CONPET S.A.
str. Anul 1848 nr. 1-3, Ploieşti, 100559, Prahova, România
Tel: +40-244-401360; fax: + 40 – 244 – 516451
e-mail: conpet@conpet.ro; web: www.conpet.ro
CUI: 1350020; Cod CAEN 4950; Înregistrată la Registrul Comerţului Prahova sub numărul J29/6/22.01.1991
Capital social subscris şi vărsat 28 569 842,40 lei

FINANCIAL STATEMENTS
on the date and for financial year ended December 31, 2015

Prepared as per the
International Financing Reporting Standards
adopted by the European Union and approved by the
Order of the Ministry of Public Finances no.1286/2012, subsequent amendments

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Financial statements

STATEMENT OF THE FINANCIAL POSITION AT DECEMBER 31, 2015

in Lei	Note	December 31, 2015	December 31, 2014
ASSETS			
ASSETS **Non-current assets**			
Tangible assets	5	398,698,454	415,493,510
Intangible assets	6	2,851,500	3,162,304
Financial investments	7	305,860	527,515
Total non-current assets		**401,855,814**	**419,183,330**
Current assets			
Stocks	8	8,189,161	7,709,304
Trade receivables and other receivables	9	42,204,216	34,812,109
Short-term investments	11	256,149,012	7,669,483
Cash and cash equivalents	10	124,120,816	335,367,828
Assets held for sale	12	3,031,187	
Prepaid expenditure		231,234	213,560
TOTAL Current assets		**433,925,626**	**385,772,284**
TOTAL ASSETS		**835,781,440**	**804,955,613**
Shareholders equity and liabilties			
Shareholders equity			
Share capital, out of which:		28,569,842	28,569,842
Subscribed share capital:	*13*	*28,569,842*	*28,569,842*
Revaluation reserves	13	93,603,955	107,646,176
Legal reserves	13	5,713,968	5,713,968
Other reserves	13	501,118,931	472,512,205
Retained earnings	13	72,316,398	57,548,709
Year’s result	13	63,198,986	51,434,194
Total shareholders equity		**764,522,080**	**723,425,094**
Long-term liabilities			
Deferred profit tax liabilities	16	95,919	1,891,974
Provision for employees benefits >1 year	17	3,719,592	3,772,056
Long term trade liabilities		713,683	-
Total long-term liabilities		**4,529,194**	**5,664,030**
Trade liabilities	16	20,043,292	30,032,321

Other liabilities	16	26,047,983	24,001,008
Short-term provisions	17	19,339,603	20,853,022
Total current liabilities		65,430,878	74,886,351
TOTAL LIABILITIES		**69,960,072**	**80,550,382**
Deferred Income			
Investment Subsidies	14	1,281,054	958,088
Deferred Income	14	18,234	22,050
Total deferred income		**1,299,288**	**980,138**
Total shareholders equity and liabilities		**835,781,440**	**804,955,613**

The financial statements from page 3 to page 57 were approved and signed on March 24, 2016 by:

GENERAL DIRECTOR,
Eng. Liviu Ilasi

S.s. Illegible

Stamp

ECONOMIC DIRECTOR,
Ec. Sanda Toader

S.s. Illegible

The attached notes, from 1 to 29, are constituent parts of these financial statements.

THE STATEMENT OF THE PROFIT OR LOSS AND OTHER ELEMENTS OF THE GLOBAL RESULT FOR THE FINANCIAL YEAR ENDED AT DECEMBER 31, 2015

	Note	December 31,2015	December 31, 2014
Income	20		
Sales revenues		381,353,176	375,032,873
Other income		32,422,266	28,052,890
Total operating income		**413,775,442**	**403,085,763**
Expenditure	21		
Expenses related to stocks		(17,319,138)	(18,389,317)
Personnel expenses		(105,564,433)	(98,021,971)
Write downs of tangible and intangible assets		(51,026,628)	(46,430,433)
Current assets impairments		547,590	(356,688)
Third-party services related expenses		(107,580,664)	(118,606,437)
Other expenses		(64,870,033)	(64,535,608)
Provisions impairments		1,565,883	(1,911,798)
Total operating expenses		**(344,247,423)**	**(348,252,252)**
Operating profit		**69,528,019**	**54,833,511**
Financial revenues		5,793,178	9,947,716
Financial expenses		(36,222)	(313,749)
Financial profit	23	**5,756,956**	**9,633,967**
Pre-tax profit		**75,284,975**	**64,467,478**
Current Corporate Tax		(13,882,044)	(13,033,284)
Revenues from deferred corporate tax		1,796,055	-
Profit for the year	18	**63,198,986**	**51,434,194**
Other elements of the global result		-	-
Total other elements of the global result		-	-
TOTAL GLOBAL RESULT RELATED THE THE YEAR		**63,198,986**	**51,434,194**
Basic eranings per share		**7,30**	**5,93**

The financial statements from page 3 to page 59 were approved and signed on March 24, 2016 by:

General Director,	Economic Director,
Eng.ILASI Liviu	Econ.TOADER Sanda
S.s. Illegible	S.s. Illegible

Stamp

The attached notes, from 1 to 29, are constituent parts of these financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY, ON DECEMBER 31, 2015

	Share capital	Legal Reserves	Other Reserves	Revaluation Reserves	Retained Earnings	Profit or loss for the year	Total Shareholders Equity
Balance at January 1, 2015	**28,569,842**	**5,713,968**	**472,512,205**	**107,646,176**	**57,548,709**	**51,434,194**	**723,425,094**
Net profit of the year						63,198,986	63,198,986
Increase of modernization quota fund			59,969,620				59,969,620
Diminution of the quota fund			(31,362,895)				(31,362,895)
Retained earnings from the correction of the accounting errors					725,469		725,469
Reversal of surplus out of revaluation				(14,042,220)	14,042,220		-
Allocation of profit related to the previous year as dividend					(51,434,194)		(51,434,194)
The transfer of the profit related to the previous year to retained earnings					51,434,194	(51,434,194)	-
Balance sheet at December 31, 2015	**28,569,842**	**5,713,968**	**501,118,930**	**93,603,956**	**72,316,398**	**63,198,986**	**764,522,080**

STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY, ON DECEMBER 31, 2014

	Share Capital	Adjustments of the Share Capital	Other Elements of Shareholders Equity	Legal Reserves	Other Reserves	Revaluation Reserves	Retained Earnings	Retained earnings resulting from the first-time adoption of IAS 29	Profit or Loss for the Year	Total Shareholders Equity
Balance at January 1, 2014	**28,569,842**	**117,224,543**	**-**	**5,713,968**	**441,436,160**	**112,473,352**	**34,119,404**	**(120,080,985)**	**31,297,556**	**650,753,840**
Net profit of the year							31,297,556			31,297,556
Increase of modernization quota fund					64,455,055					64,455,055
Diminution of the quota fund					(32,260,118)					(32,260,118)
Increases out of revaluations						10,199,414				10,199,414
Reversal of surplus out of revaluation						(15,026,590)	15,026,590			-
Retained earnings from the correction of the accounting errors							10,294,689			10,294,689
The distribution of the profit related to the previous year for the coverage of the accounting losses							(21,666)			(21,666)
The result of the previous year out of restatement		(117,224,543)			(2,856,442)			120,080,985		-
Year's Result									51,434,194	51,434,194
Distribution of the profit related to the previous year as dividends							(29,538,340)			(29,538,340)
Distribution of the profit related to the previous year in reserves					1,737,550		(1,737,550)		(31,297,556)	(31,297,556)
Current profit tax and deferred profit tax recognised as shareholders equity			(1,891,974)				(1,891,974)			(1,891,974)
Balance sheet at December 31,2014	**28,569,842**	**-**	**(1,891,974)**	**5,713,968**	**472,512,205**	**107,646,176**	**57,548,709**	**-**	**51,434,194**	**723,425,094**

The financial statements from page 3 to page 57 were approved and signed on March 25, 2016 by:

Director General,
Eng.ILASI Liviu
S.s. Illegible, Stamp

Economic Director,
Econ.TOADER Sanda
S.s. Illegible

The attached notes, from 1 to 28, are constituent part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR CONCLUDED AT 31, DECEMBER 2015

(Direct Method)

	Element's Name	December 31,2015	December 31,2014
	Cash flows from operating expenses:		
+	Proceeds from services supply	408,062,352	415,918,467
+	Proceeds from interests related to banking investments	3,940,911	9,454,926
+	Otther proceeds	7,057,253	7,530,750
-	Payments to the suppliers of goods and services	141,208,897	138,802,797
-	Payments to and on behalf of the employees	105,763,074	99,139,348
-	VAT Payments	61,559,672	58,716,346
-	Payments corporate tax	13,279,739	12,317,009
-	Other payments regarding operating activities	38,449,897	36,083,102
A	**Net cash from operating activities**	***58,799,237***	***87,845,541***
	Net cash flows from investment activities:		
+	Proceeds from sale of tangible assets	578,403	61,964
+	Proceeds from modernization quota	59,969,621	58,036,141
+	Proceeds from short-term investments	14,240,800	-
-	Payments for purchase of tangible assets	35,418,035	30,284,627
-	Payments for purchase of short-term investments	259,979,356	588,529
B	***Net cash from investment activities***	***-220,608,566***	***27,224,949***
	Cash flows from financing activities		
+	Proceeds from financing activities	-	-
-	Paid dividends	49,437,684	29,197,201
C	***Net cash from financing activities***	***-49,437,684)***	***-29,197,201***
	Net increase of the cash and cash equivalents=A+B+C=D2-D1	***-211,247,013)***	***85,873,289***
D1	***Cash and cash equivalents at the beginning of the financial year***	***335,367,828***	***249,494,539***
D2	***Cash and cash equivalents at the end of the fiscal year***	***124,120,815****	***335,367,828***

***Note:** *The decrease in cash and cash equivalents at the end of the analyzed period, compared to the begining of the period is due to the purchase of securities as treasury bills and government bonds, in amount of 253,338,556 Lei (presented cumulated with the interest receivable, in Note 11).*

The net cash from operating activities registers a diminution, in 2015, of 33% YoY, generated, on the one hand, by lower proceeds out of sales (invoices collected in December,2014, with maturity date in 2015) and interests, and, on the one hand, by the increase of the payments to the (tighten the payment term of the services supplied by the National Rail Freight Company “CFR MARFA” SA) and employees.

The investments activity regiters a cash deficit in amount of 220,609 thousand Lei in 2015, mainly due to the purchase of treasury bills and government bonds in amount of 259,979 thousand Lei, of which 253,339 thousand Lei in balance sheet 31.12.2015, with maturity date in 2016.

The net cash out of **financing activities** comprises the dividends payments, the value thereof bincrerasing in 2015, by 20,240 thousand Lei YoY.

The financial statements from page 3 to page 59 were approved and signed on March 24, 2016 by:

General Director,
Eng.ILASI Liviu
S.s. Illegible

Economic Director,
Econ.TOADER Sanda
S.s. Illegible

Stamp

The attached notes, from 1 to 29, are constituent part of these financial statements.

1. Business Description and General Information

CONPET operates as a joint-stock company, as per Law no.31/1990 regaring the companies, republished, subsequent amendments, being a publicly held company, as per the the terminology provided in Law no. 297/ 2004 regarding the capital market, being registered at the National Commission for Transferable (currently the Financial Supervisory Authority) – the Securities Registration Office (registration certificate no. 7227/1997).
The address of the registered offices is No.1-3. Anul 1848 Street, Ploiesti, Prahova County.

As of September, 2013 the shares issued by CONPET have been traded on the regulated market administered by Bucharest Stock Exchange (Rom, BVB), under the symbol "COTE", Securities section, 1st Tier, Starting January 5, 2015 BVB has applied a new market segmentation and CONPET shares have been included in the Premium Category.

CONPET S.A. is the concessionaire of the crude oil, rich gas, condensate and ethane National Transport System, capacity acquired, in 2002, following the conclusion with the National Agency of Mineral Resources, the competent authority representing the State's interests in the oil resources sector, of an Oil Concession Agreement , approved by GD no.793/25.07.2002.

The Crude Oil National Transport System belongs to the public domain of the Romanian State, is being administered by ANMR (as per the provisions of the Oil Law), has approximately 3,800 km of pipelines, with a transport output of 27.5 million tons/year and is divided into the following subsystems:

1. Sub-system for the domestic crude oil transport, 1,540 km in length, with a transport throughput of 6,9 million tons/'year and 126 thousand cm^3 storage capacity;
2. Sub-system for the imported crude oil transport, (1,350 km in length, with a transport throughput of 20,2 million tons/year and 40 thousand cm^3 storage capacity) links Oil Terminal Constanta with the two refineries in Romania, Petrobrazi and Lukoil;
3. Sub-system for the rich gas and liquied ethane transport (920 km in length and a throughput of 0,23 mil, tons/year rich gas and 0,1 mil,tons/year for ethane, which links the exploitation fields with the 2 refoneries of OMV-PETROM, only one of them being operational (Petrobrazi);
4. Sub-system for railway transport, with 40 railway tanks for crude oil, 20 for rich gas, 13 locomotives, 12 km of railway, loading-unloading ramps, related infrastructure, providing tansport services to all the refineries of OMV-PETROM and LUKOIL,

The concessionaire of the Crude Oil National Transport System has the capacity of common carrier and the obligation to provide, as per the legal provisions, free access to the system's available throughput to all applicants, authorized legal persons, under equal conditions, transparently and in a non-discriminatory manner.

The financial statements are drafted in compliance with the International Financial Reporting Standards adopted by the European Union and approved by the Order no. 1286/2012 of the Ministry of Public Finances, subsequent amendments.

Company's Set-Up

CONPET is set up based on GD 1213/20.11.1990 regarding the set-up of the joint stock commercial companies in the industry, pursuant to Law no.15/1990 regarding the reorganization of the public economic units as autonomous administrations and joint stock companies, by taking over all assets and liabilities of the previous Crude Oil Pipeline Transport Enterprise (Rom.I.T.T.C.).

As it is being presented in Note 12, at December 31, 2015 the company's shareholders are:

- The Romanian State by the Ministry of Energy, Smal and Medium Enterprises and Business Environment. (as per EGO 86/2014), holding 5,083,372 shares representing 58.72% of the share capital,
- Legal persons, with 2,900,261 shares representing 33.50% and
- Natural persons, with 673,895 shares representing 7.78%.

Company's Mission

CONPET mission is the supply of crude oil transport services and operation of the National Pipeline Transport System under safety and efficient conditions.
Misiunea Societatii

Other Information on the Company's Business

As per the Articles of Incorporation, the company's main activity is the transport of crude oil, rich gas, ethane and condensate via pipelines and by railway tannks, from the loading ramps to the beneficiaries, for the oil sites that are not connected to the major transport lines, aiming at supplying the refineries with crude oil and the derivatives thereof out of domestic production, as well as with imported crude oil (Potrivit actului constitutiv, activitatea principala a societatii este transportul de titei, gazolina, etan si condensate prin conducte si cu vagoane cisterna pe calea ferata de la rampele de incarcare la beneficiari, pentru zonele petrolifere care nu sunt racordate la conductele magistrale de transport, in scopul aprovizionarii rafinariilor cu titei si derivate ale acestuia din productia interna si cu titei din import (NACE code 4950-"transports via pipelines").

The Legal Environment

The activity in the oil sector is being regulated by the National Agency for Mineral Resources („ANRM") – competent body of the Government administration, with legal personality, under the Government control.
As per the provisions of the Oil Law no.238 from June 7, 2014 The National Agency for Mineral Resources entitles as Concession Provider of the goods belonging to public domain, concessioned to the operators acting in the oil industry, together with other State authorities negotiates and cloncludes, on State's behalf, oil agreements; awards mining concession licenses and exploitation permits; issues regulating acts, norms, instructuions, orders and rules; observes the compliance of the titulars of the concession agreements with the concession licenses and exploitation permits conditions; manages the Crude Oil and Natural Gas National Pipeline Transport Systems and regulates the exploitation activities thereof by system's concession agreements conlcuded with national/commercial companies/ nominated by the Government; annules the concession/administration acts etc.
Given that, NAMR approves, by Order the tariffs, for the services of transport via the National Transport System of the crude oil, rich gas, condensate and ethane, the resolutions made by ANRM may trigger material effects on the Company's business.

The tariff for the supply of the transport service via the National Transport System for crude oil, rich gas, condensate and ethane

The transport tariffs stand for the exchange value for the transport of one ton of crude, rich gas pr ethane, from the take-over and hand-over sites to the refineries, The guidelines regarding the criteria, methodology and settlement procedure of the regulated tariffs for the transport through the National Transport System are being preparec by ANRM, as competent authority, based on the attributions and competences granted by Law no.238/2004, subsequent amendments and completions.

The transport tariffs substantiated and approved by NAMR, differentiated for the two subsystems belonging to the National Transport System, namely the sub-system for the transport of the crude oil, rich gas, condensate and ethane from the internal production and the sub-system for the transport of the imported crude. As per the technical features and the exploitation regime of each sub-system, the tariffs determination is made by allocation of the value corresponding to the transport service to the crude oil transported quantities for the beneficiares, along the concordant distances, by using the cost-plus gross profit margin methodology. The costs comprised in the transport tariffs are made up of:

- Operating cost, including: the materials expenses, personnel expenses, pipelines maintenance expenses, energy, gas and water expenses, fixed asses depreciation related costs, royalty and other fees applicable to the carrier, the expenses for the pipelines guard services, the amounts due to the lands owners, other expenses;
- the modernization and development quota;
- a resonable profit margin.

Stock Market Indexes

By the Resolution of the Index Committee dated 03.03.2015, the Bucharest Stock Exchange announced the inclusion of CONPET S.A. in the component of indexes **BET-XT, BET-BK.**
The index ***BET-XT*** reflects the prices evolution of the best traded 25 companies on BSE Regulated Market, here included the financial investment companies (SIFs) and **BET-BK** was built in order to be used as benchmark by the funds administrators and also by other institutional investors, the calculation methodology reflecting the legal requirements and the funds investment limits.
Starting March 23, CONPET S.A. shares have been included in the following BSE indexes: **BET-BK, BET-XT** and **BET-XT-TR.** ***BET-XT-TR*** is the *total return* version of the BET-XT index that includes the best traded 25 Romanian companies listed on BSE and reflects both the price evolution of the companies involved, as well as the dividend granted thereby.
Up to the said date, CONPET was only part of the indexes BET Plus and BET-NG. At present, CONPET S.A. is included in 5 BSE indexes of the total of 9.
By the end of 2015, according to the latest data published by BSE, on 11.12.2015, CONPET S.A. share in the following stock-indexes is: BET-NG: 2.52%; BETPlus 1.03%; BET-BK:.7%; BET-XT: 1.05%; BET-XT-TR: 1.05%.
At 31.12.2015 CONPET has a capitalization of approximately 666.7 m Lei.

2. Preparation Grounds

(a) Declaration of Conformity

These individual financial statements of the Company were prepared pursuant to the International Financial Reporting Standards (Rom.”IFRS”) adopted by the European Union and approved by the Order of the Ministry of Public Finance no.1286/2012, subsequent amendments, applicable to the commercial companies whose securities are admitted to trading on a regulated market.

IFRS Standards represent the standards adopted according to the procedure provided by (CE) Rules no,1,606/2002 of the European Parliament and of the Council from July 19,2002 regarding the application of the International Accounting Standards and include standards and intepretations approved by the International Accounting Standards Board („IASB”), International Accounting Standards („IAS”) and interpretations issued by the International Financial Reporting Interpretations Committee („IFRIC”).
The rules for IFRS first-time adoption are being presented in IFRS 1*„First-time adoption of the International Financial Reporting Standards”.* IFRS 1 provides that the companies make use of the same accounting policies in the preparation of the opening financial statement and for all the

periods presented as comparative information in the first complete batch of financial statement drafted as per IFRS.

(b) Presentation of the Financial Statements

The individual financial statements are presented in compliance with IAS 1 requirements *Overview of financial statements.* The company has adopted an overview based on liquidity in case of the financial position statement and an overview of the revenues and expenses as per the nature thereof in case of the global result statement, considering that these methods of presentation provide information thatis credible and more relevant than the ones presented based on other methods permitted by IAS 1.

(c) Functional and Presentation Currency

The Company's Management considers that the functional currency, as it is being defined by IAS 21 *The Effects of exchange rate variation is the Romanian Leu (Lei),* The financial statements are presented in Lei, rounded to the closest Leu, currnecy that the Company's management has chosen as presentation currency.

(d) Evaluation Grounds

The financial statements were generally prepared based on the just value,
The accounting policies defined hereunder were applied consistently for all the periods presented in these financial statements.

(e) Accounting Estimates and Professional Reasoning

The preparation of the financial statements pursuant to the International Financial Reporting Standards („IFRS") implies the use, by the Company, of estimates, professional reasoning and hypotheses affecting the application of the accounting policies, as well as the reported value of the assets, liabilities, income and expenditures. The estimates and hypotheses associated to these estimates are based on the hystorical experience, as well as on other factors considered reasonable given these estimates. The results of these estimates set the grounds for the professional reasonings regarding to the accounting value of the assets and liabilites that cannot be obtained from other information sources. The actual result may be different from the estimates values.
The professional reasonings and the hypotheses they ground on are being periodically revised by the Company. The revisions of the accounting estimates are recognized in the period when the estimates are being revised, if the revisions affect exclusively that period, or in the period the estimates are being revised and the future periods if the revisions affect both the curerent period, as well as the future periods.

(f) Going Concern

The individual financial statement were drafted considering the going concern.

(g) The Use of Estimates and Resonings

The preparation of the financial statements as per Order no.1286/2012 of the Ministry of Public Finances for the approval of the accounting Regulations compliant with the International Financial Reporting Standards, applicable to the commercial companies whose securities are admitted to trading on a regulated market with subsequent amendments, implies the use, by the management, of estimates, reasonings and hypotheses affecting the application of the accounting policies, as well as the reported value of the assets, liabilities, income and expenditures,The estimates and hypotheses associated to these estimates are based on the hystorical experience, as well as on other factors considered reasonable given these estimates, The results of these estimates set the grounds for the reasonings regarding to the accounting value of the assets and liabilites that cannot be obtained from other information sources. The obtained results may be different from the estimates values.
The reasonings and the hypotheses they ground on are being periodically revised by the Company, The revisions of the accounting estimates are recognized in the period when the estimates are being revised, if the revisions affect exclusively that period, or in the period the

estimates are being revised and the future periods if the revisions affect both the curerent period, as well as the future periods.

For the evaluation of the assets and liabilities to their just value, the Company makes use, as much as possible, of information noticeable on the market. The hierarchy of the just value classifies the input data for the evaluation techniques used for the just value on three levels, as follows:

- Level 1: quoted price (unadjusted) on active markets for identical assets or liabilities that the entity may access on the evaluation date;
- Level 2: input data, other than quoted prices included in level 1, which are noticeable for asset or liability, directly or indirectly;
- Level 3: unobservable inputs for asset or debt.

If the input data for the assessment of the fairs value of an asset or debt cand be classified on various level of the fair hierarchy, IFRS 13 „*assessment at fair value*" is being classified entirely on the same level of the fair value hierarchy as the input date with the lowest level of uncertainty, which is significant for the entire value.
The company acknowledges the transfers among the levels of the fair value hierarchy at the end of the reporting period, where the amendment took place.
The company (concessionaire) concluded, in 2002, a concession contract with NAMR (concessioning authority) accroding to which the Company has the right to use assets of public patrimony including the goods part of the crude oil National Transport System.
CONPET operates as a joint-stock company, as per Law no. 31/1990 on the companies, republished, subsequent amendments, being a company **publicly held** as per the terminology provided in Law no. 297/ 2004 regarding the capital market, is registered at the National Securities Commission, whose attributions and prerogatives were taken over, as per EGO 93/2012, by The Financial Supervisory Authority (Rom. ASF) - Securities Registration Office (registration certificate no. 7227/1997) as public company, and, consequently, does not fall under the provisions *IFRIC 12 Concession agreement of the services construing the concession commitment of the services type* **"public-private."**

3. Accounting Policies

In the followings, significant accounting policies are described, applied consistently by the Company in preparing its financial statements.

(a) Foreign Currency Transactions

Transactions in foreign currencies are expressed in LEI by applying the exchange rate at the transaction date. Monetary assets and liabilities denominated in foreign currencies at the end of the period are converted in LEI at the exchange rate on that date.
Gains and losses from exchange rate differences, realized or unrealized, are recorded in the statement of trhe global result for the said financial year.

Currency exchange rates of major foreign currencies were:

Currency	31 December 2015	31 December 2014	Variation
RON/Euro (EUR)	4,5245	4,4821	101
RON/American dollar (USD)	4,1477	3,6868	113
RON/GBP	6,1466	5,7430	107

b) Accounting for the effect of hyperinflation

In accordance with IAS 29 Financial reporting in hyperinflationary economies, the financial statements of an entity whose functional currency is the currency of a hyperinflationary

economy shall be presented in the current unit balance-sheet date, i.e. non-monetary items are restated using a general price index from date of acquisition or contribution.
Therefore, the values reported in terms of purchasing power at 31 December 2003 are treated as the basis for the carrying amounts of these financial statements.
As the characteristics of the economic environment in Romania indicate the cessation of hyperinflation, starting January 1, 2004, the Company no longer applies IAS 29.

(c) **Financial Instruments**

(i)Non-derivative financial assets

The Company initially recognizes financial assets (loans, receivables and deposits) the date on which they were initiated.
All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date when the Company becomes party to the contractual terms of the instrument.
Any interest transferred in the financial assets that is created or retained by the Company is recognized separately, as asset or liability.
Financial assets and liabilities are offset and in the statement of the financial position is presented the net value only when the Company has a legal right to offset the amounts and intends either to settle on a net basis, or to realize the asset and settle the obligation at the same time.The Company has the following non-derivative financial assets: cash and cash equivalents, receivables and financial assets available for sale.

Short-term Investments

The treasury accounting provides for, as per item 66 of Order 1286/04.10.2012, the records related to the investment existence and short-term movement, cash in bank accounts/pay offices, the short-term bank credits and other treasury values.
In the category of short-term investments are comprised Government securities: Government bonds, as well as treasury bills, which have been purchased in view of achieving a short-term profit.
On first registration, the short-term investments are being assessed based on the purchase cost, meaning the buy price or the value established under the contracts.

Receivables

The receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Receivables comprise trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, current accounts, deposits redeemable at maturity up to three months after purchase and other cash equivalents. Cash and cash equivalents in foreign currencies are revalued at the exchange rate at the end of the period.

(ii) Non-Derivative Financial Debt

The Company initially recognizes non-derivative financial liabilities on the trade date when the Company becomes party to the contractual terms of the instrument.
The Company has the following non-derivative financial liabilities: loans, guarantees retained subcontractors, trade payables and other liabilities.

Trade payables

Payables and other liabilities at amortized cost include the invoices issued by the suppliers of goods, works and services supplied.

Borrowings interest bearable

Borrowings are recognized initially at fair value, net of transaction costs.
Net financing costs include interests on borrowings calculated using the effective interest rate method, less capitalized costs capitalized in assets, interest receivable on funds invested,

dividend income, foreign exchange differences favorable and unfavorable risk fees and commissions.
Interest income is recognized in the income statement in the year in which they appear.

(iii) **Share capital - Ordinary Shares**
Social capital consists of common shares is recorded at the value established on the basis of the constitutional documents and addenda, as applicable, as the supporting documents regarding the payments of capital.
Own shares repurchased under the law are presented in the balance sheet as an adjustment to equity.
Gains or losses relating to the issuance, redemption, sale, disposal free of charge or cancellation of equity instruments of the entity (stocks, shares) are recognized directly in equity in the lines "Earnings / or losses related to equity instruments" .
The company recognizes changes in equity only after their approval by the General Meeting of Shareholders.

(d) **Tangible Assets**
(i) **Acknowledgment and Assessment**
Tangible assets in operation are classified into the following categories of assets of the same nature and similar uses:
- Land and land improvements;
- Constructions;
- Technological equipment, apparatus and devices for measuring, control and regulation, and transportation;
- Other tangible assets
- Operating petroleum product;
- Tangible and intangible assets in progress

Tangible assets are initially recognized as an asset at cost by the Company. After initial recognition they are measured at fair value based on a valuation report prepared by an independent certified expert. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the date of the reporting period.
Tangible assets are stated at fair value, less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment comprises the purchase price, including import duties and non-recoverable purchase taxes, transport costs, handling fees, notary fees, costs of obtaining permits and other expenses related unrecoverable tangible fixed assets and any costs directly directly attributable to bringing the asset to the location and operating conditions.
Tangible assets under construction are unfinished investments made by himself or on contract. They are valued at cost of production or acquisition cost, as applicable. Tangible assets under construction are put in the category of assets completed after reception, putting into operation and commissioning, if any.
The cost of self-constructed property and equipment is determined using the same principles as for an acquired asset.

The Company does not recognize in the carrying amount of an item of tangible current repairs and maintenance usual, these costs are recognized as an expense when incurred. Current maintenance costs are primarily the costs of labor and consumables, and may include the cost of small parts. The purpose of these expenditures is often described as for the 'repairs and maintenance' of the item of property and equipment. These costs include the replacement of all parts that are not accounted for as a separate component of the asset.

(ii) **Subsequent costs**

Replacement of components of property and equipment

Parts of some items of property, plant and equipment may require replacement at regular intervals. If part of a tangible asset that was initially recognized as a separate component of the asset is replaced, the carrying amount of the replaced part is derecognized.

(iii) **Regular major inspections**

A condition for the continued operation of an item of property, is performing regular major inspections to detect major defects, whether replaced or parts of those assets. By the time a regular general inspection is performed, the cost is recognized in the carrying value of tangible fixed assets as a replacement if the recognition criteria are satisfied.

Any remaining carrying amount of the cost of previous inspection (as distinct from physical parts) is derecognised. If necessary, the estimated cost of a future similar inspection may be used as an indication of what it meant existing inspection component cost when the item was acquired or constructed.

An item of tangible assets and equipment and any significant part initially recognized is derecognised on disposal or when no future economic benefits are expected from its use or disposal.

At December 31, 2003 the tangible assets to lands, buildings, technological equipment, measuring systems and equipment, vehicles, furniture and other tangible assets owned by the Company were revalued according to GD 1553/2003, which regulate the revaluation of tangible assets to be carried out according to the utility assets, their condition, inflation and market value. The difference is reflected in the revaluation account "Revaluation reserves".

At December 31, 2008 was performed the revaluation of the following tangible assets: lands, buildings, technological equipment, measuring systems and equipment, vehicles, furniture and other tangible assets owned by the Company. The purpose of the evaluation was to bring existing inventory values in the accounting at their fair value. Revaluation difference is reflected in the revaluation reserve.

At December 31, 2011, was performed revaluation of tangible assets was made: land, buildings, technological equipment, measuring equipment and machinery, transport equipment, furnished and other tangible assets owned by the Company. The purpose of the evaluation was to bring existing inventory values in the accounting at their fair value. Revaluation difference is reflected in the revaluation reserve and recognized in profit or loss.

At December 31, 2013, was performed the revaluation of the following fixed assets : land, buildings, technological equipment, measuring systems and equipment, vehicles, furniture and other tangible and intangible tangible and ongoing, owned by the Company. The purpose of the evaluation was to bring existing inventory values in the accountings at their fair value thereof. The revaluation difference is reflected in the revaluation reserve and recognized in profit or loss.

At December 31, 2014 was performed the revaluation of the following tangible assets: land and buildings owned by the Company. The purpose of the evaluation was to bring existing inventory values in the accountings at their fair value. Revaluation results are reflected both in the capital accounts (revaluation reserve) and in the profit and loss account.

At December 31, 2015 the company did not perform the revaluation of the tangible assets. The requency of the revaluations depends on the amendments to the fair values of the revaluated tangible assets. In case of tangible assets whose fair values don’t face major amendments, is not necessary that revaluations be performed.

If an item of tangible asset is revalued, all the other assets in the group to which it belongs must be revalued, except when there is no active market for that asset. A group of tangible assets include assets of the same nature and similar uses, in operation of an entity. If the fair value of tangible assets can not be determined by reference to an active market, presented in the balance sheet value of the asset should be its revalued amount at the date of the last revaluation, net of accumulated value adjustments.
When certain components of property and equipment have different useful life, they are accounted for as separate items (major components) of property and equipment.
The situation on the evolution of tangible assets of the Company for the years 2014, 2015 is detailed in note 5.

Operating petroleum product
Operating petroleum product is measured in the balance sheet at cost determined revaluation made according to GD. 26 of 22 January 1992 updated with inflation up to 31.12.2003, when the economy was inflationary. Given that the Company's operating oil product physical renews every pumping and as components of this product does not suffer thus qualitative or moral depreciation, operating petroleum product has a useful life therefore is not depreciated. Petroleum Operating Company presents product at cost, including the effects of restatements of previous years as applying IAS 29 "Financial Reporting in Hyperinflationary Economies".

(iii) Reclassification as investments property
When an assets is being held more for obtaining revenues out of rentals or for the increase of the capital, or both, rather than for being used in the production or supply of goods and services on administrative puproses or be sold during the normal carry out of the activity, the asset is being tranferred in investments property.

(iv) Intangible Assets held in view Sale
When there is an amendments of the use of an intangible assets, meaning that its accounting value is to be recovered mainly by a sale transaction and not by its continuous use, the company resigteres the asset transfer in within the category tangible assets in intangible assets held in view of sale.
The intangible assets are classified as assets held for sale when:

- Are available for immediate sale;
- The company's management is engaged in a sales plan ;
- There are minimum chances that the sales plan incur significant changes or be withdrawn;
- Is being initiated an active program to find buyers de a gasi cumparatori ;
- The assets group is being traded at a reasonable price as compared to the fair value;
- It is expected that the sale be concluded within 12 months as of the date of assets classification as held for sale.

Certain events or circumstances may extend the period for the completion of sale more than one yea. An extension of the period does not prevent an asset (or a disposal group) to be classifed as being held in view of sale in case the extension is caused by events or circumstances outsided the management control and there are enough proofs that the company reamin committed to the asset sale plan (or the disposal group).

The intnagible assets (or disposal groups) classifeid as being held in view of sale are being asssessed by the company at the minimum between the accounting value and the fair value, less the sale costs..

The intangible assets are not being depreciated whilst they are being classified in view of sale.

(v) The Depreciation

Depreciation is calculated using the straight-line method.
The useful life for all major categories of tangible assets are presented in the table below.

Type	Years
Buildings	Between 8 and 60 years
Production cars	Between 3 and 24 years
Transport vehicles	Between 3 and 18 years

The useful life is reviewed on the date of the assets revaluations and, as the case may be, on the date of augmentation of the value following the assets modernization.

(vi) *The sale / Retirement of Tangible Assets*

Tangible assets that are scrapped or sold are removed from the balance sheet together with the corresponding accumulated depreciation. Any profit or loss resulting from such an operation are included in current profit or loss (a).
Any gain or loss arising on derecognition of an item of tangible assets, calculated as the difference between net proceeds of sale and the net book value of the asset is included in other operating income or expense when the item is derecognised.

(e) Public Heritage

The company does not hold in administration the public heritage, however has concluded with the National Agency of Mineral Resources, as concession provider, the Oil concession Agreement approved by GD no.739/2002, for a period of 30 years.

According to the concession agreement, the objectives assumed by CONPET SA within its activity are: ensuring the functioning of the national pipeline system in conditions of maximum safety and economic efficiency, continuous improvement of service quality and environmental protection.
The investments made by the company's assets subject to the concession agreement are capitalized and amortized over the remaining life of the minimum of the asset or the remaining term of the Concession Agreement will reunite to form the value of the patrimonial state public after full amortization thereof.
The value of goods in the public domain under concession 31 December 2015 is 128,736,560 Lei.

(f) Intangible Assets

(i) Recognition and Assesment

Intangible assets are presented in the statement of financial position at cost or fair value, less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is recognized in profit or loss on a straight line basis over the contract period or estimated useful life, as appropriate. Expenditure related to the acquisition of software licenses is capitalized based on the costs of acquisition and commissioning of programs. Costs associated with developing or maintaining computer software programs are recognized as expenses when registering.

(ii) Subsequent Expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the value of the asset to which they are intended. All other expenditure, including expenditure on internally generated goodwill and brands are recognized in profit or loss when incurred.

(iii) Depreciation
Depreciation is recognized in profit or loss using the linear method for the estimated useful life intangible assets other than goodwill, from the date they are available for use.
Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if necessary.

(g) Investment Properties
Investment properties are properties owned or to be leased or for capital appreciation or both, but not for sale in the ordinary course of business, use in production, supply of goods or services or for administrative purposes.
The Company has no outstanding real estate investment to date of these financial statements.

(h) Inventories
(i) **Recognition and Assessment**
The main categories of stocks are: raw materials, consumables, spare parts and materials inventory objects.
Inventories are valued at the lower of cost and net realizable value.
The cost of inventories is based on a first in - first out (FIFO) and includes costs incurred for the purchase of inventories, production or processing costs and other costs incurred in bringing the inventories in the form and present location.
Net realizable value is the estimated selling price to be obtained in the ordinary course of business, less estimated costs of completion, when appropriate, and the estimated costs necessary sales.
Where appropriate it is value adjustments for obsolete inventories, slow moving or degraded.

(ii) ***Depreciation of assets***
Non-financial assets
The carrying value of the Company's assets that are not of a financial nature, other than deferred tax assets, are reviewed at each reporting date to identify the existence of impairment indicators. If such indication exists is estimated the recoverable amount of the respective assets.
The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell the asset or units. A cash-generating unit is the smallest identifiable group that generates cash and that independently of the other assets and other groups of assets is the ability to generate cash flows. To determine the value in use, expected future cash flows are discounted using a pre-tax discount rate that reflects current market conditions and the risks specific to the asset.
An impairment loss is recognized when the carrying amount of the asset or cash-generating unit exceeds its estimated recoverable amount of the asset or cash-generating unit. Impairment losses are recognized in the statement of comprehensive income.
Impairment losses recognized in prior periods are assessed at each reporting date to determine whether decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only if the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.
Given some internal and external factors, the Company recorded net book value assessed at balance sheet date for depreciable tangible assets, to evaluate the possibility of a depreciation of them could attract a record adjustments for depreciation.

Financial Assets
The carrying amount of financial assets are reviewed at each financial year end to determine if there are decreases in value. If such a decrease is likely, it is estimated recoverable amount of the asset in question. If necessary, an impairment loss is recognized in profit or loss when the carrying amount of the asset is superior to its recoverable amount.

The recoverable amount of the Company's financial instruments carried at amortized cost is calculated as the present value of future cash flows discounted at the effective interest rate corresponding to these assets. Short-term receivables are not discounted. The recoverable amount of other assets is considered the highest value between the fair value (less costs to sell) and value in use. Estimating the value in use of an asset involves updating the estimated future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.
Impairment losses on financial assets or a receivable carried at amortized cost is reversed if there has been a change in the estimates used to determine the recoverable amount

(j) Dividends
Dividends are recognized as a liability in the period in which their distribution is approved. Distributions shall be made after the approval of the financial statements.

(k) Revaluation reserves
Revaluations are performed with sufficient regularity such that the carrying amount does not differ substantially from that which would be determined using the fair value at the balance sheet date. In this respect, the Company performed the revaluation of lands and buildings with authorized assessors according to the legal regulations in force on 31 December 2003, 31 December 2008, 31 December 2011, 31 December 2013 and 31 December 2014.

The difference between the value resulting after revaluation and the net accounting value of tangible assets is presented either according to its nature (appreciation/depreciation) or at the revaluation reserve as a distinct sub-element either in “ Shareholders Euquity” or in "Profit and Loss" account.

If the revaluation result is an increase over net accounting value, then, it is treated as follows: as an increase of the revaluation reserve presented within the total equity, if there was no previous decrease recognized as an expense related to that asset or as an income to compensate expense with the decrease previously recognized at that asset.
If the revaluation result is a decrease of the net accounting value, it is treated as an expense with the entire value of the depreciation when in the revaluation reserve is not recorded an amount on the asset (revaluation surplus) or a decrease of the reserve from the revaluation with the minimum between the value of that reserve and the amount of the decrease and the possible difference remaining uncovered is recorded as an expense.

The revaluation surplus included in the revaluation reserve is transferred to the retained result when this surplus represent an achieved gain. The gain is considered to be realized as monthly amortization registration and when deleting from the records of the asset for which was established the revaluation reserve. No part of the revaluation reserve may not be distributed, directly or indirectly, unless it is actually an achieved gain.

A particularity occurs in case of the assets financed out of the modernization quota.
Thus, in case the revalutation result is an increase compared to the net accounting values, then it is being treated as follows:

- As an increase of the revaluation reserve, if there was not a previous increase recognized as an expense related to that asset’
- As an increazse of the reserve formed out of the *modernization quota,* up to the set-off of the decrease previously recognized and for which, simultaneously with the depreciation expense was diminished also the quota reserve by recognition as income.

In case the result of revaluation is a decrease of the net accounting values, the latter will be treated as an expense when in the revaluation reserve is not registered an amount related to that assets (revaluation surplus) and the reserve formed out of the modernization quota is diminished simultaneously diminished by recogintion as income.

Starting May 1, 2009 the statutory reserves from the revaluation of fixed assets, including the lands, performed after 1 January 2004, which are deducted from calculation of taxable income through tax depreciation or from expenditure regarding the assets ceded and / or asset retirement, shall be taxed concomitant with the fiscal depreciation deduction respectively when decreasing from the administration of these fixed assets, as appropriate.
Reservations made are taxable in the future, in case of change of reserve destination, reserve distribution towards the participants in any form, liquidation, division, merger of taxpayer or of any other reason except for transfer, after 1 May 2009, of the reserves mentioned in the previous paragraph.

(l) Legal reserves
Legal reserves are constituted in a rate of 5% of gross statutory profit at the end of the year until the total legal reserves reached 20% of the nominal capital stock (statutory) paid in accordance with the law. These reserves are deductible at income tax calculation and are distributable exclusively on liquidation of the Company.

(m) Other Reserves
The company forms profit reserves and on the account of the share of modernization based on the GD no.168 / 1998 on setting the quota for expenses necessary for the development and modernization of oil and natural gas production, refineries, transport and distribution of petroleum with subsequent amendments presented in no. 768 GD of 7 September 2000 and 1116 of 10 October 2002 and according to the specifications of 4 / 2004 Fiscal Central Committee decision. The modernization quota is approved by the National Agency for Mineral Resources (NAMR). These reserves regarding the modernization share are not distributable.
In the reserves established on account of the share modernization , as a sub element of the total equity accounts are reflected and the differences resulting from the revaluation of the tangible assets financed at the expense of this source.

(n) Related Party
Parties are considered related in case they are subject to control (or common control) by the same entity or when an entity has the ability to directly or indirectly control or significantly influence the other party, either through ownership, contractual rights, family relationship or otherwise, as defined in IAS 24 Related Party Disclosures.

(o) Employees benefits
(i) Benefits in Retirement
In the normal course of business, the Company makes payments to the Romanian State in the account of his employees to statutory rates.
All employees of the company are included in the Romanian State pension plan. These costs are recognized in the statement of comprehensive income with salaries recognition.
Under the collective bargaining agreement, the Company is bound to pay its employees in retirement multiplier gross salary, depending on length of service, working conditions etc.
In this regard, the Company recorded a provision for retirement benefits. This provision was calculated by actuarial methods based on estimating the average wage, the average number of wage payment at retirement, the estimation period when they will be paid and was brought to present value using a discount factor based on interest related to investments with maximum safety (government bonds).
The Company does not operate any other retirement plan or benefits after retirement and therefore has no liabilities related to pensions.

(ii) **Short-term employees benefits**
The short-term emplyees benefits are the ones to be set-off within12 months as of the end of the reporting period, when the employees have supplied the said services. These benefits are mainly represented by salaries and contributions of the employer to the social insurance, rest

and medical leaves, the employees share of profit. The liabilities realted to these benefits are reconginzed as expense, as the services are supplied and are assessed on a nonupdated basis.
The company forms a fund for the employees share of profit, as per the provisions of the Government Ordinance no.64/August 30, 2001.

(p) Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and duty can be estimated reliably.
The amount recognized as a provision is the best estimate at the balance sheet date required to settle the present obligation costs.
The best estimate of the costs required to settle current debt is the amount that the Company would pay it, rationally, to settle the obligation at the balance sheet date or to transfer it to a third party at that time.
If the effect of the time value of money is material, the amount of the provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate used reflects current market assessments of the time value of money and the risks specific to the liability.
Gains from the expected disposal of assets should not be taken into account in measuring a provision.
If estimated that one or all expenses related to a provision to be reimbursed by a third party, the reimbursement should be recognized only when it is certain that it will be received. Reimbursement is considered as a separate asset.
Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. In case for settling an obligation is no longer possible an outflow of resources, then the provision must be canceled by recognition as income.

(q) **Subsidies**
Subsidies for assets, including non-monetary subsidies at fair value are recorded in the accounting as investment subsidies for investment and are recognized in the balance sheet as deferred income. The deferred income is recorded in the income statement as depreciation registration or scrapping or disposal of assets.
Subsidies that compensate the Company for expenses incurred are recognized systematically in the profit or loss account, in the same periods when the epxenses are recognized.

(r) Revenues
<u>Revenues related to Services Supply</u>
The revenues from services supply are recognized in the period in which they were provided in correspondence with the stage of completion.
<u>Income from royalties, rents, interests and dividends</u>
They are recognized as follows:
• interests are recognized periodically in proportion, as income generation, respectively, on an accrual basis;
• royalties and rents are recognized on an accrual basis under the contract;
• dividends are recognized when is established the shareholder’s right to collect them.

(S) Financial Income and Expenses
The financial income comprises interest income on funds invested and other financial income.
The interest income is recognized in profit or loss accrual basis using the effective interest method.
Financial expenses comprise interest expense on borrowings and other financial expenses.
All borrowing costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognized manufacturing in profit or loss using the effective interest method.

Gains and losses from foreign exchange differences on financial assets and liabilities are reported on a net basis or as financial income or financial expense that, depending on currency fluctuations: net gain or net loss.

(t) Income
Corporate tax expenses comprise current tax and deferred tax.
Income tax is recognized in the statement of global result or in other elements of the global result, if the tax is related to shareholders equity elements.

(i) Current Tax
Current tax is the tax payable on the profit realized in the current period, determined using tax rates enacted at the reporting date, and any adjustment for prior periods.
For the year ended Decemver 31, 2015, the corporation tax rate, under the Tax Code, was of 16%.

(ii) Deferred tax
Deferred tax is provided by the Company using the balance sheet for those temporary differences arising between the tax bases of calculation of tax assets and liabilities and their carrying value, used for financial reporting individual.
Deferred tax is calculated using tax rates that are expected to apply to the resumption of temporary differences, under the legislation in force at the reporting date.
Deferred tax- related receivables and liabilities are offset only if there is a legally enforceable right to offset current tax liabilities and receivables and whether they are related to the tax collected by the same tax authority on the same entity subject to taxation or tax authorities different but wish to achieve settlement of claims and current tax liabilities using a net basis or related assets and liabilities will be realized simultaneously.
A deferred tax related receivable is recognized only the realization of future profits is likely to happen, which can be used to cover the tax loss. The deferred tax related receivable is reviewed at the end of each financial year and is reduced the extent that the related tax benefit is unlikely to be achieved. The additional taxes that arise from the distribution of dividends are recognized, at the same time, as dividends payment liability.

(iv) ***Tax Exposures***
For the determination of current and deferred tax, the Company takes into account the impact of uncertain tax positions and the possibility of additional taxes and interest. This assessment is based on estimates and assumptions and may involve a series of judgments about future events. New information may become available, thus causing the Company to change its judgment regarding the estimation accuracy of existing tax liabilities; Such changes in tax obligations affecting tax expense in the period in which such determination is made.

(U) Earnings per share
The company discloses basic and dilluted earnings per share for ordinary shares. Basic earnings per share is determined by dividing the profit or loss attributable to ordinary shareholders to the weighted average number of ordinary shares for the period under review. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares with dilution effects resulting from potential ordinary shares.

(v) Segments Reporting
A segment is a distinct component of the Company that provide products or services (business segment) or provides products and services in a particular geographical environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

(w) Contingent assets and liabilities
Contingent liabilities are not recognized in the financial statements. They are disclosed in the notes to the financial statements, unless the possibility of an outflow of resources representing economic benefits is remote.
A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is likely to happen.

(x) Subsequent events
The financial statements reflect subsequent events after the year-end, events that provide additional information on the Company's position at the reporting date or those that indicate a possible violation of a activity continuity principle (events that cause adjustments). Events following the end of the year that are not adjusting events are disclosed in notes when they are considered significant.

(y) Comparative figures
Statement of financial position for the year ended 31 December, 2015 shows comparability with the statement of the financial position for the financial year ended December 31, 2014.

(z) New standards and interpretations
The following new standards and interpretations have not yet entered into force for the annual financial reporting period ended December 31,2015 and were not applied on preparation of these financial statements: [ISA 8 (a)]:

Norm/Interpretation *[IAS 8.31 (a), 8.31(c)]*	**The Nature of the Imminent Amendment of the accounting policy** *[IAS 8.31 (b)]*	**Wording example regarding the potential impact on the financial** *[IAS 8.31 (e)]*
Amendments to IFRS 11: Accounting of interests in joint ventures. *(in force for the annual periods starting with or following 1st of January, 2016; will be applied prospectively. The application in advance is allowed).*	These amendments require the application of « business combinations» on the purchase of interests in a joint venture forming an enterprise. «The business combinations» are also applied on the purchase of additional interests in a joint venture, while the joint venture leader retains the common control. The additional interest previously assessed at fair value. The interests previously heald in the joint venture shall not be re-assessed.	The impact related to the adoption of the amendments can be only measured during the year when the amendments are applied for the first time, as it depends on the interests purchase in joint ventures taking place during that reporting period. The entity does not intend to adopt amendments earlier; therefore is not possible to estimate the impact related to the adoption of the amendments on the financial statements of the entity. **OR** Is expected that the amendments, when they will be applied for the first time, not to have significant impact on the entity's financial statements, as the enetity has currently a registration accounting policy related to the purchases of interest in joint ventures compatible with that established by the amendments.
Amendments to IAS 1 *(In force for the annual periods starting and following 1st of January, 2016. The application in advance in allowed.)*	Amendments to IAS 1 include the following five improvements focused on the presentation requirements included in the norm. *The IAS 1 provisions on the significance threshold have been amended in order to clarify the followings : the insignificant information can affect the useful information.* *The significance threshold is applied to the financial statement as a whole.* *The significance threshold is applied to each disclosure requirement within an IFRS.* *The provisions regarding the order of notes (including the accounting policies) have been amended so that:* *They remove the language in IAS 1 that was construed as if it prescribed the order of the notes to the financial statements* *Clarify the fact that the entities have flexibility as regards the place in the financial statements where they disclose the accounting policies.*	The entity is expecting that the amendments, when they are applied for the first time, not have a significant impact on the presentation of the entity's financial statements.

Amendments to IAS 16 and IAS 38: Clarifications on the acceptable depereciation and amortization methods *(In force for the annual periods of one year starting or following the date of January 1st, 2016; will be applied prospectively. The application in advance is allowed.*	**The depreciation based on revenues forbidden in case of tangible assets** The amendments explicitely provide that the depreciation methods based on revenues shuold not be used for tangible assets. **A new test limited to intangible assets** The amendments introduce a relative assumption that the use of depreciation methods based on revenues for the intangible assets should be inappropriate. This assumption can be ruled out only when the revenue and consumption of the economic advantages of the intangible assets are 'in strong correlation" or when the intangible asset is expressed as a revenue measure.	It is expected that the new amendments, when they will be applied for the first time, should have a significant impact on the financial statements, as it is expectable that the depreciation methos (or amortization) of certain elements of tangible assets (or intangible assets) change [*Describe the impact]; for example: starting January 1, 2016, the Entity will apply the linear amortization method to its transmission licenses and thus, is possible to recognize less amortization related to these assets– leading to higher profits – in the previous years. However, additional expenses with the depreciation may occur, if there's a significant decrease of future cash flows after the first years of an asset useful life]* **OR** Is expected that the amendments, when they are applied for the first time, not have a significant impact on the entity's financial statements, as the entity does not apply amortization methods based on revenues.
Amendments to IAS 16 *Tangible Assets* and IAS 41 *Agriculture* *(In force for the annual periods starting or following the date of January 1st, 2016. The application in advance is allowed.*	These amendments make all the productive plants to enter into the the scope of IAS 16 *Tangible assets*, instead of IAS 41 *Agriculture*, in order to reflect that theor exploitation resembles production.	Is expected that the amendments, when they are applied for the first time, have a significant impact on the entity's financial statements, as is expectable that the assessment of the productive plants modify from the fair value minus sale cost (IAS 41) in cost minus cumulated amortization, as per IAS 16. However, the entity has not yet prepared an assessment of the impact of the new standard. **OR** The entity estimates that the amendments, when they are applied for the first time, should not have significant impact on the enetity's financial statements, as the entity does not hold productive plants.
(In force for the annual periods of one year starting or following the date of January 1st, 2015; The amendments are applied retrospectively. The application in advance is allowed.)	The amendments are relevant exclusively for the defined[1] benfeit plans incurring contributions from the employees or third parties meeting certain criteria, and they are: Set-out under official terms of plan ; job-related; and Independent of the number of service year. When these criteria are met, a company is allowed (is not required) to recognize them as a reduction of the service cost along the period when that service is supplied.	It is expectable that the amendments, when applied for the first time, bear a significant impact on the financial statements, as the entity will recognize the contributions of the employees and third parties to the defined benefit plans, as a reduction of the service cost during the period when the respective service was supplied, instead of including the, in the net accounting of the current service and the obligation of the defined benefit. **OR** The entity estimates that the Amendments sholud not have a significant impact on the entity's financial statements, as it doesn't hold defined benfit plans incurring contributions from employees or third parties.

[1] Planuri de beneficii definite post angajare sau alte planuri de beneficii pe termen lung pentru angajati

Amendments to IAS 27 : The equity method in the individual financial statements * *(In force for the annual periods of starting or following the date of January 1st, 2016; they are applied retrospectively. The application in advance is allowed)*	The amendments to IAS 27 allow an entity to make use of the equity methos in the individual financial statements, for accounting the investments in subsidiaries, associated entities and joint ventures.	The amendments, when applied for the first time, have a significant impact on the financial statements, as the evaluation of the entity's investments in subsidies, associated entities and joint ventures will be amended from [*cost or IAS 39 assessment*] in the accounting of the equity method. If this implementation was applied on the date of the current reporting, the impact on the investments in subsidiaries would be [*quantify the amendment of the book values*]. **OR** The entity estimates that the Amendments sholud not have a significant impact on the entity's financial statements, as the entity indends to continue the investments in subsidies, associated entities or joint ventures [*at cost/pursuant to IAS 39*].

4. Determination of the Fair Value

Certain Company's accounting policies and requests of information supply the determination of fair value for financial and non-financial assets and liabilities. Fair values were determined in order to evaluate and / or presenting information on the basis of the methods described below.

When applicable, further information about the assumptions used in determining fair values are presented in the notes specific to that asset or liability.

The fair value of the lands, buildings and equipment is based on the market method and on the cost using quoted market prices for similar items when they are available, or replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration and also functional and economical obsolescence. The fair value of lands, buildings and equipment was determined by revaluation.

5. Tangible Assets

Between 01.01.2015-31.12.2015, compared to 01.01.2014-31.12.2014 the tangible assets have evolved as follows:

Inventory Value	Lands and Land Improvments	Special Buildings and Installations	Operating Oil Products	Equipment and Machinery	Instrumentation and Control Equipment	Vehicles	Other Intangible Assets	Tangible Assets in Progress	Advance Payments granted for Tangible Assets	Total Tangible Assets
Sold at 1.01.2014	**24,622,797**	**184,212,934**	**42,865,714**	**55,809,536**	**50,865,636**	**20,536,953**	**3,352,169**	**33,641,591**	**-**	**415,907,330**
Inputs	-	40,899,355		2,624,742	495,170	1,475,812	198,440	28,118,919	15,293	73,827,732
Revaluation appreciations	-	18,324,050	-	-	-	-	-	-	-	18,324,050
Revaluation depreciations	(2,148,359)	(1,077,840)	-	-	-	-	-	-	-	(3,226,199)
Tranfers from tangible assets in progress	-	-	-	-	-	-	-	(42,813,847)	-	(42,813,847)
Outputs		(92,039)		(34,196)	(6,910)		(680)		(15,244)	(149,068)
Accumulated depreciation removed from the gross value		(15,292,645)								(15,292,645)
Sold at 31.12.2014	**22,474,438**	**226,973,816**	**42,865,714**	**58,400,083**	**51,353,896**	**22,012,765**	**3,549,930**	**18,946,663**	**49**	**446,577,353**
Sold at 1.01.2015	**22,474,438**	**226,973,816**	**42,865,714**	**58,400,083**	**51,353,896**	**22,012,765**	**3,549,930**	**18,946,663**	**49**	**446,577,353**
Inputs	-	11,381,305	-	14,043,652	10,035,109	2,722,259	1,411,995	36,038,524	28,042	75,660,886
Transfers from intangible assets in progress	-	-	-	-	-	-	-	(38,489,443)	-	(38,489,443)
Outputs	(2,409,935)	(852,963)	-	(4,552,289)	(86,887)	(171,232)	(3,640)	-	(28,091)	(8,105,037)

Sold at 31.12.2015	**20,064,503**	**237,502,158**	**42,865,714**	**67,891,445**	**61,302,118**	**24,563,792**	**4,958,285**	**16,495,744**	**-**	**475,643,759**

Accumulated amortization	Lands and Land Improvments	Special Buildings and Installations	Operating Oil Products	Equipment and Machinery	Instrumentation and Control Equipment	Vehicles	Other Intangible Assets	Tangible Assets in Progress	Advance Payments granted for Tangible Assets	Total Tangible Assets
Sold at 1.01.2014	**551,518**	**-**	**-**	**-**	**-**	**-**		**1,640,012**	**-**	**2,191,530**
Depreciation expense		15,298,196	-	11,724,414	11,023,063	5,623,604	690,137		-	44,359,414
Impairments for assets depreciation	(80,897)	48,805	-	-	-	-	-	(120,276)	-	(152,369)
Depreciation accumulated to outputs	-	(5,551)	-	(10,231)	(6,163)	-	(142)	-	-	(22,086)
Accumulated depreciation removed from the gross value	-	(15,292,645)	-	-	-	-	-	-	-	(15,292,645)
Sold at 31.12.2014	**470,621**	**48,805**	**-**	**11,714,183**	**11,016,900**	**5,623,604**	**689,995**	**1,519,735**	**-**	**31,083,843**
Sold at 1.01.2015	**470,621**	**48,805**	**-**	**11,714,183**	**11,016,900**	**5,623,604**	**689,995**	**1,519,735**	**-**	**31,083,843**
Depreciation expense	-	19,616,272	-	10,226,097	10,533,454	5,482,654	792,945	-	-	46,651,422
Impariments for assets depreciation	-	1,509,548	-	348,720	673,193	8,073	-	216,945	-	2,756,479
Depreciation accumulated to outputs	-	(46,153)	-	(3,268,878)	(57,679)	(171,232)	(2,496)	-	-	(3,546,438)

Sold at 31.12.2015	470,621	21,128,471	-	19,020,122	22,165,868	10,943,099	1,480,444	1,736,680	-	76,945,306
Net book value on 1.01.2014	***24,071,279***	***184,212,934***	***42,865,714***	***55,809,536***	***50,865,636***	***20,536,953***	***3,352,169***	***32,001,579***	***-***	***413,715,800***
Net book value on 31.12.2014	***22,003,817***	***226,925,011***	***42,865,714***	***46,685,900***	***40,336,996***	***16,389,161***	***2,859,934***	***17,426,928***	***49***	***415,493,510***
Net book value on 31.12.2015	***19,593,882***	***216,373,687***	***42,865,714***	***48,871,323***	***39,136,250***	***13,620,693***	***3,477,841***	***14,759,064***	***-***	***398,698,454***
The difference during the year	***(2,409,935)***	***(10,551,324)***	***-***	***2,185,423***	***(1,200,746)***	***2,768,468)***	***617,907***	***(2,667,864)***	***(49)***	***(16,795,056)***

At 31.12.2015, the net value of the tangible assets decreased as compared to the end of 2014, by the amount of 16,795,056 Lei, as follows:
+ 39,594,320 Lei, representing commissionings out of tangible assets in progress and inputs of inventory surpluses.
- 4,530,507 Lei, representing outputs from tangible assets to the residual value, of which:
1,499,320 Lei represents the residual value of the tangible assets dismantled/scrapped
3,031,187 Lei represent the residual value of the assets transferred to the current assets in „Intangible assets held in view of sale", of which: 2,409,935 Lei residual value lands and 621,252 Lei residual value constructions and other tangible assets (constructii si alte imobilizari corporale (building located Ploiesti, Independentei Blvd, no. 7)
- 2,539,534 Lei representing adjustments for depreciation for lands, constructions and other tangible assets.
- 46,651,422 Lei representing the depreciation of the tangible assets in 2015.
- 2,667,864 Lei representing the difference between the value of the tangible assets in progress achieved in 2015 and the ones put into operations along the year, including the related depreciation adjustments, in amount of 216,945 Lei.
- 49 Lei representing decrease, following the settlment of advance payments granted for tangible assets.

The lands held by the Company are located in Ploiesti at the company's administrative headquarters and in the 24 counties transited by the transport pipelines or sheltering the crude oil loading ramps in the tank-cars.
At 31.12.2015, CONPET has recorded in the company patrimony lands in surface of **733,648.93 sqm with a fair value amounting to 22,474,438 Lei,** namely:

- 554,537.62 square meters represent lands held under 47 Certificates of ownership obtained during 2001-2005, appraised in accordance with GD 834/1991 *on the establishment and appraisal of some lands owned by the state-owned companies,* at the value of 26,255,918 Lei. These lands have been recognized in the company's Patrimony based on other equity reserves.

  Subsequently, based on revaluations of the years 2005, 2008, 2011, 2013 and 2014, the revaluation differences were recorded, according to the accounting regulations relating to revaluation, either on the account of capital accounts (reserves) or on the global result account. On December 31, 2015, the amount of the reserves maintained in capitals accounts is of 21,665,264 Lei (out of which 19,060,265 Lei other reserves and 2,604,999 revaluation reserves), and the fair value of lands registered upon the last revaluation is amounting to **11,858,571** Lei, resulting a surplus remained in the capital accounts (reserves) in the amount of 9,806,693 Lei;

- 155,411.45 sqm represent lands related to a total number of 14 Ownership Certificates obtained until 2001, which are registered in the share capital. On December 31, 2015, the fair value of these lands is in the amount of **3,013,294 Lei;**

- 23,699.86 sqm represent lands acquired by the Company upon a total of 27 sale-purchase contracts, with a fair value, at December 31, 2015, of 7,602,573 Lei, out of which have been transferred to the inventories accounts, namely to tangible assets held for sale, 3 lands in total surface of 1,129.80 sqm and amounting to 2,409,935 Lei.

The oil operating product is being evaluated in the Balance Sheet at the cost determined out of the revaluation performed as per GD no,26/January 22,1992, including the effect of the restatements registered in the previous years according to the application of IAS 29 "The financial reporting in Hyperinflationary Economies", The effect of the restatements can be noticed in the table hereunder:

Operating Oil Product	**December 31, 2015**	**December 31, 2014**

Value of the oil operating product at cost	259,131	259,131
Differences related to the restatement pursuant to IAS 29	42,606,583	42,606,583
Balance of oil operating product (restated)	**42,865,714**	**42,865,714**

<u>Tangible Assets in Progress</u>

In 2015, the Company has executed tangible assets investment works, in view of replacing a section of pipelines on various distances, crude oil pipelines commissioning works at the rivers undercrossings and crossings, tanks modernizations, loading ramps, PSI installations, modernization and monitorization cathodic protection stations, water supply, locomotives and rail tanks recurrent inspections, as well as modernizations related to the telecommunications system pursuant to the approved “2015 Investments Program”

3. Intangible Assets

Between 01.01.2015-31.12.2015 as compared to 1.01.2014 - 31.12.2014 the evolution of the intangible assets looks as follows:

Inventory Value	Software Licenses	Other Intangible Assets	Intangible Assets in Progress	Total Intangible Assets
Balance at 1.01.2014	**2,404,995**	**3,041,007**	**862,339**	**6,308,341**
Inputs	-	-	2,017,333	2,017,333
Transfers from intangible assets in progress	-	-	(2,879,672)	(2,879,672)
Outputs	-	-	-	-
Balance at 31.12.2014	**2,404,995**	**3,041,007**	**-**	**5,446,002**
Balance at 1.01.2015	**2,404,995**	**3,041,007**	**0**	**5,446,002**
Inputs	2,262,832	-	2,033,843	4,296,675
Transfers from intangible assets in progress	-	-	(1,928,832)	(1,928,832)
Outputs	-	(2,075,676)	-	(2,075,676)
Balance at 31.12.2015	**4,667,827**	**965,331**	**105,011**	**5,738,169**
Accumulated amortization	**Software Licenses**	**Other Intangible Assets**	**Intangible Assets in Progress**	**Total Intangible Assets**
Balance at 1.01.2014	**-**	**-**	**-**	**-**
Amortization expenses	1,021,038	1,262,659	-	**2,283,698**
Balance at 31.12.2014	**1,021,038**	**1,262,659**	**-**	**2,283,698**
Balance at 1.01.2015	**1,021,038**	**1,262,659**	**-**	**2,283,698**
Amortization expenses	900,300	718,428		1,618,728
Impairments for fixed assets depreciation	-	-	-	-
Outputs accumulated amortization	-	(1,015,757)	-	(1,015,757)
Balance at 31.12.2015	**1,921,338**	**965,330**	**-**	**2,886,669**
Net book value at 01.01.2014	***2,404,995***	***3,041,007***	***862,339***	***6,308,341***
Net book value at 31.12.2014	***1,383,957***	***1,778,347***	***-***	***3,162,304***
Net book value at 31.12.2015	***2,746,489***	***-***	***105,011***	***2,851,500***

Difference during 2015	***1,362,532***	***(1,778,347)***	***105,011***	***(310,804)***

At 31.12.2015, the net value of the intangible assets decreased as compared to the end of 2014, by the amount of 310,804 Lei, as follows:

+ 2,262,832 Lei inputs from intangible assets (licenses, softs)
- 1,059,919 Lei output from intangible assets, representing in-line inspections at non-depreciated residual value, which was recognized as inspection component for the inspected intangible asset.
- 1,618,728 Lei representing the depreciation of the intangible assets during 2015.
+ 105,011 Lei representing intangible assets in progress existing in the balance at 31.12.2015.

The life spans used on calculating the depreciation of the intangible assets are in average 3-4 years. The depreciation method used is the linear one. The component of the balance is formed from IT programs, soft licenses, the entering in the accounts being performed at the fair value. The research- development expenses and the formation expenses are not being capitalized.

7. Financial Assets

Situatia comparativa a imobilizarilor financiare pe cele doua perioade de raportare se prezinta astfel:

	Financial Assets
Inventory value	
Balance at 1.01.2014	**1,080,634**
Input	43,696
Output	(545,989)
Balance at 31.12.2014	**578,341**
Balance at 1.01.2015	**578,341**
Input	158,122
Output	(430,603)
Balance at 31.12.2015	**305,860**

Accumulated Impairments

Balance at 1.01.2014	**60,309**
Impairments for fixed assets depreciation	(9,483)
Balance at 31.12.2014	**50,826**
Balance at 1.01.2015	**50,826**
Impairments for fixed assets depreciation	(50,826)
Balance at 31.12.2015	**0**
Balance at 31.12.2014	**527,515**
Balance at 31.12.2015	**305,860**
Net book value at 01.01.2014	***1,020,325***
Net book value at 31.12.2014	***527,515***
Net book value at 31.12.2015	***305,860***
Difference during *2015*	***(221,655)***

At 31.12.2015, the company holds participations to the share capital of the Independent Monitor Register.

CONPET held equity interests at PEOP – Project Development Company PLC, PEOP - Project Development Company PLC, a project development company regarding the construction of a pipeline between Constanta and Trieste, up to November 2015, when the at PEOP PDC General Meeting of Shareholders has decided over the dissolution of the company. Following the liquidation thereof, as per the held percentage, CONPET was reported the amount – collected – of 19,500 GBP.

The expense registered on the derecognition of these titles was of 48,473 Lei, value covered based on the provision formed in the previous period, in amount of 50,826 Lei.

In the structure, the statement of financial assets along the two periods looks as follows:

	December 31, 2015	**December 31, 2014**
Securities held ar PEOP	-	172,400
Securities held at Registrul Independent Monitor	5,000	5,000
Write-downs for long-term investments	-	(50,826)
Other long-term receivables – lands bonds	300,860	400,941
Total	**305,860**	**527,515**

8. **Inventories**

	December 31, 2015	**December 31, 2014**
Raw materials and consumables	9,571,380	9,394,715
Adjustments for depreciation: depreciated and slow moving stocks	(1,382,251)	(1,685,411)
Raw materials and consumables at the net value	**8,189,129**	**7,709,304**
Prepaid payments	32	-
TOTAL	**8,189,161**	**7,709,304**

The structure of inventories at 31.12.2015, in amount of 8,189,161Lei, reveals the followings:

- 5,269,686 Lei (64.35%) stand for security and intervention inventories destined to the potential technical breakdowns provoked or occurring due to natural disasters;
- 2,919,475 Lei (35.65%) stand for inventories used in the current activity.

9. **Trade Receivables and other Receivables**

The comparative statement of the receivables for the reporting period, according to seniority and type of receivables, looks as follows:

	December 31, 2015	**December 31, 2014**
Clients	37,286,723	31,387,166
The impairments for the depreciation of other receivables	(660,295)	(647,884)
Other trade receivables	161,152	1,404
Sub-total trade receivables (net value)	**36,787,580**	**30,740,686**
Other receivables	8,450,033	7,361,661
The impairments for the depreciation of other receivables	(3,033,397)	(3,290,237)

Sub-total other receivables (net value)	**5,416,636**	**4,071,424**
Prepayments	**-**	**-**
Total short-term receivables	**42,204,216**	**34,812,109**

Other long-term receivables	**300,861**	**400,942**

The clients' structure on activities is the following:

	December 31, 2015	December 31, 2014
Clients-transport activity	36,220,062	30,276,781
Other clients – auxiliary activities	1,066,661	1,110,385
Total	**37,286,723**	**31,387,166**

The trade receivable are not interest bearer and have a rotation speed of 32 days.
The main clients holding a significant share (99%) in the turnover, at 31.12.2915, are: S.C. OMV PETROM S.A., S.C. Petrotel Lukoil S.A., S.C. Rompetrol Rafinare S.A.
The major client of the company, OMV PETROM SA, holds over 74% of the total short-term receivables, at December 31, 2015.
Other receivables, amounting 8,450,033 Lei, mainly include amounts to be recovered from different natural and legal persons in litigation pending before the law courts (2,910,116 Lei, respectively 34.4%), the dividends transferred to Depozitarul Central, as per the legal provisions, and payable to CONPET shareholders (2,044,803 Lei, respectively 24.2%), taxes recoverable from the State budget (1,007,715 Lei, respectively 11,9 %), undue VAT related to unarrived invoices (779,544 Lei, respectively 9.2%), as well as contribution for leaves and allowances receivable from the budget of the health insurance fund (723,382 lei, respectively 8.6 %).

Impairments for the depreciation of doubtful receivables and other doubtful receivables
At the end of 2015**,** the level of *impairments formed for the depreciation of the trade receivables has amended* insignificantly, as compared to 31.12.2014 (647,884 Lei), being in amount of 660,295 Lei, due to the fact that two clients also met the condition of registration in doubtful receivables, in amount of 12,411 Lei. For the here-above receivables related to doubtful customers, CONPET brings action in the disputes pending before the Law Court.

The impairments for the depreciation of other receivables (different debts related to the legal files pending before the Law Court, fiscal obligations and fines paid and facing challenging procedure) are, at 31.12.2015, in amount of 3,033,397 Lei, registering a significant decrease as compared to 31.12.2014 (3,290,237 Lei), respectively by 256,840 Lei, following the partial collection of the debt due by the company Mondorama and the record on costs of some challenged environment-related penalties passed over to CONPET by the courts of justice.

The Company's policy is to register write-downs of 100% for the clients facing dispute, dissolution, bankruptcy and for other debts related to the established legal files or the fines facing challenge procedure.

10. Cash and Cash Equivalents

At December 31, 2015 and December 31, 2014, the cash and cash equivalents are as follows:

	December 31, 2015	December 31, 2014
Current bank accounts	1,136,373	7,385,575
≤ 3 months due bank deposits	122,968,259	327,928,312
Cash on hand	16,183	16,252
Other cash equivalents	-	37,689
Total	**124,120,815**	**335,367,828**

The cash and cash equivalents lowered by 62.9% at December 31, 2015, due to the short-term financial investments.

11. Short-term Investments

The short-term financial investments are assets held by the company in view of achievement of a profit within a 1 year period. They comprise government securities as treasury bills and government bonds and formed deposits, with maturity term of more than 3 months.

	December 31, 2015	December 31, 2014
Government securities (treasury bills and government bonds)	256,149,012	-
Bank deposits with maturity term > 3 months	-	7,669,483
Total	**256,149,012**	**7,669,483**

The short-term investments at December 31, 2015 also comprise the interest receivable related to the held government securities.
The company manages an expense quota related to the modernization and development destined to financially support the rehabilitation and modernization of the Crude Oil National Transport System via pipelines, which it collects in distinct cash accounts and uses for the payment of the modernization works performed for the assets belonging to the public domain, in order to create new assets that are to be transferred to the public domain following the in full amortization thereof.

12. Assets held for Sale

At 31.12.2015, the company recorded assets held for sale amounting to 3,031,187 Lei following the approval in the EGMS Resolution no.3, dated 17.12.2015 regarding the sale, by open outcry auction, of the assets made up of buildings and three plots, located in Ploiesti, No. 7, Independentei Blvd., Prahova County.

13. Shareholders' Equity

Share Capital

During the reporting period, the share capital of the company did not amend, resting at the value of 28,569,842 Lei, being divided into 8,657,528 ordinary shares with a nominal value of 3.3 Lei/share and correspond to the one registered to the Trade Register Office.
At 22.01.2015, Depozitarul Central transfered a number of 5,083,372 shares (representing 58.7162% out of the share capital of the company Conpet S.A.) from the account of the Romanian State by the Ministry of Economy, in the account of the Romanian State by the Ministry of Energy, Slamm and medium Enterprises and Business Environment following the reorganization/establishment of the two ministries in compliance with the provisions of he EGO 86/2014.

Thus, the structure of CONPET shareholding and share capital at December 31, 2015 is as follows:

Shareholders	December 31, 2015			December 31, 2014		
	No. Of shares	**Amount (RON)**	**(%)**	**No. Of shares**	**Amount (RON)**	**(%)**
The Romanian State by the ministry of Energy, Small and medium Enterprises and Business Environment (the Ministry of Economy up to 21.01.2015)	5,083,372	16,775,128	58,7162	5,083,372	16,775,128	58,7162
Legal persons	2,900,261	9,570,867	33.4999	2,915,552	9,621,321	33.6765
Natural persons	673,895	2,223,847	7.7839	658,604	2,173,393	7.6073
Total	**8,657,528**	**28,569,842**	**100%**	**8,657,528**	**28,569,842**	**100%**

During 2015, the dynamic of the shareholding structure with holdings equal or higher than 5%, was the following:

- The Romanian State, KJK FUND II SICAV-SIF and FONDUL PROPRIETATEA S.A. maintained the stake in the shareholding capital;
- starting December 9, 2015, UTILICO EMERGING MARKETS LIMITED holds 6.72% in the share capital and number of votes in CONPET General Meeting of Shareholders.

As regards the share capital structure, starting 2007 there is a an action brought before the Courts for the recovery of possession of a number of 524,366 shares, a file where CONPET S.A. is acting as respondent, namely, file no. 5555/2/2014.

The details regarding the contents and actual status of the file are the followings:
Defendants: CONPET S.A.
Fondul Proprietatea S.A.
Registrului Independent Regisco S.A.
National Commission for Transferable Securities (Rom. Comisia Nationala a Valorilor Mobiliare)

Subject: the Authority for State Assets Recovery (Rom. AVAS) suits for recovery of a number of 524,366 shares from the share capital of CONPET S.A. against S.C. Fondul Proprietatea S. A., Independent Regisco Register S.A., National Securities Commission, Conpet SA, asking:

- the Respondent S.C. Fondul Proprietatea S. A. be ordered to leave in full ownership and possession for the Authority for State Assets Recovery, a number of 524, 366 shares out of the share capital of S.C. CONPET S.A.;
- the respondents Regisco, C.N.V.M. and CONPET S.A. be ordered to modify the number of shares in the registers of securities evidence.

By Decision no. 118/30.02.2015, Bucharest Court of Appeal admits the appeal brought by the appelants-applicants Department of Energy subordinated to the Ministry of Economy and the Ministry of Economy acting as successor in rights of the Ministry of Economy, Trade and Business Environment, against Civil Sentence no. 1296/19.03.2014 passed by Bucharest Tribunal - Civil Section no. 6 in the file no. 33317/3/2007 against the intimates respondents Fondul Proprietatea S. A., Depozitarul Central S.A., CONPET S.A.. Changes the Sentence subject to appeal in as such: rejects the exception, as groundless. Admits the motion formulated by the appellants-applicants Department of Energy subordinated to the Ministry of Economy and the Ministry of Economy acting as successor in rights of the Ministry of Economy, Trade and Business Environment against the respondent Fondul Proprietatea S.A.. Ascertains the ownership right of the applicant Ministry of Economy over a number of 524,366 shares out of the share capital of Conpet S.A.. Orders the respondents to make all the necessary arrangements as to make the registration thereof in the Shareholders' Registry. The Department for Energy subordinated to the Ministry of Economy and Fondul Proprietatea S.A. filed for appeal.
Procedural status of the case pending before the High Court of Cassation and Justice

In the same period, the Property Fund filed for proceeding (File no. 3715/105/2007 – Prahova County Court) seeking annulment of Art. 4 of OGMS Decision no. 2/25.04.2007 on the 2006 profit distribution for dividends, taking into account the above subject of proceeding on the ownership of those 524,366 shares of CONPET; procedure suspended pursuant to Art. 244 par. 1C, civil trial disposal.

Legal Reserves

The legal reserves in amount of: 5,713,968 Lei at December 31, 2015 and December 31, 2014 represent legal reservesconstituted as per the applicable legislation in force and cannot be distributed. The company transferred to the legal reserve at least 5% of the annual accounting profit up to 2007, when the accrued balance reached 20% of the paid-up share capital (EGO 64/2001, Law 571/2003, Law 31/1990, CONPET Articles of Incorporation).

Other Reserves

At December 31, 2015, *Other Reserves amount to* 501,118,931 Lei (472,512,205 Lei at December 31, 2014), and are made of:

- 397.351.011 Lei (368.744.285 Lei at December 31, 2014) – the modernization quota, calculated and collected according to the provisions of GD 168/1998,
- 19.060.265 Lei (19.060.265 Lei at December 31, 2014) - the reserve related to the lands for which have been obtained land ownerhip certificates and the share capital was not increased,
- 81,468,379 Lei (81,468,379 Lei at December 31, 2014) – reserve related to profit allocation
- 3,239,277 Lei (3,239,379 Lei at December 31, 2014) – other reserves representing own financing sources.

Revaluation Reserves

At December 31, 2015, the revaluation reserves are in amount of 93,603,955 Lei, respectively 107,646,176 Lei at December 31, 2014.

Retained Earnings

The retained earnings recorded a favorable evolution, from 59,440,683 Lei at December 31, 2014, to 74,208,372 Lei at December 31, 2015. The 14,767,689 Lei increase, was mainly determined by the transfer of the revaluation reserve to the retained earnings, according to the amortization or to the cassation of the tangible assets.
Thus, at the end of 2015, the retained earnings amounting to 74,208,372 Lei is made of the followings:

- The retained earnings resulting from the correction of the accounting errors: 10,998,492 Lei
- The retained earnings resulting from the application of IFRS, less IAS 29: 4,000,546 Lei
- The retained earnings representing excedent achieved from revaluation reserves: 59,209,334 Lei.

In the Statement of the financial position at 31.12.2015, the retained Earnings amounts to 72,316,398 Lei, lowered by the deferred tax amounting to 1,891,974 Lei.

Year's Profit

The year's profit amounts to 63,198,986 Lei at December 31, 2015 (51,434,194 Lei at December 31, 2014), 11,764,792 Lei more than the preceding year.

2015 results showed a continuation of the positive financial development of the company, describing 22.87% raise in the profitability during the current year.

14. Deferred Income

The deferred income increased by the amount of 319,149 Lei as compared to the beginning of the reporting period, respectively from 980,138 Lei (on January 1, 2015) to 1,299,288 Lei (at December 31, 2015), balance made out of:

- 18,234 Lei (22,050 Lei on December 31, 2014), accrued interest income related to home rates sold to the employees;
- 1,180,584 Lei (958,088 lei on December 31, 2014), excess inventory fixed assets
- 100,470 Lei, representing the first cassation borne by the Environment Funds Administration received via the Program for the stimulation of the renewal of the national vehicle fleet in 2015 (130,000 Lei, TVA included, registered in August 2015).

15. Obligations Regarding Employees Benefits And Bonuses. Wage System

Pursuant to the provisions of the Collective Labour Agreement in force, the company has granted the following benefits to its employees: quarterly premiums, retirement support, marriage support, employees share of profit, company's contribution to the facultative pensions schemes, as well as the following bonuses: holiday and treatment vouchers, including the related transport, presents given to the women employees and the employees minor children, birth grant, funeral and serious diseases, humanitarian grants, food vouchers, other bonuses.

The obligations regarding the employees benefits reveal the followings:

	December 31, 2015	December 31, 2014
Quarterly premiums	1,501,072	1,982,355
Retirement support	276,948	238,125
Marriage indemnization	62,643	44,450
Employees share of profit	4,339,680	2,716,986
	3,055,785	1,659,435
Company's contributions to the facultative pensions schemes	2,241,662	843,780
Other benefits	**11,477,790**	**7,485,131**

The obligations regarding the employees' benefits are exposed as follows:

	December 31, 2015	December 31, 2014
Holiday and treatment vouchers and transport related	710,480	664,099
Presents given to women employees and the employees minor children	89,150	117,525
Birth, funeral, serious diseases, humanitarian grant	566,697	524,466
Food vouchers	3,496,812	3,467,625
Other bonuses	60,157	32,011

TOTAL	**4,923,296**	**4,805,726**

Wage System

The General Director and the Members of the Board of Administration

The allowances paid by the Company to the General Director and the members of the Board of Administration are detailed below:

	December 31, 2015	December 31, 2014
Allowance related to the contract of mandate	909,830	541,221
Allowances of the non-executive members of the Board of Administration	863,283	484,248
TOTAL	**1,773,113**	**1,025,469**

At the end of the financial years, the Company had no obligation related to the payment of pensions to the former members of the Board of Administration and executive management, neither registered prepayments to be settled to the members of the executive management.
There were no future bonds or liabilities taken over by the Company on behalf of the administrators or directors.

Employees

The average number of employees evolved as follows :

	December 31, 2015	December 31, 2014
Management personnel	86	123
Adminstrative personnel	461	500
Production personnel	1157	1,086
Total	**1,704**	**1,709**

16. Trade Liabilities and Other Liabilities

At December 31, 2015 and December 31, 2014 the trade liabilities and other liabilities reveal the followings:

Liabilities	December 31, 2014	December 31, 2015	Balance Maturity Date at December 31, 2015		
			Under 1 year	1-5 years	Over 5 years
1.Amounts due to credit institutions	-	-	-	-	-
2.Advances received for orders in progress	-	-	-	-	-
3.Trade liabilites-third	30,032,321	20,756,975	20,043,292	713,683	-

party suppliers					
4.Total trade liabilities (1+2+3)	**30,032,321**	**20,756,975**	**20,043,292**	**713,683**	**-**
5. Other liabilities, including fiscal debts and liabilities regarding social securities	25,892,982	26,143,902	26,047,983	95,919	**-**
Total	**55,925,303**	**46,900,877**	**46,091,275**	**809,602**	-

The Company's suppliers related to the performance of the operation activity are being mainly represented by: SNTFM CFR Marfa, OMV Petrom S.A, Electrica Furnizare, FFEE Electrtica AFEE Ploiesti, GDF Suez Energy, Premier Energy S.R.L. si Envirotech SRL. In 2015, the share thereof in total operation suppliers is of 80%.

In case of fixed assets suppliers, the share is being held by the following suppliers: Talpac SRL, Inspet, Gazpet Instal, Maguay Computers, ABB Z.o.o., IPM Partners Romania SRL, Syscom 18, Addvalue Global Consulting, Philro Industrial, Prodrep, Renault Commercial, Rosen Europe Olanda si Swiso Electric (respectively 71% in total fixed assets suppliers in 2015).

The comparable situation on the two fiscal years (2015/2014) of the employee-related debts, fiscal debts and other maturity date debts, looks as follows:

Liabilities	**December 31, 2014**	**December 31, 2015**	**Balance Maturity Date at December 31, 2015**		
			Under 1 year	**1-5 years**	**Over 5 years**
Salaries and assimilated liabilities	3,481,478	3,606,802	3,606,802	**-**	**-**
Contributions related to salaries	3,341,934	3,219,003	3,219,003	**-**	**-**
Income tax	4,665,944	3,472,194	3,376,275	95,919	**-**
Oil royalty	7,123,636	7,302,017	7,302,017	**-**	**-**
VAT payable	4,212,128	3,552,044	3,552,044	**-**	**-**
Other taxes and liabilities due to the budget	1,024,266	1,143,588	1,143,588	**-**	**-**
Dividends payable	1,647,712	3,644,233	3,644,233	**-**	**-**
Other liabilities	395,884	204,021	204,021	**-**	**-**
Total	**25,892,982**	**26,143,902**	**26,047,983**	**95,919**	-

17. Provisions

	December 31, 2015	**December 31, 2014**
Balance at the beginning of the year	24.625.078	22.713.279
Provisions constituted during the year	8.984.673	10.301.264
Provisions used during the year	10.550.556	8.389.466
Balance at the end of the year, out of which:	**23.059.195**	**24.625.078**
Long - term provisions	**3.719.592**	**3.772.056**

Short - term provisions	19.339.603	20.853.022

	December 31, 2015	December 31, 2014
Provisions for litigations	9,467,265	8,937,366
Provisions for employees’ benefits	11,599,153	11,298,203
Other risks and expenses provisions	1,992,777	4,389,509
Total	**23,059,195**	**24,625,078**

Provisions for litigations

In detail, the provisions for litigations are:

	December 31, 2015	December 31, 2014
Litigations for civil compensations	8,274,266	7,121,367
Litigations for the non-fulfillment, by third parties, of certain contractual clauses	1,192,999	1,192,999
Work litigations	-	623,000
Total	**9,467,265**	**8,937,366**

The company is involved into various litigations for compensations claimed by various owners, natural and legal persons. Besides the compensations, they request either the payment of an annuity following the exercise, by the Company, of the the easement right on the lands owned by the claimants, or by the retirement of the pipelines and installations to be found on their lands. Following the restitution of their property rights, they are bringing proceedings in Court against the Company, invoking the lack of land use due to the fact that the latters are being crossed by the crude oil transport pipelines belonging to the public domain. For this issue have been constituted provisions in amount of **8,274,266 Lei**.

Although part of the provisions for litigations recorded at the end of the analyzed periods has been recognized following the settlement of certain trials pending before the law courts. The increase of the provisions is related to the opening of new litigations during the next period or the analysis of the likelihood to lose certain litigation opened the preceding year.

Provisions for the Employees’ Benefits

On December 31st, 2015 the Company mainly includes, at this chapter, the provision for the share of profit and the provisions for pensions.
The provision for the employees’ share of profit is being constituted based on the provisions of the Company’s income and expenditure budget approved for the end of the financial years, by compliance with Ordinance no. 64/2001 and Order of the Minister of Public Finances no. 144/2005. Ordinance no. 64 from August 30, 2011 establishes that, the profit remaining after the deductions in the corporate tax to the companies where the State holds a majority or integral stake should be distributed within the limit of 10% of the net profit, but no more than the value of an average monthly salary operated by the economic agent, during the financial year in question. At 31.12.2015, the provision for the employees share of profit amounts for 4,524,137 Lei, to which is being added the amount of 1,042,000 Lei related to the social insurance contributions.
The company recorded a provision for retirement benefits in amount of **3,796,176 Lei**, of which 3,719,592 Lei stand for long-term obligations, and 76,584 Lei represent short-term obligations. This provision was calculated based on actuarial methods according to the estimation of the average salary, of the average number of salaries payable on retirement, estimation of the period when they will be paid and was brought to the actual value by using a discount factor based on the interest related to several investments with maximum safety degree (securities).

As regards the liabilities related to employees, the following provisions were also established :

- 30,000 Lei provision for severance indemnities ;
- 1,420,000 Lei provision for untaken rest leaves ;

There were also established provisions for the allowances granted to the members of the Board of Administration, as per the provisions of EGO regarding the corporate governance, in total amount of 786,840 Lei, of which:

- 151,056 Lei representing the variable subcomponent 1 related to Q IV 2015;
- 494,767 Lei representing the variable subcomponent 2 related to 2015, amount taken out of the net profit;
- 141,017 Lei represents contributions related to the two subcomponents.

Other Provisions

On December 31st, 2015 the balance of „other provisions" position, in amount of 1,992,777 Lei, is made out of:

- 228,777 Lei provisions for environment expenses; and
- 1,764, 000 Lei provisions regarding the expenses related to the demolition of an asset (Breaza cardio-vascular recovery base, for which exists the OGMS Decision no. 1/14.03.2013)

18. Current and Deferred Income Tax

The current and deferred income tax of the company for 2015 and 2014 are determined at a statutory rate of 16%.

The due income tax for 2015 and 2014, is the following:

	2015	2014
Current income tax expense	13,882,044	13,033,284
Income tax expense	**13,882,044**	**13,033,284**

Reconciliation of the effective tax rate:

	2015	2014
Profit before taxation	75,284,975	64,467,478
Deferred incomed tax revenues	1,796,055	-
Tax in compliance with the 16% statutory tax rate	12,332,964	10,314,797
Effect on the income tax of the:		
-Non-deductible expenses	2,195,687	2,394,283
-Non-taxable income	(2,406,072)	(1,487,020)
-Elements similar to revenues	2,246,485	2,403,165
-Elements similar to expenses	(2,166)	(2,568)
-Exemptions for sponsorship	(484,854)	(589,373)
Income tax	**13,882,044**	**13,033,284**

Deferred Taxation

The deferred payable and receivable taxes are calculated based on the taxable and/or deductible temporary differences, determined for the assets and liabilities as differences between the book value of the asset and/or liability and the amount atributed for fiscal purposes.
The company acknowledges the deferred taxes on the account of some expenses or revenues except for the tax generated by an event carried directly in the shareholders'equity.

The deferred tax payable, recognized on the account of the shareholders' equity at December 31, 2015, left unchanged as compared to December 31, 2014, respectively 1,891,974 Lei.
The deferred tax receivable recognized at 31.12.2015 in the statement of the global result is 1,796,055 Lei and is attributable to the provisions for the employees' benefits and to the environment provision.
Thus, at December 31, 2015, the net liability of the deferred tax amounts to 95,919 Lei.

2015 (Lei)	Net balance at 1 January	Deferred tax recognised in profit or loss	Recognised directly in equity	Net balance at 31 December	
				Deferred tax assets	Deferred tax liabilities
Reserve achieved out of the revaluation of the tangible assets	(1,251,887)	-	-	**-**	**(1,251,887)**
Provisions	-	1,796,055	**-**	**1,796,055**	**-**
Retained earnings coming from the applicatin of IFRS, less IAS 29	(640,087)	-	**-**	**-**	**(640,087)**
Tax assets (liabilities) before set-off	(1,891,974)	1,796,055	-	**1,796,055**	**(1,891,974)**
Set-off of tax				(1,796,055)	1,796,055
Net tax assets (liabilities)	**(1,891,974)**	**1,796,055**	**-**	**-**	**(95,919)**

19. Earnings per Share

The Earnings per Share for the last two years is the following:

	December 31, 2015	**December 31, 2014**
Profit for the Year	63,198,986	51,434,194
The number of common shares at the beginning and the end of the period	8,657,528	8,657,528
Basic and diluted earnings per share (Lei/share)	7.30	5.93

20. Operating Revenues

	December 31, 2015	**December 31, 2014**
Sales turnover revenues, out of which:	**381,353,176**	**375,032,873**
Transport service revenues, o/w:	378,958,685	372,945,993
Domestic transport system related revenues	309,279,278	314,399,632
Import transport system related revenues	69,679,407	58,546,361
Rental revenues	1,521,456	1,348,073
Revenues from services supply	873,035	738,807
Other revenues, out of which:	**32,422,266**	**28,052,890**

Revenues from the consumption of the modernization quota	30,637,426	25,466,067
Revenues from sale of assets	578,403	1,105,101
Other revenues	1,206,437	1,481,722
Total operating revenues	**413,775,442**	**403,085,763**

Transport revenues

The revenues are achieved from the services supplied to the clients for the transport of the quantities of crude oil, rich gas and condensate at the tariffs approved by Order of the President of the National Agency for Mineral Resources.

During 2015, the transported quantities per sub-systems, as compared to the preceding year, is as follows:

	December 31, 2015	December 31, 2014
Total quantities (tons), out of which:	**6,990,392**	**6,627,153**
Domestic Subsystem	3,905,446	3,958,758
Import Subsystem	3,084,946	2,668,395

The total volume of transported products increased by 5,5% in 2015 YoY following the increase by 15.6% of the quantities transported on the import transport sub-system.
On the Domestic Sub-system, in 2015 has been recorded a decrease of the transported quantities by 53,313 tons as compared to 2014 and by 123,649 tons as compared to REB.

The tariffs for the supply of the transport services in 2015, as approved by the National Agency for Mineral Resources, are as follows:

- 78.64 Lei/ton the average tariff for the transport services via the Domestic transport Subsystem, approved as per the Order no.199/2013.
- The tariffs for the transport services via the Import Transport Subsystem amended starting the month of February 2015, as per the NAMR Order no. 12/2015. The tariffs are being applied per refineries, according to the transported quantities intervals, being carried out the tariff bracket calculation model;

Other operating expenses

The revenues related to the expenses borne by the modernization quota account for 94% of other operating revenues achieved, registering 15.6% increase as oppsed to 2014.

21. Operating Expenses

In the table below are being detailed the operating expenses, according to the nature thereof:

	December 31, 2015	December 31, 2014
Raw materials and consumables expenses	17,319,138	18,389,317
Personnel expenses	105,564,433	98,021,971
Outside services expenses	107,580,664	118,606,437
Other expenses	64,870,033	64,535,608

a) Inventories Expenses

	December 31, 2015	December 31, 2014
Total inventories expenses, out of which:	**17,319,138**	**18,389,317**
Consumables expenses	5,425,176	6,624,501
Other material expenses	1,875,914	1,209,332
Other expenses with energy and water	10,052,718	10,904,132
Merchandise expenses	6,877	-
Trade discounts	(41,547)	(348,648)

b) Personnel Expenses

	December 31, 2015	December 31, 2014
Total personnel expenses, o/w:	**105,564,433**	**98,021,971**
Salaries expenses	75,137,931	69,652,837
Food vouchers expenses and other advantages	3,522,207	3,467,625
Share of profit expenses	4,339,680	2,716,986
Social protection expenses as per the Colective Labour Agreement	1,401,089	1,338,101
Social insurance expenses	21,163,526	20,846,422

c) The Outside Services Expenses include:

Outside Services Expenses	December 31, 2015	December 31, 2014
Rail transport Expenses	61,308,829	73,300,200
Royalties, commercial leasings and rental expenses	30,577,444	29,888,181
Third-party pumping related expenses	5,230,483	5,437,437
Expenses with maintenance and repairs	2,378,499	2,775,042
Expenses related to decontamination, monitoring of the environment factors	1,173,424	1,899,622
Travel, assignments and transfer expenses	935,866	671,657
Personnel and goods transport related expenses	706,627	483,329
Postal expenses and telecommunication charges	415,020	430,096
Other third-party services related expenses	4,854,472	3,720,872
Total outside services expenses, out of which:	**107,580,664**	**118,606,436**

The royalties, commercial leasings and rental expenses comprise the oil royalty, calculated according to EGO 101/ 14th of October 2007, by application of a quota of 10% of the value of gross income achieved out of oil transport and transit operations through the Oil National Transport System.

d) Other expenses

	December 31, 2015	December 31, 2014
Other expenses, out of which:	**64,870,033**	**64,535,608**

Other taxes, duties and similar levies	2,255,350	3,506,177
Compensations, fines and penalties expenses	162,526	54,663
Donations granted (Sponsorship)	484,854	589,373
Assigned assets and other capital operations expenses	1,563,471	232,014
Environmental protection expenses	70,541	265,986
Expenses from revaluation of tangible assets	-	1,640,634
Expenses settlement modernization quota	59,969,621	58,036,141
Other operating expenses	363,670	210,619

Within the expenses related to other duties, taxes and similar levies the expenses with local taxes and fees hold the significant weight.

The company establishes reserves on the modernization quota through other operating expenses in compliance with the provisions of the GD no. 168/1998, further amendments and completions and CFC Decision no.4/ 2004.

22. The Situation per Segments

CONPET S.A. supplies transport services for its clients via the National Transport System based on the Oil Concession Agreement of the operation activity of the crude oil, rich gas, condensate and ethane national Transport System.
The transport activity is being performed separately on the two transport sub-systems subordinated to the crude oil, rich gas, condensate and ethane national Transport System, according to technical features and operation regyme of every pipeline, as follows:

- Transport activity on the Domestic Sub-system;
- Transport activity on the Import Sub-system;

The results of the transport activity per Total Subsystem within 2014-2015 looks as follows:

INDICATORS	Period		%
	2015	2014	
Transport income -Lei	378,958,685	372,945,993	101.61%
Related expenses - Lei	312,843,259	313,936,783	99.65%
Profit/(loss) - Lei	66,115,426	59,009,210	112.04%
Transported quantities - ton	6,990,392	6,627,153	105.48%
Income/ton- Lei/ton	54.21	56.28	96.36%
Cost/ton - Lei/ton	44.75	47.37	94.47%
Profit/(loss) per ton -Lei/ton	9.46	8.90	1106.22%
Profit margin/(loss) - %	17.45%	15.82%	110.26%

a) The Transport Activity on the Domestic Sub-System is as follows:

INDICATORS	DOMESTIC		%
	2015	2014	
Transport Revenues -Lei	309,279,278	314,399,632	98.37%
Related expenses - Lei	255,449,512	260,916,986	97.90%
Profit/(loss) - Lei	53,829,766	53,482,646	100.65%

Transported quantities - ton	3,905,446	3,958,758	98.65%
Income/ton- Lei/ton	79.19	79.42	99.71%
Cost/ton - Lei/ton	65.41	65.91	99.24%
Profit/(loss) per ton -Lei/ton	13.78	13.51	102.02%
Profit margin/(loss) - %	17.40%	17.01%	102.32%

The revenues per transported ton related to the activity performed on the Domestic Subsystem, as compared to the same period in 2014, recorded 0.29% decrease mainly due to the reduction of the transported quantity by 1.35%(53.3 thousand tons).

b) The Transport Activity on the Import Sub-System is as follows:

INDICATORS	Import		%
	2015	**2014**	
Transport Revenues -Lei	69.679.407	58.546.361	119,02%
Related expenses - Lei	57.393.747	53.019.797	108,25%
Profit/(loss) - Lei	12.285.660	5.526.564	
Transported quantities - ton	3.084.946	2.668.395	115,61%
Income/ton- Lei/ton	22,59	21,94	102,95%
Cost/ton - Lei/ton	18,60	19,87	93,63%
Profit/(loss) per ton -Lei/ton	3,98	2,07	
Profit margin/(loss) - %	17,63%	9,44%	

23.Net Financial Result

	December 31, 2015	REB 2015	December 31, 2014
Interest revenues	2,967,704	3,211,500	9,774,219
Income from difference in the exchange rate	2,810,456	2,300,000	-
Other financial revenues	15,018	13,500	173,497
Total financial revenues	**5,793,178**	**5,525,000**	**9,947,716**
Interests related expenses	(87,048)	(56,000)	(262,923)
Income from difference in the exchange rate	50,826		(50,826)
Other financial expenses	**(36,222)**	**(56,000)**	**(313,749)**
Total financial expenses	**5,756,956**	**5,469,000**	**9,633,967**

The financial revenues and expenses decreased by 42%, respectively by 88% in 2015 as compared to 2014. The net financial result decreased in 2015 as compared to 2014, mainly due to the fall of the interests for maturity deposits.

24. The Fiscal Framework

The tax returns subject to revision and correction of the fiscal authorities, generally for a period of five years following the fill in thereof.
The fiscal legislation in Romania is very heavy and chnages permanently according to the internal and external economic-financial context, being regulated by a multitude of normative acts: laws,

government decisions for the approval of the norms of application, simple and emergency ordinances, orders, instructions, stipulations, circulars etc.
There can be no question of facile approach thereof by the contributors especially because it is being, generally, maintained an abusive practice from the fiscal bodies in what concerns the interpretation of the legal provisions established even by Law.

The modernization of the fiscal legislation in Romania does not provide clarity and accesibility in the application of the provisions of the Fiscal Code, by the systhematic restructuring of the fiscal norms, as well as of those regarding the fiscal procedure and there still is the risk that the fiscal authorities adopt different stands in relation to the interpretation of these aspects, having as consequence, the calculation of additional liabilities and interests/penalties payments, delay penalties and fines.

By way of Law no. 207/2015 regarding the New Code of Fiscal Procedure, were amended certain principles regarding the interpretation of law, where at the interpretation of the fiscal legislation is being applied the principle *«in dubio contra fiscum»,* meaning in case of doubt regarding the fiscal norm, is being applied the interpretation in favor of the taxpayer.

Still, before considering such interpretation, every public servant must clarify the said test, applying to the legislator's wish and the meaning of the law, verify the point of views expressed in the substantiation notes, statements of reasons (…). Meaning, must be observed the spirit of the law taken as a whole and what was the purpose for creating this law. If and only if, by way of these norms, the meaning of the norm was not clarified, then it is to apply the interpretation rule in favor of the taxpayer, targeting the protection of the taxpayer against abusive enforcement of the Law by the fiscal organ, but also for the improvement of the relation between the fiscal administration and the taxpayer, in order to avoid potential conflicts.

The management considers having recorded, in a proper manner, the fiscal liabilities in the financial statements.

25. Contingencies and Engagements

Capital engagements
The company has no other capital engagements granted.

Third-party guarrantees
The guarantees granted to third parties are exposed in the table below:

	December 31, 2015	December 31, 2014
Other intangible receivables	462,013	402,345
Total	**462,013**	**402,345**

Other intangible receivables are exposed separately, at the financial fixed assets line for long term guarrantees and at the receivables line for the ones that are to be recovered in less than 12 months (Note 7 and Note 9)

At the end of 2015, the Company does not records third-parties.

Guarrantees received

The received guarrantees are exposed in the table below:

	December 31, 2015	December 31, 2014
Performance guarrantees tranferred in the company's accounts	76,480	28,026
Execution bank guarrantees received from clients	27,019,607	9,922,663
Execution bank guarrantees received from suppliers	7,418,922	4,324,322
Performance guarrantees transferred to the beneficiaries accounts, blocked until the fulfilment of the release conditions	3,139,319	3,690,619
Total	**37,654,328**	**17,965,630**

Contingencies

a) Taxation

All the amounts due to State for the taxes were paid and registered on the balance date.

26. Affiliated parties

During 2014-2015, the company performed the following affiliated parties transactions:

Trade liabilities	December 31, 2015	December 31, 2014
SNTFM CFR Marfa S.A.	6,700,297	10,792,323
ELECTRICA Furnizare S.A.	714,830	-
Total	**7,415,127**	**10,792,323**

Procurement of Services	December 31, 2015	December 31, 2014
SNTFM CFR Marfa S.A.	78,329,038	78,505,393
ELECTRICA Furnizare S.A.	6,820,511	-
Total	**85,149,549**	**78,505,393**

27. Audit Expenses

The Company's Audit for the year 2015 was performed KPMG Audit S.R.L. The fees are being set based on the agreement concluded between the two parties. All the paid fees refer to audit services on the individual financial statements prepared in compliance with the International Financing Reporting Standards ("IFRS") and the requirements of the Order of the Ministry of Finance 1286/2012.

28. Risks Management

(a) Exchange Rate Risk

The company may be exposed to fluctuations of the exchange rate of the currencies by means of cash and cash equivalents, short-term investments, long term loans or trade liabilities expressed in foreign currencies.
The functional currency of the Company is the Romanian Lei. To date, the company is exposed to the exchange rate risk through cash and cash equivalents, short-term investments, as well as through the procurements made in a currency different from the functional currency. The currencies exposing the Company to such a risk are mainly EUR, USD and GBP. The debts in foreign currency are subsequently expressed in Lei, at the exchange rate of the date of the balance sheet, communicated by the Romanian National Bank. The resulting differences are included in the profit and loss account, but do not affect the cash flow up to the moment of the extinguishment of the liability.
The Company exposure to exchange rate risk expressed in RON was insignificant, as exposed in the above statements:

	Value	RON	EUR	USD	GBP
December 31, 2015					
Monetary assets					
Cash and cash equivalents	124,120,815	123,933,335	55,377	10,065	122,038
Short-term investments	256,149,012	256,149,012	-	-	-
Monetary debts					
Fixed assets suppliers	(1,427,366)	-	(1,427,366)	-	-
The net exposure in the statement of the financial position	**378,842,461**	**380,082,347**	**(1,371,989)**	**10,065**	**122,038**
December 31, 2014					
Monetary assets					
Cash and cash equivalents	335,367,828	335,305,081	21,994	23,398	17,355
Short-term investments	7,669,483	7,669,483	-	-	-
Monetary assets					
Fixed assets suppliers	(624,772)	-	(624,772)	-	-
The net exposure in the statement of the financial position	**342,412,539**	**342,974,564**	**(602,778)**	**23,398**	**17,355**

The exchange rates applied for the evaluation of the above elements in RON were:

	December 31, 2015	December 31, 2014
RON/EURO	4.5245	4.4821
RON/USD	4.1477	3.6868
RON/GBP	6.1466	5.7430

(b) The Credit Risk
The credit risk implies the hazard for the Company to bear a financial loss due to the non-fulfillment of the contractual obligations by a client or a counterpart to a financial instrument and this risk resides mainly in the trade liabilities, the cash and cash equivalents and short-term investments of the Company.

The maximum exposure to the collection risk at the reporting date:

	Net value	
	December 31, 2015	December 31, 2014
Trade receivables and other short and long term receivables	42,505,077	35,213,051
Cash and cash equivalents	124,120,815	335,367,828
Short-term investments	256,149,012	7,669,483
Total	**422,774,904**	**378,250,362**

The Company carries-out trade relations exclusively with approved third-parties, that justify the credit financing.
The financial assets that may submit the Company to the encashment risk, are mainly the trade liabilities, the cash and cash equivalents and short-term investments. The company implemented a series of policies where they provide that the sale of services is being performed by clients with similar receipts. The value of the net liabilities (no depreciation adjustments) represent the maximum amount exposed ot the encashment risk.

At December 31, 2015, the Company holds cash and cash equivalents in amount of 124,120,815 Lei (at December 31, 2014: 335,367,828 Lei), as well as short term investments materialized in government securities and deposits with maturity > 3 months, in amount of 256,149,012 Lei at 31.12.2015 (on December 31, 2014: 7,669,483 Lei), which represents the maximum exposure of the group over these assets. The cash and cash equivalents are held in banks and financial institutions, such as BCR, Raiffeisen Bank, BRD Groupe Societe Generale, Credit Europe Bank, Banca Transilvania, etc.
The credit risk related to trade liabilities is reduced due to the regular encashment of the transport services. Despite the significant concentrations, the client base being extremely reduced, the management appreciates that the trade credit risk is reduced.
The statement of the seniority of receivables represented by the **clients** at the date of drafting the statement of the financial position was:

	Gross value December 31, 2015	Adjustment December 31, 2015	Gross value December 31, 2014	Adjustment December 31, 2014
Not reaching the maturity date	36,441,155	-	30,700,763	-
Maturity date exceeded between 1 - 30 days	77,589	-	28,331	-
Maturity date exceeded between 30 - 60 days	43,926	-	-	-
Maturity date exceeded between 60 -90 days	49,085	-	10,189	-
Maturity date exceeded between 90 days -1 year	14,673	-	-	-
More than 1 year	660,295	660,295	647,883	647,883
Total	**37,286,723**	**660,295**	**31,387,166**	**647,883**

The statement of seniority of **other receivables** at the date of preparation of the statement of the financial position was:

	Gross value December	Adjustment December	Gross value December	Adjustment December

	31, 2015	31, 2015	31, 2014	31, 2014
Not reaching the maturity date	8,450,033	3,033,397	7,361,661	3,290,237
Total	**8,450,033**	**3,033,397**	**7,361,661**	**3,290,237**

We hereby mention that, for the intangible receivables below 1 year**,** in amount of 161,152 Lei (note 9) have not been made depreciations impairments, as the respective receivables have not reached the maturity date.

The movements in the depreciation impairments of the clients' receivables were the followings:

	2015	2014
Balance at January 1	647,884	637,903
Increases during the year	12,447	9,981
Reversals during the year	(36)	-
Balance at December 31	**660,295**	**647,884**

The movements in the depreciation impairments of ***other receivables*** were the followings:

	2015	2014
Balance at January 1	3,290,237	2,554,343
Increases during the year	6,806	830,524
Reversals during the year	(263,646)	(94,630)
Balance at December 31	**3,033,397**	**3,290,237**

(c) The Liquidity Risk

The liquidity risk is the Company's risk to face difficulties in the achievement of the liabilities associated with the financial debts that are being settled in cash or by the transfer of other financial asset. The Company's approach in the liquidity management consists in being sure, as much as possible, that it will always dispose of enough liquidities to pay the maturity liabilities, both under normal and stress conditions, without bearing inacceptable losses or endanger the Company's reputation.
The liquidity risk is managed by the Company's management by the application of a permanent insurance policy of the liquidities meant to cover the settlement of the due financial liabilities.

2015	Contractual cash - flows	< 1 year	1-5 years	> 5 years
Trade liabilities	20,756,975	20,043,292	713,683	-
Other liabilities	26,143,902	26,047,983	1,891,974	-
Total	**46,900,877**	**46,091,275**	**2,605,657**	**-**

2014	Contractual cash - flows	< 1 year	1-5 years	> 5 years
Trade liabilities	30,032,321	30,032,321	-	-
Other liabilities	25,892,982	24,001,008	1,891,974	-
Total	**55,925,303**	**54,033,329**	**1,891,974**	**-**

(d) The Personnel Risk and the Salary System

On December 31st 2015, the age category with the highest rate ratio in the company is the personnel where the age is ranging between 41-50 years old (44%), followed by the category where the age is ranging between 51-60 years old (33%) and 31 - 40 years old (15%). Currently, this thing is a major advantage given that over 70% of the personnel has over 20 years of experience in the company. The personnel related risk stands upon the possibility that in the future, the company be faced a lack of qualified personnel due to the leaves of the employees due to natural causes.

The personnel related risk stands upon the possibility that in the future, the company be faced a lack of personnel due to the leaves of the employees due to natural causes.

The analyzed level of this risk was very low; this is a high tolerability risk and for the control thereof have been set average and long-term measures by way of the personnel policy and the monitoring of the personnel fluctuations (personnel input/output in/from the company).

(e) The Risk Determined by the Correlation with the Global Market Evolution

The events on the world financial market bear direct and indirect impact on the evolution of the Romanian economy, fact reflected in the evolution of the Romanian capital market within the last years. Consequently, the evolutions at world level affect both CONPET activity and the evolution thereof on the capital market.

Romania's economy, like any other emerging economy, is sensitive to activity fluctuations at world level. The political, economic, social and any other type of world market events bear significant impact on the economic climate CONPET is doing business into.

The decrease of the oil price may determine a reorientation of the clients towards imports and implicitly a higher use of the import transport sub-system in the detriment of the domestic transport sub-system, with unfortunate effects on the revenues from the transport activity.

The analyzed level of the risk determined by the evolution of the global market was high; there is an intolerable risk for which have been instituted urgent measures to keep it under control:

- the systematic and adequate communication with the representatives of the majority shareholder (the Romanian State), of the shareholders and of all other interested parties for the integration of the company economic activity in the national energy strategy.

(f) Frontier Market Risk

The frontier market investors must be aware of the fact that such markets present a higher risk than the markets of the countries with a developed economy and mature legal and political systems. This risk is determined by the need to adapt to the legislative system in view of creating certain effective instruments from both the legal and economic point of view, in order to provide the necessary framework for the establishment of a functional market economy.

The Romanian capital market, when referring to the current state of development, may be included in the frontier market category, markets that present higher risks as compared to the emerging or developed markets, although they may offer higher performance to the investors. The country risk is generated by the likelihood of occurrence of certain unpredictable political, social and economic changes, recurrent legislative changes, fluctuations of the exchange rate or high rates of inflation.

Even if Romania is member state of the European Union, CONPET financial standing and results may be influenced by unforeseeable events typical to a frontier market, being considered a market characterized by higher volatility, especially in the current global context.

(g) Legislative-related Risks

The results of CONPET initiatives are hard to predict and may be amended following the legislative instability in Romania. The frequent amendment of the normative acts, here included those that bear direct impact on CONPET activity, may trigger risks for the company.

CONPET effort to constantly adapt to the legislative requirements under continuous change may generate significant additional costs and the potential future amendments of the legislative framework may bear side effects on CONPET business and profitability (tax augmentation, introduction of new taxes and fees, reduction or suspension of certain fiscal facilities etc.).

Moreover, a possible increase in the level of the royalty paid for the use of the national Transport System may affect the financial statements and financial projections. In the past, there existed such legislative projects and the company expressed its standing within the meaning of the inadvisability of such a legislative decision, justified by the presentation of the produced financial effects, on both the company and consecutive, at macroeconomic level. An increase of the level of the royalty shall reflect into an augmentation of the transport tariff and subsequently, the consequences may be seen on two levels: the decrease of the crude transported quantities – especially on the imported crude – and over the pump price of the finite products resulted from the crude oil processing.
Therefore, the Romanian legislation regarding CONPET business may be amended in the detriment of the company and implicitly of the investors (tax augmentation, introduction of new taxes and fees, reduction or suspension of certain fiscal facilities).

The level of the analyzed risk was low; it is a high-tolerability risk for which the control measures thereof are reduced to the systematic and adequate communication with all interested parties in order to prevent the amendment of the tax and levies and fiscal facilities.
An important risk is being represented by the loss of the facility regarding the expenses borne by the Romanian State, in order to provide the guard and protection of the pipelines by gendarmes, regulated by GD 1107 dated November 14, 2012, which amends and completes GD no. 1468/2005.

The level of this analyzed legislative risk was average; there is a low tolerability risk for which have been set short-term measures to keep it under control:

- The introduction of a real-time leak detection and location system partially covers the risk;

(h) Risks related to certain Litigations

One of the major risks the company is currently exposed to, as concessionaire of the National Crude oil, rich gas, ethane and condensate transport system drives its sources in the legal regime of the lands under/over crossed by the transport major pipelines instituted pursuant to the provisions of Petroleum Law no. 238/2004. The number of private properties under/over crossed by pipelines is very high and there is a possibility that more and more owners bring proceedings in Court against the Company in order to obtain substantiated compensations based on the simple presence of the pipelines on their lands. Due to the defective way in which has been regulated the legal regime of the lands under/over crossed by the transport major pipelines, CONPET was and currently is engaged in a series of trials where the owners of those lands claim for the transport pipelines be either lifted, or moved to other sites (and the expense be borne by CONPET), or be granted annual compensations representing consisting amounts of money.

Within the last years, the company prepared various legislative proposals to amend Law no 238/2004 - Petroleum Law, hoping for a coherent and clear regulation of the legal regime of lands under/over crossed by the transport major pipelines.

(i) The Risk Related to the Regulation Framework and Permits

CONPET core business, namely the transport via pipelines and by railway tanks, bears significant impact on the environment, which implies the acquirement and renewal of the permits regulating the Company's business, the acquirement of the building permits, based on all the permits necessary to conduct the subcontracted works included in the capital repairs (Rom. RK) programs and investments, acquirement of the permits and certifications for the rail transport activity (AFER), acquirement of INSEMEX permit for all sectors etc.

The Company activity is conditioned by a great number of regulations from different areas which, if not observed, may lead to the company sanctioning or activity suspension. Moreover, the Company is dealing with a lack of coherence and consistency between these regulations; this situation is triggering additional expenses and delays in the start or completion of certain works bearing side effects, such as: technical breakdowns, followed by losses of transported product and receipt of sanctions from the authorities.

The level of the analyzed risk determined by the regulation and authorizing framework was high; it is an intolerable risk for which have been set urgent measures to keep it under control:

- Urgent and systematic actions for the amendment of the Petroleum Law and harmonization thereof with other applicable legal provisions from the areas interfering with.

(j) The Market Risk

The company is dependent on the level of processing the crude oil in Romania. CONPET S.A. is not interconnected to other external transport systems, in the region.

The significant risk is being represented by the reduction of the transported crude quantities as a result of the diminution of the crude volumes imported by the refineries. This triggers <10% degree of utilization of the import sub-system. Currently, the refineries processing imported crude oil and using the national Transport System for the transport thereof are Petrotel Lukoil S.A and to a smaller extent, Petromidia Refinery.

In lack of an interconnection of the National Transport System to other transport network outside the Romanian borders, there is a dependency in the achievement of the programmed revenues, on the decisions of the companies involved in the processing of the crude oil in Romania.
The crude oil and rich gas volumes produced out of Romania's internal resources for the next three years, based on the information received from the Company from OMV, is relatively constant, approximating 4 million tons/year. In the last year, due to the diminution of the crude price, OMV Petrom has decreased the quantity programmed for extraction out of internal resources.

Following the restructuring of the petrochemical industry in Romania, the transport of the domestic derivatives (rich gas and ethane) has lowered dramatically, triggering side effects on the degree of utilization of the sub-system related to these products.

Given the conditions, by the support of the major shareholder, the Minister of Economy and National Authority for Mineral Resources (NAMR), the Company pays efforts to identify new opportunities that lead to the increase of the degree of utilization of the system, nevertheless involving into regional projects started in its business area.

The company management reckons it cannot forecast the changes to take place in Romania regarding the refineries' decision in relation to the level of processing, closing down/opening of the processing units and the effects thereof on the Company's financial position, operating result and cash flows.

The analyzed level of this risk was average; it is a risk describing low tolerability for which have been taken short term measures to keep it under control:

- Preserving mutual advantageous relations with the clients and satisfying their requirements;
- Interconnection of the national Transport System with other systems in the region
- Identification and development of activities related to the core business.

(k) Operational Risks

The Company results and activity may be influenced by specific operational risks, including the followings:

- Degradation of the National Pipeline Transport System due to the low level of utilization (small quantities, reduced frequency).
- Escalation of the criminal acts related to pipeline attacks bearing significant impact on the Pipelines National Transport System and environment;

The closing-down of a crude oil extraction site triggers, every time, the initiation of a procedure to identify possibilities to exploit the NTS.

Where haven't been identified new opportunities for the utilization of the respective throughputs, upon the NAMR approval, one proceeds to the conservation/inactivation thereof in order to cut expenses.

The analyzed level of operational risk associated to the "degradation of the NTS" was large; it is an intolerable risk for which have been set urgent measures to control it:

- Redefining the transport infrastructure according to demand.

The analyzed level of operational risk related to "the escalation of the criminal behavior" was average, being a low tolerability risk for which have been set short-term measures to keep it under control:

- the deterrence of the criminal behavior by the introduction of a real-time leak detection and location system.

(l) The Financial Crises

The significant turbulences occured at the level of global credit market has a significant effect on the entities activating the certain industries, by creating a generalized liquidity and solvability crisis at the level of banking and financial markets.

Other significant effects of the crisis are the increase of the financing costs, the reduction of the credit and consumption market, a material volatility of the capital markets and exchange rates etc. The bankruptcies affected the banking and financial sector, certain states contributing to the recapitalization of such entities in view of salvation thereof from bankruptcy. The refund capacity significantly reduced, so did the refund disponibility; consequently, the biggest part of the non-banking sector at global level faces a lowering growths or a severe economic recession.

(m) Environment Legal Aspects

The identification of the environmental aspects and the evaluation of the environmental impact

The environmental impact activity is being performed in the production sectors whenever changes in the system occur, changes involving environmental impact activities, the list of the aspects with material impact identified at the company's level having set the basis for the elaboration of the Environmental Management Program and the Actions Plan for the fulfillment of the environment objectives.

During 2015 has been revised the List of Environment aspects and related impact triggered by CONPET S.A., have been updated the significant environmental aspects, these aspects being comprised in the new Actions Plan for the fulfillment of the environmental objectives.
The state of achievement of the objectives and targets settled is being recurrently analysed in the assessment performed by the management.

Evaluations of the compliance with the legal requirements and other environmental requirements

The recurrent assessment of the compliance with the legal requirements was provided by way of inspections made by the representatives of the Environment National Guard - Environment Regional Commisariates, the territorial agencies for environment protection, "Apele Romane" National Administration - Water Basinal Directions/Water Management Systems, as well as internal audit performed by the internal auditors within the Management System Certification Service.

During 2015 have been performed 91 external inspections by the environment authorities, not being recorded major non-conformities.

29. <u>Subsequent Events</u>

Have not been registered significant events subsequent to the closing down of 2015 financial year.

General Director, Eng. Ilasi Liviu	Economic Director, Econ.Toader Sanda
S.s. Illegible	**S.s. Illegible**

CONPET Stamp