, within the same values approved pursuant to GD no. 593/16.07.2014 and to 2014 Capital Repairs Programs.
3. Settlement of sub-component 2 of the variable component of the remuneration of the non-executive administrators of the company, applicable at 2014 level, based on the Report of the Nomination and Remuneration Committee constituted at the level of the Board of Administration.
4. Settlement of sub-component 2 of the variable component of the remuneration of the General Director, applicable at 2014 level, based on the Report of the Nomination and Remuneration Committee constituted at the level of the Board of Administration.
5. Approval to conclude an Addendum to the administration contracts signed with S.C. CONPET S.A. administrators, having as scope the settlement of sub-component 2 of the variable component of the remuneration thereof, applicable at 2014 level.
6. Granting mandate to a shareholders' representative for the execution of the Addendum to the administration contracts concluded with S.C. CONPET S.A. administrators.
7. The empowerment:
 - a) of the President of the Ordinary General Meeting of Shareholders to sign the OGMS Decision;
 - b) of the Chairman of the Board of Administration to enforce the OGMS decision, as per the legal provisions.



c) of the General Director to perform the necessary diligence in order to register the OGMS Decision to the Trade Register Office attached to Prahova Court of Law, the publishing thereof in the Official Gazette of Romania, Part IV, as well as to be granted the right to delegate, to another person, the proxy to perform the above-mentioned diligence.

8. Settlement of the date of 13.01.2015, advanced by the Board of Administration, as Registration Date, serving at the identification of the shareholders who will be affected by the OGMS Decision and settlement of the date of 12.01.2015 as ex-date, in compliance with the provisions of Law no. 297/2004 regarding the capital market, of Regulation no.1/2006 regarding the issuers and securities operations and the Regulation no. 6/2009 regarding the exercising of certain rights of the shareholders within the general meetings of the commercial companies, further amendments and additions, and correlated with the Financial Supervisory Authority Decision (Rom.A.S.F.) no. 1430/07.10.2014.

In case that, in first call, the quorum conditions stipulated by Law and the Articles of Incorporation are not being met, the Ordinary General Meeting of Shareholders will be convened on 19.12.2014, with the maintenance of the Agenda, time and venue.

One or more shareholders, representing, individually or collectively, at least 5% of the share capital, have the right to:

- 1) introduce new items on the Agenda of the Ordinary General Meeting of Shareholders, provided that every item be attached a substantiation or a draft decision advanced to be adopted by the OGMS; the requests are then to be received by S.C. CONPET S.A. in no more than 15 days as of the convening notice publishing date, namely 26.11.2014, 10:00 A.M..
- 2) forward draft decisions for the items included or proposed to be included on the Agenda of the Ordinary General Meeting of Shareholders; the requests are then to be received by S.C. CONPET S.A. in no more than 15 days as of the convening notice publishing date, namely 26.11.2014, 10:00 A.M..

The requests regarding the introduction of new items on the agenda of the OGMS, as well as those draft decisions proposals for the items included or proposed to be included on the Agenda of the Meeting should be formulated in writing, with the compliance of the above-mentioned deadlines and shall be submitted by courier services with receipt of confirmation, directly to S.C. CONPET S.A. Registry in Ploiesti, no. 1-3, Anul 1848 Street, Prahova county, in closed envelope, with the mention "**BOA and GMS Secretariate Bureau - For the Ordinary General Meeting of Shareholders to be held on 18.12.2014**" (Romanian version - "**Biroul Secretariat, C.A. si A.G.A. - Pentru Adunarea Generala Ordinara a Actionarilor din data de 18.12.2014**"). The requests will be accompanied by a copy of the valid Identity Card, signed certified true copy by the holder thereof, namely by the documentation asserting the legal representative capacity in case of the legal persons, specified in CNVM Executive Order no. 26/20.12.2012.

In case the act of exercising one's right to introduce new items on the Agenda of the general meeting determines the amendment of the Agenda of the published Convening Notice, the company will make all due diligence to republish the Convening Notice considering the revised (completed) Agenda, prior to the reference date 05.12.2014.

The company's shareholders, notwithstanding their contribution to the share capital, have the right to address questions in writing regarding the items on the agenda of the general meeting; these questions will be then submitted to the company Registry in Ploiesti, no. 1-3, Anul 1848 Street, Prahova county, up to 11.12.2014, 10:00 A.M., with the mention "**BOA and GMS Secretariate Bureau - For the Ordinary General Meeting of Shareholders to be held on 18.12.2014**" (Romanian version - "**Biroul Secretariat, C.A. si A.G.A. - Pentru Adunarea Generala Ordinara a Actionarilor din data de**



18.12.2014". In order to identify the persons addressing questions, they will also have to attach to the request, copies of the documents asserting their identity.

The answers to the addressed questions will be published on the company website www.conpet.ro, section Info Shareholders/GMS Documents.

At the meeting may take part and vote only the shareholders registered at the Reference Date 05.12.2014, in person or by representatives, based on a special power of attorney, as per the legal provisions.

The capacity of legal representative can be proved based on the documents stipulated in CNVM Executive Order no. 26/20.12.2012, namely the Confirmation of Company Details issued by the Trade Register Office, submitted in original or in certified true copy, or any other document, in original or certified true copy thereof issued by a competent authority of the State where the shareholder is legally incorporated, asserting the quality of legal representative; the documents asserting the quality of legal representative shall be issued with no more than 3 months prior to the publishing date of the OGMS Convening Notice.

The credit institutions performing custody services, empowered by the shareholder to take part and vote within OGMS must present a special power of attorney drafted as per CNVM Regulation no. 6/2009 and CNVM Executive Order no. 26/20.12.2012, signed by the said shareholder, accompanied by an affidavit given by the credit institution having received the empowerment to represent based on a power of attorney, wherefrom to appear that the credit institution performs custody services for the respective shareholder and the instructions stipulated in the special power of attorney are identical with the instructions mentioned in the SWIFT message received by the credit institution to vote on behalf of the respective shareholder.

The Special Power of Attorney form, available both in Romanian and English, can be obtained from the company headquarters and website www.conpet.ro, "Info Shareholders/GMS Documents" section, as of 17.11.2014, 13:00 P.M..

The Special Power of Attorney, together with the statement, both in original, signed and, as the case may be, stamped, accompanied by supporting documents (copy of shareholder's valid Identity Card in case of the natural persons, namely the documents asserting the capacity of legal representative in case of the legal persons), under penalty of losing the right to exercise one's vote during the meeting, must be submitted to the company's Registry in Ploiesti, no. 1-3, Anul 1848 street, Prahova County, in Romanian or English, with no more than 24 hours prior to the meeting, in closed envelope, with the mention: "**BOA and GMS Secretariate Bureau - For the Ordinary General Meeting of Shareholders on 18.12.2014 (Romanian version - "Biroul Secretariat C.A. si A.G.A. - Pentru Adunarea Generala Ordinara a Actionarilor din data de 18.12.2014")**", namely up to 17.12.2014, 10 A.M.. The Special Power of Attorney and the requested documents can be also submitted by extended electronic signature, as per the provisions of Law no. 455/2001 regarding the electronic signature, up to the above-mentioned date and time, to the e-mail address: actionariat@conpet.ro, under the penalty stipulated in Art. 125, paragraph 3 of Law no. 31/1990, republished, further amendments and additions.

The shareholders registered at the Reference Date have the possibility to vote, by correspondence, prior to the general meeting, by using the Correspondence Voting Bulletin, made available as of 17.11.2014, 13:00 A.M., at the company headquarters, or on the company website www.conpet.ro, "Info Shareholders/GMS Documents" section, both in Romanian and English.

The correspondence voting bulletins must be filled in and signed by the shareholders – natural persons and accompanied by a copy of the valid identity card, signed true copy by the holder thereof, respectively must be filled in and signed by the legal representative of the shareholder legal person,



accompanied by the official documents asserting his capacity of legal representative.

The capacity of legal representative is proved based on the documents stipulated in CNVM Executive Order no. 26/20.12.2012, namely the Confirmation of Company Details issued by the Trade Register Office, submitted in original or in certified true copy, or any other document, in original or certified true copy thereof issued by a competent authority of the State where the shareholder is legally incorporated, asserting the quality of legal representative; the documents asserting the quality of legal representative shall be issued with no more than 3 months prior to the publishing date of the OGMS Convening Notice.

The credit institutions performing custody services, empowered by the shareholder to take part and vote within OGMS, must present a special power of attorney drafted as per CNVM Regulation no. 6/2009 and CNVM Executive Order no. 26/20.12.2012, signed by the said shareholder, accompanied by an affidavit given by the credit institution having received the empowerment to represent based on a power of attorney, wherefrom to appear that the credit institution performs custody services for the respective shareholder and the instructions stipulated in the special power of attorney are identical with the instructions mentioned in the SWIFT message received by the credit institution to vote on behalf of the respective shareholder.

The Correspondence Voting Bulletin form, accompanied by the legal documents, should be submitted in original, in Romanian or English, by any type of courier service with receipt of confirmation, in closed envelope, with the mention: "**BOA and GMS Secretariat Bureau - For the Ordinary General Meeting of Shareholders to be held on 18.12.2014**" (Romanian version - "Biroul Secretariat, C.A. si A.G.A. - Pentru Adunarea Generala Ordinara a Actionarilor din data de 18.12.2014", at S.C. CONPET S.A. headquarters, in Ploiesti, no. 1-3 Anul 1848 street, Prahova county, in such a way as to be recorded to have been received at the company Registry no later than 17.12.2014, 10:00 A.M.. The voting bulletins that are not being received at the company Registry within the indicated time frames shall not be considered when determining the quorum and majority during the OGMS session.

Starting 17.11.2014, 13:00 P.M., the documentation that is to be advanced to the general meeting, as well as the draft decision (available in Romanian and English), shall be at the disposal of the shareholders as per the legal provisions, both on the company website www.conpet.ro, section "Info Shareholders/GMS documents – OGMS/ 18.12.2014, as well as at the company headquarters, for review thereof. The shareholders may receive copies of the documents, upon request and against payment. Additional information can be obtained at S.C. CONPET S.A. headquarters in Ploiesti, no. 1-3, Anul 1848 Street, BOA and GMS Secretariate Bureau, telephone 0040-244-401.360, extensions 2655, 2579, facsimile 0040-244-516.451, between 08:00 A.M. - 4:30 P.M., on the email address: actionariat@conpet.ro.

CHAIRMAN OF THE BOARD OF ADMINISTRATION

DAN WEILER

S.s. Illegible

Stamp



Submitted to analysis and information in the BoA Meeting dated.....

SC CONPET SA

ECONOMIC DIRECTION

FINANCIAL DEPARTMENT

APPROVED,

GENERAL DIRECTOR

Eng. LIVIU ILASI

S.s. Illegible

NO 42351/30.10.2014

Report

**regarding the state of implementation of the disposed measures contained in Decision
no.28/2013 of Prahova Chamber of Accounts**

1. Brief presentation of the irregularities subject to the measures disposed by decision

Irregularity no.1 The entity did not include in the share capital the lands belonging to the inventory for which were obtained Land Ownership Certificates as of 2002-2005.

Irregularity no. 2 Following the verification of the organization and performance of the preventive audit was ascertained that some of the persons empowered to exercise the preventive audit have not the necessary specialized training required by the legal dispositions, respectively OMPF 522/2003.

Irregularity no. 3 The audit service within SC CONPET SA has not performed, at least once at 3 years, audit missions to all the binding activities provided at art. 15 from Law 672/2002.

Irregularity no.4 When calculating the depreciation the hours of the goods useful economic lives were not tracked, and, given that, in case of fixed assets whose utilization has been interrupted for a long period of time, the depreciation period initially established has not been modified anymore and the expense related to the depreciation for the utilization remaining period has no longer been re-estimated.

Irregularity no.5 Following the audit was ascertained that the inventory of the elements such as assets, liabilities and equities was not performed by the entity in compliance with the provisions of the Accounting Law no.82/1991 of OMPF no.2861/2009, as well as with the own procedures, except for the inventory of the goods belonging to State public domain, as well as the documents resulting from the dismantling of the disused pipelines and pipelines sections that are to be dismantled.



Irregularity no. 6 Following audit was concluded that there was no correlation between the data registered by the entity concerning the inventory of goods belonging to State public domain in the accounts off-balance-sheet and the ones in the annex to the oil agreement approved by GD no.793/2002 on the approval of the oil agreement related to the concession of the Crude Oil National Transport System operation activity, as the last government decision initiated by NAMR Bucharest was GD no.1522/12.12.2007, the public assets having suffered modifications up to date.

Irregularity no. 7 Following the verification of the settlement method used by SC CONPET SA with regard to the expenses related to various rights and obligations of the Romanian personnel sent abroad for the achievement of some temporary missions, during 01.01.2010 – 30.06.2012, was concluded that the per-diem allowances related expenses, amounting 27,222.69 Lei were illegally settled.

Irregularity no. 8 Following the verification of the procurement contracts, upon auditing were detected cases where there was no compliance with the contractual clauses, meaning that there were not calculated, invoiced and collected penalties amounting 266,524.49 Lei (of which 115,922.49 Lei for decontamination works and 150,602 Lei in case of termination of an works contract) with consequences in the absonant diminution of the entity's revenues.

8.1. There were not calculated, invoiced or registered in the accounts contractual penalties amounting 115,922.49 Lei, following the exceed of the contractual terms for works execution by the decontamination services suppliers.

8.2. On the termination of works execution contract with SC CONFIND SRL Campina, the contracting authority SC CONPET SA did not calculate, require, invoice and collect the penalties provided in the contract, amounting 105,602 Lei.

Measures disposed for irregularities removal:

1. The clarification of the legal status of the lands that have been included in the State public domain inventory and for which S.C. CONPET S.A. owns Lands Ownership Certificates, considering they represent administrative deeds having entered in the civil circuit and produced legal effects.

The increase of S.C. CONPET S.A. share capital, with the value of 47 lands for which were obtained Land Ownership Certificates.

2. Revaluation of the organization decisions and exercise of the preventive audit, so that the preventive audit be exercised only by the persons meeting the legal conditions.
3. Update of the audit activity multiannual plan that shall comprise the objectives that must be audited at least once at 3 years and to whom shall be allotted sufficient time and personnel resources leading to the achievement of the proposed objectives, namely the improvement and upgrade of the audited activities.



4. Elaborate various interdepartmental operational procedures (technical and accounting) and provide for the implementation and operation thereof regarding the statement of the unutilized fixed assets.

The extension of the verification performed for all the fixed assets, in view of identifying the unused ones (either following the cease of the activity or shortages etc.) during the prescription period. In case of identification of situations similar with the one ascertained during audit one shall proceed to the determination and inclusion of the depreciation in the operating expenses according to the degree of utilization thereof, to the establishment and emphasis of the fiscal influences and the settle of the obligations to the state budget resulting therefrom.

5. Performing the patrimonial elements inventory to which, during audit, have been detected deficiencies, and registering the results in the accounting records, so that the financial statements offer an accurate picture of the financial position, financial performance and other information, under the law, related to the activity performed.
6. Going on with the approaches towards the National Agency for Mineral Resources, as well as towards the coordinating ministry, for update, as per the legal provisions of the inventory of the goods belonging to the State public domain, as well as for the transition of some goods from the State public domain to the State private domain, in view of discard/ capitalization.
7. The application of the measures for the determination of the extent of the damages and recovery thereof by extending the verifications over all per-diem allowances settled expenses, after 30.06.2012 and up to date, where have been identified irregularities giving rise to prejudices, the prejudices laid down in the Audit Report, being estimated at 27,222.69 Lei (4,056 USD + 3,753 EUR) representing illegal per-diem allowances payments given to the personnel sent abroad for the achievement of various temporary missions during 01.01.2010-30.10.2012, 2.5 higher than the legal ceiling established by GD 518/1995. For the illegal payments shall be calculated the unrealized advantages and the recovery thereof shall be secured.
8. a) The application of the measures for the determination of the extent of the damage and recovery thereof by extending the scope of the verifications as to cover all contracts related to decontamination services in terms of observance of the contractual terms, where have been identified irregularities giving rise to prejudices, the prejudices laid down in the Audit Report being estimated at 115,922.49 Lei representing penalties that have not been solicited to decontamination services suppliers following the failure to enforce the contractual provisions regarding the calculation of the penalties for the non-performance of the decontamination services within the agreed time frames;
b) The application of the measures for the determination of the extent of the damage and recovery thereof by extending the scope of the verification as to cover all contracts related to fulfilment of the contractual obligations, where have been identified

irregularities giving rise to prejudices, the prejudices laid down in the Audit Report being estimated at 150,602 Lei representing penalties that have not been solicited to SC Confind SRL Campina, following the failure to enforce the contractual provisions regarding the calculation of the penalties for the non-performance of the contract.

2. Aspects regarding the means the disposed measures have been carried out

As per the decision, the measures fulfilment deadlines have been scheduled during 30.06.2013 – 31.10.2013.

The company has formulated answers regarding the manner of fulfilment of all the measures disposed by way of letters no: 24.455/27.06.2013; 29.146/30.07.2013; 42.683/31.10.2013 and 37.476/29.09.2014.

Also, for the fulfilment of measure no I.1, the company has solicited the extension of the fulfilment deadline initially established on 31.10.2013, up to 30.09.2014, request approved by Prahova Chamber of Accounts, through address no.3009/11.11.2013, registered at SC CONPET SA under no.44.142/11.11.2013.

3. Prahova Chamber of Accounts verification of the measures fulfilment manner. Conclusions formulated in the follow-up report

During 27-29.10.2014 Prahova Chamber of Accounts has performed the verification of the fulfilment manner of the measure disposed by Decision no.28/2013 at SC CONPET SA and has completed the report regarding the fulfilment manner of the measures disposed by decision (the follow-up report) that was registered under no.42005 from 29.10.2014 at the entity's registry and at no.126 from 27.10.2014 in the control ledger.

The synthesis of the aspects resulting from the verification of the fulfilment manner of the measures disposed by decision is the following:

- a) the measures/recommendations that have been entirely fulfilled/implemented : measures 2,3,4,5 and 7
- b) the measures/recommendations that have been partially fulfilled/implemented: measures 1,6 and 8;

In detail, the measures partially implemented look as follows:

1.a. The ascertained irregularity: The entity has not included in the share capital all the lands belonging to the patrimony for which have been obtained Land Ownership Certificates starting 2002-2005.

1.b. The disposed measure: The clarification of the legal status of the lands having been included in the public domain inventory, for which SC CONPET SA hold land ownership certificates, considering that they represent administrative deeds subject to the civil circuit, producing legal effects.

The increase of the share capital of SC CONPET SA by the value of the 47 lands for which have been obtained Land Ownership Certificates.

1.c. Aspects resulting from the verification of the fulfilment manner of the measures disposed by decision:

For the clarification of the legal status of the lands having been included in the public domain inventory (11 titles of ownership) the following measures have been taken:

- for the execution of the dismantling works SC CONPET SA concluded the services supply contract nr. S-CA CD 418/04.12.2013 with S.C. TERRA GEODESIS SOLUTION SRL Ploiesti, firm authorized in topographic works.

To the date of this report the state of the lands dismantling works public-company is the following: for six locations (**Cernavoda supervisory site, Constanta Sud 1 crude oil automated station, Constanta sud 2, Barbatesti rail tank fleet, Barbatesti pumping Station and Barbatesti loading Ramp**) the works were completed, submitted and approved by the Office of Cadastre and Real Estate Publicity. These works were submitted to CONPET on 27.08.2014 (three works) namely on 29.10.2014 (three works), followed by the preparation of the dismantling works for the notary public.

-for one site, namely land "Videle Crude Deposit", the work has been completed by the supplier and submitted, in August, at Giurgiu Office of Cadastre and Real Estate Publicity.

In September 2014 Giurgiu Office of Cadastre and Real Estate Publicity solicited, for Videle site, a completion report regarding the area of the constructions specified in the cadastral documentation that does not correspond with the area of the constructions specified in the excerpt; the report was drafted based on the data supplied by SC CONPET SA and submitted on 30.09.2014 by the supplier to the Office of Cadastre and Real Estate Publicity, with the solicited information, and on 09.10.2014 the work was relocated to a new officer of the Office of Cadastre and Real Estate Publicity, the deadline of endorsement being of 30 days.

- for two sites (Ciresu crude oil loading Ramp and Cartojani Warehouse) were first prepared the documentations for the modification of the classification of the land category according to the new General Urban Plan of the City Halls and were submitted to the Office of Cadastre and Real Estate Publicity on August 2014.

For Ciresu site the work was endorsed and submitted to SC CONPET SA on 20.10.2014, followed by the submittal, at the Office of Cadastre and Real Estate Publicity, of the topographic documentation related to lands dismantling.

For Cartojani site, Giurgiu Office of Cadastre and Real Estate Publicity rejected the work, the reason being the partial overlaps with the land recorded in the landbook by OMV PETROM. CONPET will establish an appointment with OMV PETROM representatives for discussions over the settlement of the situation.

-for the site "**Poiana Lacului crude oil automated Station**" – the dismantling documentation was prepared and submitted in August 2014 at Arges Office of Cadastre and Real Estate Publicity. In September 2014 Arges Office of Cadastre and Real Estate Publicity has also solicited a completion report related to the identification of the constructions, which was submitted on 18.09.2014. The work was endorsed by Arges Office of Cadastre and Real Estate Publicity and shall be delivered by mail to SC CONPET SA.



- for the site "Orlesti crude oil automated Station" – the dismantling documentation was submitted at 25.09.2014 at Office of Cadastre and Real Estate Publicity. In October was issued a completion report containing the constructions siting, this one being under settlement by the supplier. The work endorsement deadline is of 30 days as of the submittal date of the work solicited by the completion report.

In view of completing the lands dismantling works will be concluded notarial dismantling deeds, final stage that the entity assumes can be concluded up to 30.04.2015.

As regards the increase of the share capital by the value of 47 lands for which were obtained Land Ownership Certificates:

was concluded the services supply contract no. S-CA CD 410/27/11/2013, with certified appraiser Darian DRS SA Cluj Napoca, for lands appraisal in view of increasing the share capital. The report was completed and submitted to the company on 10.12.2013, following appraisal, the value of lands covering 554,537.62 sqm being in amount of 12,631,812.16 Lei.

SC CONPET SA made all the diligence for being offered support by the authorities (NAMR – letter no.40370/17 and Ministry of Economy – The Office of State Ownership and Privatization – letter 40.499/17.10.2013, as well as the Department for Energy) in view of clarifying the legal status of the lands for which the company holds land ownership certificates and regarding the necessary documents for issuing the mandate to increase share capital, so that the measure disposed by Decision 28/2013 be fulfilled, although these clarifications were not required, as the legal status of the lands in question is crystal clear.

By letter 40499/17.10.2013 SC CONPET SA requested the Department for Energy within the Ministry of Economy a point of view regarding the increase of the share capital by the value of the lands for which the company obtained land ownership certificates. The Ministry of Economy responded the company, by letter 952/04.11.2013, pursuant to which the values of the mentioned lands, taken over in the annexes to the land ownership certificates will be updated until the GMS call date, on calculating being considered the inflation index pursuant to the application of IPC/100 from the Appraisal report date, respectively the appraisal date for the land ownership certificates prior to the enforcement of GD 107/30.01.2008.

NAMR, by letter 13.186/04.11.2013 informed the company that the regulation of the lands legal status is under settlement, by the elaboration of a draft normative act that is to be approved as per the legislative program assumed by the Government.

Following the verification of the fulfilment manner of the disposed measures, it was concluded that the measure was partially fulfilled, as, the company despite having taken measures for the fulfilment thereof has not yet finalized it and has not increased the company's share capital by the value of those 47 lands for which were obtained land ownership certificates and for which SC CONPET SA, as per the legal provisions in force, respectively GD 834/1991 updated, art. 6 and GD 577/2002, art.142, pursuant to which, following the acquirement of land ownership certificates, the company had the obligation to submit for GMS approval the increase of the share capital by the value of the held lands.



6.a. Ascertained irregularity: following audit was concluded that there was no correlation between the data registered by the entity regarding the inventory of the goods belonging to the State public domain in the accounts off-balance-sheet and the ones found in the annex to the oil agreement approved by GD no.793/2002 regarding the approval of the oil concession agreement related to the operation of the National Crude Oil Transport System, as the last government decision initiated by NAMR Bucharest was GD no.1522/12.12.2007, the public assets having suffered modifications up to date.

During 2007 – 31.12.2011 SC CONPET SA performed, on annual basis, the inventory of these goods, being identified inventory differences (plus) in 2007 in value of 477,461.66 Lei, and in 2008 and 2011 the entity proceeded to the appraisal at the fair value of the goods belonging to the State public domain.

6.b. The disposed measure: carry on with the approaches towards the National Agency for Mineral Resources, as well as towards the coordinating ministry, for the update, pursuant to the legal provisions of the inventory of the goods belonging to the public domain, as well as the transition of some goods from the State public domain to the private domain in view of discard/capitalization thereof.

6.c. Aspects resulting from the verification of the fulfilment manner of the measures disposed by decision:

The company solicited to the National Agency for Mineral Resources (letter no. 24550/28.06.2013, letter no. 36330/20.09.2013) and the ministry of Economy (letter s no. 24552/28.06.2013) – annexes no.5,6,7, to speed up the endorsement of the draft Government Decision regarding the update of the inventory of the goods belonging to the state public domain granted for concession by CONPET and the approval of the transition of some goods belonging to the public domain to the private domain, in view of the discard thereof.

By way of letter no. 13183/04.11.2013 NAMR informed CONPET S.A. about the status of the endorsement, by the in-line ministries, of the draft decision regarding the amendment of the inventory value of certain goods belonging to the State public domain, the transition, from State public domain and NAMR administration to State private domain, of certain goods concessioned to S.C. CONPET S.A. Ploiesti, the approval of Addendum no. 3 to the Oil Concession Agreement regarding the operation of the NTS, informing that the draft normative act was endorsed by the Ministry of Economy and resubmitted to NAMR, innitially sent to the Ministry of Public Finances, but returned as unendorsed, for update, ulteriorly resent to the Ministry of Public Finances and returned with favourable opinion dated 21.10.2013, in view of executing the Substantiation Note with the Ministry of Economy.

Conclusions: despite the entity made diligence to update, in compliance with the legal provisions, the inventory of the goods belonging to State public domain awarded for concession and approve the transition of certain goods from public to private domain, for discard thereof, we



cannot consider this measure as being implemented, the causes for lack of update not being borne by the company. Nevertheless, until the correlation of the data recorded by the entity in the inventory of the goods belonging to State public domain in the accounts off -Balance Sheet and of those data comprised in the annex to the Oil Agreement approved pursuant to GD no. 793/2002 regarding the approval of the oil agreement for concession of the NPTS operation activity, the company must continue their liability to make amends to the competent authorities for update thereof.

8.2.a Ascertained Irregularity: Upon termination of the work supply contract with SC CONFIND SRL Campina, the contracting authority S.C. CONPET S.A. did not calculate, request, invoice and collect the penalties stipulated in the contract, in amount of 105,602 Lei.

8.2.b Disposed Measures: The enforcement of the measures for the determination of the extent of the damage and recovery thereof by extending the scope of the verifications as to cover all work contracts in terms of observance of the contractual liabilities, where have been identified irregularities giving rise to prejudice, the prejudice laid down in the Audit Report being estimated at 150,602 Lei representing penalties that have not been solicited to the service supplier S.C. CONFIND S.R.L. Campina, following the failure to enforce the contractual provisions regarding the calculation of the penalties for the non-performance of the contract.

8.2.c Aspects derived from the verification of the means the disposed measures have been carried out: The Procurement, Logistics Service within CONPET S.A. extended verifications over all work contracts, in terms of observance of the contractual obligations, where the public auditors identified irregularities giving rise to prejudice and calculated delay penalties that lie on the service supplier S.C. CONFIND S.R.L. Campina, in amount of 166,227.10 Lei.

By letter no. 34552/09.09.2013, CONPET informed Confind SRL on the amount of the penalties, requesting the payment thereof in no more than 5 days.

On 11.09.2013, by letter no. 4211, Confind SRL acknowledges our company in relation to the fact that the calculated penalties are not binding to them, invoking the non-existence of their fault in the non-performance of the works, the delay being due to the lack of dismantling permit.

Following this refusal, on 28.10.2013, CONPET filed a petition form at Ploiesti Court, against Confind SRL Campina, to order them to pay the amount of 166,227.10 Lei as liquidated damages. In this respect, upon the payment order no. 6803/18.10.2013, CONPET S.A. paid the stamp duty in amount of 4,429.54 necessary to file Confind SRL to Court. Based on the filed petition, the Court opened file no. 25148/281/2013, the first hearing set by the Court being 24.09.2014, the date and time stemming from the Filing Certificate issued on 30.10.2013.

The value of the prejudice estimated by the auditors during the audit amounted 105,602 Lei; by extending the scope of the verifications as to cover all work contracts in terms of observance of the contractual liabilities were set and claimed by the entity, from S.C. Confind S.A., 166,227.10 Lei, as liquidated damages.

Submitted to analysis and information in the BoA Meeting dated.....

The reason for the failure to fulfill the measure in whole, namely to collect the total amount of the prejudice, will not be held liable to the company, the litigation pending before the courts.

In relation to the findings regarding the status of how the measures provided for in Decision 28/2013 have been carried out, no other recommendations have been formulated in the follow-up report.

S.C. CONPET S.A. will carry on making all due diligence as to implement in whole the three partially achieved measures.

As regards the measures exposed at item 6, we're pointing out that, as per the press release made public by the Government of Romania after the meeting dated 29.10.2014, it results that there has been made a DECISION in relation to the amendment of the inventory value of certain goods belonging to the State public domain, the transition, from State public domain and administration of the National Agency for Mineral Resources to the State private domain, of certain goods concessioned to S.C. CONPET S.A. Ploiesti, in relation to the approval of Addendum no. 3 to the Oil Concession Agreement regarding the operation of the National Crude oil, Rich Gas, Condensate and ethane transport system, here included the major pipelines, plants, equipment and ancillary facilities thereof, concluded between NAMR and S.C. CONPET S.A Ploiesti, as well as the update of Annex no. 22 to the GD no. 1705/2006 regarding the approval of the centralized inventory of goods belonging to the State public domain and is to follow the publishing thereof in the Official Gazette.

Economic Director
Econ. Sanda Toader

S.s. Illegible

Financial Director
Econ. Veronica Curteanu

S.s. Illegible

