

**CONPET S.A.**

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BOARD OF ADMINISTRATION REPORT

ON THE ADMINISTRATION ACTIVITY OF CONPET S.A.

January - June 2016

in compliance with Article 55 of EGO/109/2011 on the Corporate
Governance of the Public Enterprises

CORPORATE STRUCTURE

CONPET S.A. is a joint stock company organised and functioning under the laws of Romania, being administrated in unitary system by the Board of Administration composed of 7 members.

The corporate governance structures are:

- **General Meeting of Shareholders;**
- **Board of Administration**, wherein 5 consultative committees are established, as follows:
 - Nomination and Remuneration Committee;
 - Audit Committee;
 - Finance and Investment Committee;
 - Committee for Relations with Regulatory and Energy Authorities;
 - Development Committee;
- **Director General.**

General Meeting of Shareholders

Shareholding structure on the reference date 07.07.2016 is as follows:

Name of shareholder:	No. of shares	%
Romanian State through the Ministry of Energy	5,083,372	58.7162
Legal entities	2,823,941	32.6183
Natural persons	750,215	8.6655
TOTAL	8,657,528	100

Board of Administration

Company CONPET S.A. is administered by a Board of Administration composed of 7 members, named by the Ordinary General Meeting of Shareholders for a period of 4 years.

The members of the Board of Administration were chosen by the Ordinary General Meeting of Shareholders through the cumulative vote method, in the meeting dated 28.11.2013 (Resolution no. 6), in compliance with the provisions applicable to trading companies, as follows:

- Dan Weiler
- Liviu Ilasi

- Cristiana Chiriac
- Darius Dumitru Mesca
- Radu Bugica
- Roxana Elena Gheorghe
- Dragos Lucian Dinu

On 29.09.2015, as a result of the resignation of Mr. Dragos Lucian Dinu, the Board of Administration named Mr. Razvan Stefan Lefter as interim administrator (BoA Resolution no.12). In the O.G.M.S. meeting dated 17.12.2015, Mr. Razvan Stefan Lefter was named non-executive administrator (Resolution no.5).

Dan Weiler – Chairman of the Board of Administration, has over 37 years of professional experience. Besides the capacity of Chairman of the Board of Administration of CONPET S.A., Mr. Dan Weiler currently holds the position of member in the board of administration of SIF Banat - Crisana and Napomar S.A. Cluj. Furthermore, Mr. Dan Weiler is an independent adviser involved in several M&A, Capital Markets and Restructuring projects for Romanian and foreign clients.

Previously, he held the position of Executive Director – Corporate Finance & Investment Banking at BCR (June 2009 - September 2012), Executive Director at Allegiance Capital USA (October 2007- October 2008), Vice-president Mergers and Acquisitions (Corporate Development) at HVHC USA (May 2005-May 2007), Manager of Department of Strategy and Marketing within Schott Corporation USA (1993-1994) and Director General within Schott Zwiesel Germany (1991-1993).

Mister Dan Weiler graduated from the Kaufmann Diplom program (MBA equivalent) at the University of Koeln, Germany (1979) and is an MBA graduate from IMD Business School, Lausanne, Switzerland (1984).

Liviu Ilasi – member of the Board of Administration, has over 27 years of professional experience. Besides the capacity of member of the Board of Administration of CONPET S.A., Mr. Liviu Ilasi is also Director General since December 2012.

Previously, he held the position of Executive Director within Electrica SA (March 2010-December 2012) and Director General/ Chairman of the Board of Administration within CONPET S.A. (February 2005 – March 2009)

During the period 1989 – 2005, he held various positions within CONPET S.A..

Mister Liviu Ilasi is a graduate of the Petroleum-Gas University of Ploiesti, since 2005 and he graduated the Romanian-French MBA program at the Academy of Economic Studies of Bucharest in collaboration with CNAM Paris (2006).

Cristiana Chiriac – member of the Board of Administration, has over 39 years of professional experience, and currently holds the position of legal adviser within the Ministry of Energy.

Since 1995 to date, she has held various positions within the Ministry of Energy, where she analysed and endorsed drafts of normative acts promoted by the specialist directorates.

Ms. Cristiana Chiriac is a graduate of Transilvania University of Brasov, Faculty of Law and Sociology (2004) and graduate of the Politehnica Institute of Bucharest (1977).

Darius Dumitru Mesca – member of the Board of Administration, has over 20 years of professional experience.

Besides the capacity of member of the Board of Administration of CONPET S.A., Mr. Darius Dumitru Mesca is Director General and member of the Board of Administration of FDEE Electrica Distributie Muntenia Nord S.A., since October 2012.

His professional experience includes various positions within the Government of Romania and the Prahova City Council (September 2005- October 2012), as well as the position of Director General at Terqua Ploiesti (April 2001- September 2005), Director General at Dacia Industrial Park Ploiesti (2001), Director General at Dacia S.A. Ploiesti (1998-2001).

During the period 2005-2009, Mr. Darius Dumitru Mesca had the capacity of member of the Board of Administration of FDFEE Electrica Muntenia Nord SA, Distrigaz- Sud SA and CONPET SA.

During December 2012 - March 2015, Mr. Mesca was member of the Board of Administration of FDFEE Electrica Muntenia Nord S.A..

Mister Darius Dumitru Mesca is a graduate of the Petroleum-Gas University of Ploiesti (1997) and Doctor Engineer since 2011.

Radu Bugica – member of the Board of Administration, has over 25 years of professional experience. Besides the capacity of member of the Board of Administration of CONPET S.A., he is currently member of the Supervisory Board of Transelectrica (since November 2012) and representative in the Boards of Administration of companies Covalact S.A. and Lactate Harghita S.A., companies controlled by the investment fund SigmaBleyzer SouthEast Europe Fund IV (since June 2008).

During the period September 1996 - June 2004, Mr Radu Bugica worked for Global Valori Mobiliare, branch of Global Securities, where he was named Director General. Before 1996 he worked within Bancpost, where he held several positions.

Mister Radu Bugica is a graduate of the Polytechnic University of Bucharest, Faculty of Technology of Constructions and Machines (1990) and of the Bucharest Academy of Economic Studies - Faculty of Finances, Banks and Stock Exchange (1997).

Roxana Elena Gheorghe - member of the Board of Administration, has over 19 years of professional experience. Besides the capacity of member of the Board of Administration of CONPET S.A., Ms. Roxana Elena Gheorghe is Commercial Operations Manager at Electrica Furnizare S.A. Bucharest, since 2015.

Her professional experience includes positions such as Chairman of the Board of Administration of Neptun SA, Deputy Director General at Paltinu S.A., Administrator and Director General at Neptun Trading, Chairman of the Board of Administration at Soceram S.A., Hidrotehnica Galati S.A., Medimfarm S.A., Director General at Metaleuroest.

Ms. Roxana Elena Gheorghe is a graduate of the Academy of Economic Studies of

Bucharest, Faculty of Commerce, since 1997.

Razvan Stefan Lefter - member of the Board of Administration, has over 13 years of professional experience. Besides the capacity of member of the Board of Administration of CONPET SA, Mr Razvan Stefan Lefter is, as of 2014, consultant for the Board of Administration at Cermakon Zalau, member of the Board of Administration at Teraplast SA, managing partner at RSL Capital Advisors, as of 2015, member of the Supervisory Committee Eurohold AD Bulgaria, as of 2016, member of the Board of Administration of Mundes Services AD Bulgaria.

During the period 2007-2015 he held the position of Equity Sales Trader, Research Analyst EFG Eurobank Securities (January 2007- November 2011), Sr. Equity Sales Trader Swiss Capita SA (November 2011- June 2014), member in the board of shareholders' representatives SIF Muntenia (July 2012-April 2013), member of the Board of Administration Condmag S.A. (April 2014- September 2015). Before 2007 he worked within ING Bank as analyst and International Customer Relations Manager.

Mister Razvan Stefan Lefter is a graduate of the Bucharest Academy of Economic Studies – Faculty of Finances, Banks and Stock Exchange, since 2003.

Consultative Committees of the Board of Administration

On 30th June 2016 the Consultative Committees of the Board of Administration had the following duties and powers:

Nomination and Remuneration Committee

The members of this committee are: Dan Weiler, Cristiana Chiriac and Razvan Stefan Lefter.

The Nomination and Remuneration Committee coordinates the selection process for the members of the Board of Administration and proposes candidates for the position of administrator.

The committee ensures the permanent updating of the professional skills of the members of the Board of Administration and coordinates the improvement of their knowledge with the purpose of applying the best practices in corporate governance;

The nomination area of the committee also includes the establishment of the selection procedure of candidates for the position of Director General and the recommendation for a candidate to fill the position of Director General

The Nomination and Remuneration Committee establishes the requirements needed to fill a certain position in the executive management of the company.

For the purpose of applying the best corporate governance practices, the committee updates on a permanent basis the professional skills of the members of the Board of Administration and coordinates the improvement of their knowledge.

As for the remuneration area, the committee sets forth proposals regarding the

remuneration policy for the administrator and the Director General, regarding the amount and the conditions for granting the fixed and variable remunerations agreed to the members of the Board of Administration, as well as the general limits for the remuneration of the Director General, for the current year, in order for such to be endorsed by the Board of Administration and for the submission for approval of the General Meeting of Shareholders.

The Nomination and Remuneration Committee presents to the General Meeting of Shareholders, together with the annual financial statements, an annual report regarding the remunerations and other advantages granted to the administrators and the Director General during the previous financial year.

Audit Committee

The members of this committee are: Roxana - Elena Gheorghe, Darius - Dumitru Mesca and Radu Bugica.

The audit committee has as duties, among others, the formulation of recommendations addressed to the Board of Administrator regarding the strategy and the policy of the company in the area of internal control, the internal audit and the financial audit.

The monitoring of the financial reporting process, the verification and monitoring of the independence of the financial auditor are duties in the field of competence of the audit. The committee analyses the information sent by the external auditor regarding the significant deficiencies of the internal control.

The audit committee submits, for endorsement, to the Board of Administration the proposals for selecting, naming, renaming, revoking the external financial auditor, as well as the terms and conditions for the latter's remuneration, with the nominations validated by the Board of Administration being submitted for approval to the O.G.M.S.

Another duty of the audit committee is represented by the monitoring of the efficiency of the internal control systems, the internal audit, as applicable, and risk management within the company.

The audit committee examines with the help of the financial auditors the draft of financial statements, as well as the conditions for their elaboration by the company (related to the accounting principles, method and standards applied, as well as the internal information collection information).

Finance and Investment Committee

The members of this committee are: Radu Bugica, Liviu Ilasi and Roxana - Elena Gheorghe.

The Finance and Investment Committee has as duties, among others, the monitoring

of the economic and financial situation of the company, as well as the support and recommendation to the Board of Administration of the financial reporting relevant to various parties involved in the capital market.

Promoting and increasing the company's visibility within the capital market and reassessing, at least once a year, the situation regarding the circulation of capitals, the evolution of the cash-flow related to the company falls under the responsibility of this committee.

The finance and investment committee organizes and participates in events that have the purpose to promote and increase the visibility of the company within the share capital/

The Board of Administration and the Director General are given advice by the financial committee in relation to the legal aspects of the management and preparation of the income and expense budget, the preparation of the annual financial statements and bi-annual accounting reporting, as well as multi-annual financial planning.

Committee for Relations with Regulatory and Energy Authorities

The members of this committee are: Cristiana Chiriac, Dan Weiler, Liviu Ilasi and Darius - Dumitru Mesca.

The Committee for Relations with Regulatory Authorities has monitoring duties for the companies' actions towards regulatory and energy authorities regarding aspects of technical, legislative etc. of its activity.

The committee monitors the fulfilment of the obligations set by the regulations related to the activity performed by the company and analyses the proposals regarding the regulation framework and forwards them to the Board of Administration.

For the efficient collaboration with the authorities, the committee monitors the collaboration relations with public authorities and provides assistance to the Board of Administration in managing the collaboration policy.

The committee for Relations with Regulatory Authorities periodically analyses the list of critical infrastructure elements of CONPET S.A. and the security measures set and monitors its own terrorism prevention and fight by optimum physical and organizational measures, with recommendations to that effect to the Board of Administration.

The representation of the company in the relationship with the regulatory and energy authorities at the level of the Board of Administration is a duty of this committee.

Development Committee

The members of this committee are: Liviu Ilasi, Dan Weiler, Roxana - Elena

Gheorghe, Darius - Dumitru Mesca and Razvan Stefan Lefter.

The Development Committee assists the Board of Administration in fulfilling its responsibilities in the area of elaborating and updating the company's development strategy, drafting proposals in relation to the strategy and the development directions of the company on medium and long term, as well as the proposals regarding the optimization of the company's development activity.

The Committee periodically analyses the state of fulfilment of investment programs, capital and current repairs carried out by the company and proposes measures for the improvement of the activity in order to meet the completion terms of the objectives and the works proposed.

Another duty of the committee is monitoring the provision of maintenance and the modernization of the national transport system, as well as the way in which the technical norms for the operation and maintenance of production capacities is observed.

Periodically, the development committee analyses the observance of the annual purchase program carried out by the company.

The administration activity is performed pursuant to the Administration Contract and the Administration Plan approved by the General Meeting of Shareholders and pursuant to the provisions of:

- Companies Law no. 31/1990, republished, as further amended and supplemented;
- Articles of Incorporation of CONPET S.A. Ploiesti;
- Rules of Organization and Operation of the Board of Administration of CONPET SA;
- EGO 109/ 2011 on corporate governance of public enterprises, as further amended and supplemented;

In semester I 2016, 7 meetings of the Board of Administration were held where the main point on the agenda were:

- In the meeting dated **20th of January 2016** the reports of the Consultative committees regarding the activity of the month of December 2015 and the management report for the month of November 2015 and cumulatively January - November 2015 were analysed.
Furthermore, within this meeting the proposals of the investment program 2016-2018 were analysed and endorsed;
- In the meeting dated **09th of February 2016**, the Board of Administration approved the preliminary financial statements to date and for the financial year concluded on 31.12.2015; it approved annexes no. 2 - 5 of 2016 Revenues and Expenditure Budget (Budget) and estimates for the years 2017-2018;

Furthermore, within this meeting, the Board of Administration decided:

- The endorsement of the performance objectives and indicators for the non-executive administrators and the executive administrator - Director General for the period of the administration agreement/mandate, calculated based

on the data of 2016 Budget;

- The approval of the Report of the Remuneration and Nomination Committee regarding the proposal for the conclusion of an addendum to the administration agreements / mandate of the non-executive / executive administrators regarding the performance objectives and indicators for the administrators for the period of the administration/mandate contractt;
- The endorsement of Addendum no.7/2016 to the administration agreements of the executive administrators submitted for approval in OGMS dated 17.03.2016;
- The approval of the results of the annual stocktaking for 2015;
- In the meeting dated **24.03.2016**, the Board of Administration decided:
 - The endorsement of annual financial statements to date and for the financial year concluded on 31.12.2015 prepared in compliance with the International Financial Reporting Standards adopted by the European Union and approved by O.M.F.P.[Ministry of Public Finance Order] no. 1286/2012, as further supplemented, together with the Statement of works and products procurement contracts with values higher than Euro 500,000, concluded in 2015 and the Statement of services procurement contracts with values higher than Euro 100,000, concluded in 2015;
 - The endorsement of the situations regarding the distribution of the net profit related to the financial year 2015, the establishment of the gross dividend per action and the date of payment of the dividends to the shareholders; the endorsement of the proposal of distribution of the special dividend (additional) to the company's shareholders from the Result carried forward account;
 - The approval of the Report of the Administrators regarding the financial year ended 31.12.2015, elaborated in compliance with the regulations in force on the capital market;
 - The approval of the annual report of the Nomination and Remuneration Committee regarding the remunerations and other benefits awarded to the non-executive administrator and the Director General - executive administrator during the financial year, the way of fulfilment on 31.12.2015 of the performance criteria and objectives set in the Administration Contracts / Mandate Contract;
 - The approval of the annual procurement program for 2016;
 - The approval of the memorandum regarding the sponsorship requests;
 - The approval of the organizational structure of the company adapted to the current development requirements of the company, applicable as of 15.04.2016, of the states of the positions and the Organization and Operation Regulation of CONPET S.A.;

Furthermore, within this meeting the report of the executive management for January 2016 was also analysed;

- In the meeting dated **13th April 2016**, the Board of Administration decided:

- The endorsement of the memorandum on the increase of the share capital of CONPET with the maximum value of lei 92,188,158 representing contribution in kind (lands) for the value of lei 54,129,383 and in cash for the value of lei 38,058,775, from the current value of lei 28,569,842.40 to the maximum value of lei 120,758,000.40;
- The approval of the conclusion of an addendum to the Collective Employment Agreement applicable at company level;
- The approval of the proposals for the removal from operation / decommissioning of goods (fixed assets, inventory objects in use, warehouse stocks etc.) belonging to the company's patrimony;
- The analysis of the Report of the executive management for February and cumulatively January-February 2016.
- In the meeting dated **11th May 2016**, the Board of Administration approved the activity report for quarter I 2016 and the report of the Director General on the activity of CONPET SA for quarter I 2016 elaborated in compliance with the provisions of art. 54 of O.U.G. no. 09/ 2011 on corporate governance of public enterprises;
- In the meeting dated **19th May 2016**, the Board of Administration approved the criteria, levels of granting and the method of calculation of the amounts to be awarded as participation of employees to profit for 1025, as well as the memorandum regarding sponsorship requests;
- In the meeting dated **30th May 2016**, the Board of Administration approved the notice to attend the E.G.M.S. for 05.07.2016, on the increase of the share capital of CONPET, by the maximum value of lei 92,188,158.40 representing contribution in kind (lands) for the value of RON 54,129,383 and in cash for the value of RON 38,058,775, from the current value of RON 28,569,842.40, to the maximum value of RON 120,758,000.40;

Performance Indicators of the Board of Administration

Performance objectives and indicators were approved in the O.G.M.S. dated 27.03.2014 (Resolution no.3) together with the approval of the Administration Plan of CONPET for the period 2014-2017, as follows:

Crt. No.	Performance indicators	Performance objective
0	1	2
1	EBITDA	1% increased in relation to the prior level of the previous year for 2014 and 2.5% for years 2015-2017
2	Decrease of the operating expenses	1.5% reduced in relation to the prior level of the previous year as of 2015 provided that the level registered in 2014 is lower or equal to the one in 2013

3	Increase of work productivity	Increasing the average income per employee with 3% per year average of years 2014-2017
4	Decreasing the total number of technical failures	4% average reduction per year from the level of 116 technical failures registered in 2013
5	Increasing visibility at BVB	Active monitoring of the evolution of CONPET carried out by brokerage houses materialized in analysis reports made by the analysts of such agencies (weight within the indicator 50%) for 2014 - 1 brokerage company in TOP 10 according to the classification set by BSE on the date of issue of the report / for years 2015 & 2017 - 2 brokerage companies of TOP 10 according to the classification set by BVB on the date of issue of the report
		Keeping the position in TOP 25 issuers after capitalization provided that the new companies entering category I of the BSE in the analysed period 2014 - 2017 (50 % weight within the indicator), not be taken into consideration.

The evolution of the performance indicators in the period 2014-2015 is presented as follows:

Run ning no.	Performance indicators	MU	base year 2013	2014	2015
0	1	3	4	5	6
1	EBITDA	Thousand RON	66,613	101,264	120,555
2	Decrease of the operating expenses	%	107.73%	92.86%	90.27%
3	Increase of work productivity	Thousand RON/pers	229	236	243
4	Decreasing the total number of technical failures	no. of technical failures.	116	79	56
5	Increasing visibility on the BSE	% of 100%	100%	100%	100%

The global degree of fulfilment of the performance indicators is presented as follows:

Year 2014 - 118.89%

Year 2015 - 107.44%

The level of performance indicators of the Board of Administration for the **year 2016**, was approved in OGMS on 17.03.2016, as follows:

- EBITDA: RON 118,021 thousand;
- Decrease of the operating expenses: 90.56% of turnover
- Increase of work productivity RON 240 thousand/employee;
- Decreasing the total number of technical failures: 54 failures;
- Increasing visibility on the BSE: 100%

On 30.06.2016, the level of indicators is presented as follows:

Crt. No..	Performance objective/indicator	Performance objective	MU	2016 H1
0	1	2	3	4
1	EBITDA	1% increased in relation to the prior level of the previous year for 2014 and 2.5% for years 2015-2017	Thousand RON	63,128
2	Decrease of the operating expenses	1.5% reduced in relation to the prior level of the previous year as of 2015 provided that the level registered in 2014 is lower or equal to the one in 2013	%	85.05%
3	Increase of work productivity	Increasing the average income per employee with 3% per year average of years 2014-2017	Thousand RON/persons	121
4	Decreasing the total number of technical failures	4% average reduction per year from the level of 116 technical failures registered in 2013	no. of technical failures.	12
5	Increasing visibility on the BSE	Active monitoring of the evolution of CONPET carried out by brokerage houses materialized in analysis reports made by the analysts of such agencies (50% weight within the indicator) for 2014 - 1 brokerage company in TOP 10 according to the classification set by BSE on the date of issue of the report / for years 2015 & 2017 - 2 brokerage companies of TOP 10 according to the classification set by BSE on the date of issue of the report Keeping the position in TOP 25 issuers after capitalization provided that the new companies entering category I of the BSE in the analysed period 2014 - 2017 (50 % weight within the indicator), not be taken into consideration.	% of 100%	100%

For the period 01.01.2016 - 30.06.2016, the degree of fulfilment of the performance indicators is 109.55% against the budget forecasts related to 2016 H1.

The degree of fulfilment of the performance indicators for the administrators for 2016 H1 is presented in the annexes.

Influences on the performance indicators:

- EBITDA recorded an increase of 7.64% based on the increase of the operating profit with 21.4%;
- The indicator "Decrease of the operating expenses" (determined by the weight of the operating expenses in the turnover) was influenced by the reduction of the operating expenses by 3.2% and the increase of the turnover by 1.8%.
- Work productivity recorded an increase of 3.4%, as a result of the increase of the operating income by 1.1% and the reduction of the average number of personnel by 2.1%;
- In semester I 2016 12 technical failures were recorded against 27 forecast in the budget.

During 2016 H1, the administrators, Director General, executive management representatives participated in teleconferences with financial analysts and investors, having on the agenda the analysis of financial results for 2015 and Quarter I 2016.

The actions taken are in line with the fulfilment of the performance objective included in the Administration Plan and the Management plan, i.e. increasing the visibility of the company on the Bucharest Stock Exchange.

The legal and statutory framework regarding the policy and criteria for the remuneration for the Board of Administration of CONPET SA are:

- Dispositions of EGO 109/ 2011 on corporate governance of public enterprises, as further amended and supplemented;
- Dispositions of Law no. 31/1990 on companies, republished, as further amended and supplemented;
- Articles of Incorporation of CONPET S.A.
- The provisions of the Rules of Organization and Operation of the Board of Administration;
- Resolutions of the Ordinary General Meetings of Shareholders.

Based on the normative acts listed above, the remuneration of the members of the Board of Administration is set by the general meeting of shareholders. The remuneration is composed of a fixed annual allowance and a variable component.

The administrators benefit from a fixed gross monthly allowance for the performance of the mandate entrusted, but not more than the average for the last 12 months of the monthly average gross salary from the area/field of activity in which the company performs its activity, communicated by the National Statistics Institute.

The total gross **fixed remuneration** paid for the term of the administration contract, from the date of nomination, i.e. 28/11/2013 and until 30/06/2016 to the members of the Board of Administration selected under the conditions of Government Emergency Ordinance no. 109/2011 on corporate governance of public enterprises, as further amended and supplemented, was lei 717,505 distributed per years, as follows: lei 7,537 (2013); lei 258,528 (2014); lei 300,960 (2015); lei 150,480 (01.01.2016-30.06.2016).

The variable component is determined depending on the fulfilment of the objectives, i.e. the fulfilment of the level of the performance indicators approved by the Administration Plan and it has two sub-components.

The first sub-component of the variable component, according to art. 18 of the administration agreement, is determined on a quarterly basis, depending on the degree of fulfilment of the performance criteria.

Sub-component 2 of the variable component of the remuneration that is granted to the non-executive administrator, is determined depending on the achievement of the objectives and the fulfilment of the performance indicators and is set at a level of 0.415% of the amount representing the difference between the actual net profit gained and the net profit estimated for the financial year, but not more than the value

of the fixed allowance related to the entire annual financial year. Payment is done after the approval of the annual financial statements.

The value of the gross variable component related to the period of the administration agreement (from nomination on 28/11/2013 until 30/06/2016) was RON 1,182,783 as follows: RON 225,720 (2014); RON 559,488 (2015); RON 397,575 (01.01.2016-30.06.2016).

Mandate Activity of the Director General

The Director General of CONPET S.A. was named by the Board of Administration, from its members, as of 06.12.2013, by BoA Decision no. 17/ 06.12.2013, with Mandate Contract no. 1 / 06.12.2013 delegating to him the management of the company in compliance with the legal provisions in force and the Articles of Incorporation.

The company's Director General has the duties set forth in the Articles of Incorporation and the Organization and Operation Regulation, supplemented with the applicable legal provisions.

The Director General constantly provides the Board of Administration detailed information on all the important aspects of the company's activity. In addition, any event of major importance is immediately communicated to the Board of Administration.

Furthermore, any member of the Board of Administration may request the Director General information relating to the operational management of the company.

In semester I 2016, the Director General analysed and endorsed the materials presented to the Board of Administration, the most important having as subject matter the following:

- Revenues and Expenditure Budget for 2016;
- Investment program for 2016 both centralised and broken down within the structure per investment objectives;
- Results of the annual stocktaking for 2015;
- Proposals for the removal from operation / decommissioning of goods (fixed assets, inventory objects in use, warehouse stocks etc.) belonging to the company's patrimony;
- Proposals for granting sponsorships supported by internal memoranda of the Communication and Public Relations Department within CONPET S.A.;
- Proposals for the modification of the organizational structure of the company, the statements of positions and the Organization and Operation Regulation of

CONPET S.A.;

- The Assessment Regulation for the professional performances of employees;
- Proposals on the modification of certain provisions of the Collective Employment Agreement applicable at company level;

On a monthly basis, he analysed the economic-financial activity of the company based on the reports elaborated by the executive management and coordinated:

- The elaboration of the annual financial statements concluded on 31.12.2015;
- The process of the transmission of the data required for the elaboration of the Report of the administrators regarding the financial year concluded on 31.12.2015;
- The process of the transmission of the data required for the elaboration of the Report of quarter I 2016;
- Fulfilment of the duties by the executive management of the company, taking the required measures for the enforcement of the decisions of the Board of Administration, the OGMS resolutions and the decisions laid down by the Director General, in correlation with the objectives included in the Management Plan and the Administration plan for the period 2014-2017.

The objectives and the level of the performance indicators of the Director General for 2016, i.e. annex 2 to the Mandate agreement, were approved by BoA Decision no. 3 of 24.03.2016, as follows:

- EBITDA: RON 118,021 thousand;
- Decrease of the operating expenses: 90.56% of turnover
- Increase of work productivity RON 240 thousand/employee;
- Decreasing the total number of technical failures: 54 failures;
- Increasing visibility at the BSE.: 100%

During the term of the mandate contract (2014-30.06.2016), the objectives and the level of the performance indicators of the Director General were the same with those of the non-executive administrators, the degree of fulfilment of the performance indicators having the same evolution as that presented under the paragraph Board of Administration.

The legal and statutory framework regarding the policy and criteria for the remuneration for the Director General of CONPET SA are:

- dispositions of EGO 109/ 2011 on corporate governance of public enterprises, as further amended and supplemented;
- Dispositions of Law no. 31/1990 on companies, republished, as further amended and supplemented;
- Articles of Incorporation of CONPET SA;
- Resolutions of the Ordinary General Meetings of Shareholders;

As of 2013, with the application of EGO no.109/2011 on corporate governance of public enterprises, CONPET SA concluded with Mr. Liviu Ilasi mandate contract no.1/ 06.12.2013.

Based on the normative acts listed above, the remuneration of the Director General

is set by the general meeting of shareholders. The remuneration is composed of a fixed annual allowance and a variable component.

The gross fixed monthly allowance for the performance of the mandate entrusted is set for the value equal to 6 times the average for the last 12 months of the monthly average gross salary from the area in which the company performs its activity, communicated by the National Statistics Institute.

The total gross **fixed remuneration** paid for the term of the mandate contract, from the date of nomination, i.e. (06.12.2013) and until 30.06.2016 for the Director General, as executive administrator, was RON 778,376 distributed per years, as follows: RON 20,218 (2013); RON 303,224 (2014); RON 303,302 (2015); RON 151,632 (01.01.2016-30.06.2016).

With Civil Sentence no. 17914/12.12.2012 of Ploiesti Court, pronounced in Case no. 2671/281/2012, which remained final and irrevocable (Civil Decision no. 8/12.09.2013) the court ruled the obligation of CONPET SA to pay the annual reward due related to 2008, to Mr Iasi Liviu.

The Board of Administration, in the meeting dated 18.12.2013, acknowledged Sentence no. 17914/12.12.2012, ruled in Case no. 2671/281/2012, which remained final and irrevocable and decided to pay the amount of RON 197,264 due to Mr Iasi Liviu.

The Director also benefits from the payment of a **variable component**, which is determined depending on the achievement of the objectives, i.e. the fulfilment of the performance indicators approved with the Management Plan and has two sub-components.

In order to grant the first sub-components of the variable component, the degree of fulfilment of the performance criteria is determined on a quarterly basis considering the weight of each indicator and the variation in relation to the target level agreed.

According to the mandate contract, the value of the instalment of the first sub-component of the variable component is equal to 3 monthly gross fixed allowances, so that the total annual value of the first sub-component is 12 monthly gross fixed allowances.

On an annual basis, the performance indicators, as well as their distribution per quarters, Annex to the concluded mandate contract, are updated according to the Budget provisions of the related year.

Sub-component 2 of the variable component which is granted to the Director General - executive administrator, is determined depending on the achievement of the objectives and the fulfilment of the performance indicators and is set at a level of

2.5% of the amount representing the difference between the actual net profit gained and the net profit estimated for the financial year 2015, but not more than the value of the fixed allowance related to the entire annual financial year. determined according to the provisions of art. 12 of the Mandate Contract. Payment is done after the approval of the annual financial statements.

The value of the gross variable component paid during the term of the mandate contract (as of nomination on 06/12/2013 until 30/06/2016) was RON 1,232,988 as follows: RON 227,448 (2014); RON 606,528 (2015); RON 399,012 (01.01.2016-30.06.2016).

Financial results

The evolution of the main indicators for the company, within the 6 months period concluded on 30th of June 2016, in relation to the budget and the same period of the previous year, is presented as follows:

Indicators	Registere d 30.06.2016	B.V.C. 30/06/2016	Registere d / BVC 30.06.2016 [▲/▼%]	Registere d 30.06.2015	Registere d Sem.I 2016/2015 [▲/▼%]
PERFORMANCE INDICATORS BOA/Director General					
EBITDA (<i>million lei</i>)	63.13	58.65	▲7.6%	62.55	▲0.9%
Operating expenses (%Turnover)	85.05%	89.44%	▼4.4pp	87.47%	▼2.4 pp
Productivity (thousand lei/employee)	121	117	▲3.4%	118	▲2.5%
Number of technical failures	12	27	▼55.6%	26	▼53.8%
Number of broker reports	6	2	-	3	-
BSE position - capitalization	15	25	-	15	-
OPERATIONAL INDICATORS					
Total transported quantities (<i>thousand tons</i>)	3,458	3,292	▲5.0%	3,417	▲1.2%
Operating costs/ ton (<i>lei/ton</i>)	46.11	50.03	▼7.8%	48.25	▼4.4%
FINANCIAL INDICATORS					
Total operating income (<i>million lei</i>)	202.25	199.98	▲1.1%	203.24	▼0.5%
Total operating expenses (<i>million lei</i>)	159.45	164.71	▼3.2%	164.86	▼3.3%
Operating profit margin (% operating income)	21.16%	17.64%	▲3.5 pp	18.88%	▲2.3pp
INVESTMENT PLAN MONITORING INDICATORS					
Investments – total (<i>million lei</i>), of which:	20.28	21.58	▼6.0%	13.34	▲52.0%
Investments - public (<i>million lei</i>)	19.01	16.94	▲12.2%	10.17	▲87.0%
Investments - operator (<i>million lei</i>)	1.27	4.64	▼72.6%	3.17	▼60.1%
Average no. of employees (persons)	1,668	1,704	▼2.1%	1,716	▼2.8%

The financial statements related to the period January - June 2016 are not audited and have been prepared in compliance with the International Accounting Standard 34 - "Interim Financial Reporting".

The summary of the financial statements on 30 June 2016 is presented in the tables below, and the more extended version related to the same periods is presented in the Annexes to this Report.

Statement of the Financial Standing

Thousand RON	June 30, 2016	December 31, 2015
ASSETS		
Non-current assets		
Tangible assets	397,323	398,698
Intangible assets	2,448	2,852
Financial assets	277	306
Total	400,048	401,856
Circulating assets		
Inventories	8,402	8,189
Trade receivables and other receivables	38,632	42,204
Short-term investments	163,287	256,149
Cash and cash equivalents	263,629	124,121
Non-current assets held for sale	3,031	3,031
Deferred expenses	438	231
Total	477,419	433,925
TOTAL ASSETS	877,467	835,781
Equity capital	752,347	764,522
Long-term debts	5,455	4,529
Short-term debts	118,426	65,431
Total debts	123,881	69,960
Deferred revenues	1,239	1,299
EQUITY CAPITAL AND DEBTS	877,467	835,781

Profit and Loss Account

Thousand RON	1 st Half-year 2016	1 st Half-year 2015
Transported quantities (k ton)	3,458	3,417
Operating revenues	202,255	203,243
Operating expenses	139,127	140,689
EBITDA	63,128	62,554
Depreciation	20,323	24,173
EBIT	42,805	38,381
Financial result	1,824	3,302
EBT (Gross profit)	44,629	41,683
Corporate tax	7,584	6,606
Net profit	37,045	35,077

Non-current assets

The non-current assets recorded a decrease by 0.45% in the first half of 2016 compared to December 31, 2015 mainly in the context of an investment volume lower than the depreciation of fixed assets.

Circulating assets

The circulating assets recorded an increase by approximately 10% compared to December 31, 2015, from RON 433,925k to RON 477,419k, mainly caused by the increase of cash and cash equivalents by RON 46,646k.

The inventories recorded a 2.6% increase compared to 31.12.2015 due to the recognition as inventory of the tubular material (pipe) resulted from the pipes disassembly and replacement works.

On June 30, 2016, the receivables decreased by 8.47% due to the collection in December, 2015 of certain invoices due at the beginning of January, 2016.

Long-term Debts

The long-term debts recorded a 20% increase compared to the end of 2015, determined by the increase of the net debt by the deferred corporate tax. The write-back of provisions for which receivables from deferred tax were computed also generated the receivable decrease, namely the increase of the net debt by the deferred tax.

Short-term Debts

The short-term debts recorded 80% increase in the first six months of the year, from RON 65,431k to RON 118,426k, determined by the registration as debts to shareholders of the dividends distributed from the 2015 profit, according to the EGMS Resolution no. 2 of 28.04.2016. The dividends due to shareholders were transferred on 19.07.2016 to Depozitarul Central SA in order to be paid as of 21.07.2016.

Equity Capital

On June 30, 2016 the equity capitals recorded a decrease by 1.5% (RON 12,175k) determined by the changes related to the following elements:

- transfer from capitals to debts of 2015 profit distributed to dividends (RON 63,199k);
- increase of the reserves from the modernization quota by RON 13,944k ;
- net profit earned in H1 2016 of RON 37,045k.

Evolution of COTE Share



Issue info

Total no. of shares	8,657,528
Nominal value of share (RON/share)	3.30
Share capital (RON)	28,569,842.40

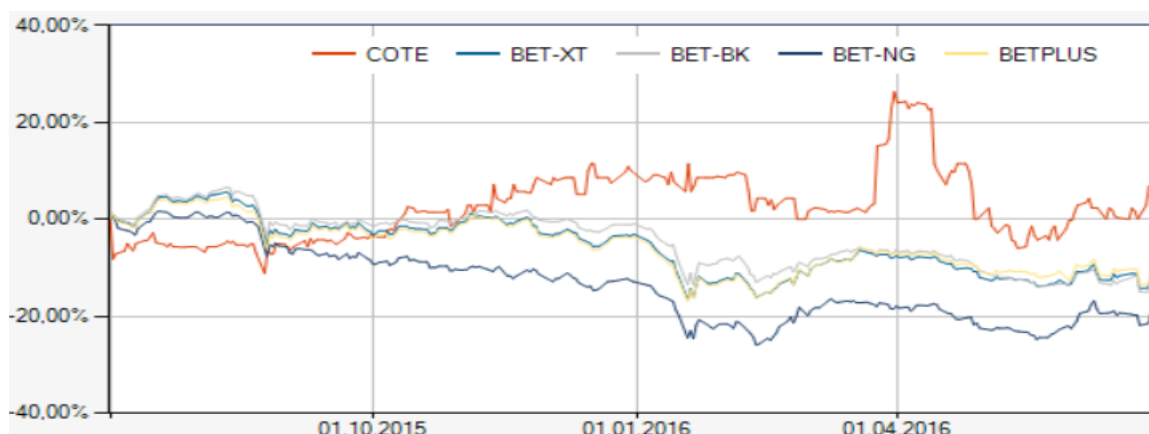
Total 52 weeks

No. of trades	6,803
Traded volume	789,528
Traded value (RON)	55,748,918
52 weeks high	90.00
52 weeks low	62.15

Indicators

Market Cap (RON)	635,462,555
PER	10.05
P/BV	0.83
EPS	7.30
DIVY	9.95
Dividend 2015 (RON/share)	7.29

The evolution of COTE share versus the stock market indices where it is included (%)



On 28.11.2013, the starting date of the current Board of Administration mandate, COTE value amounted to RON 44/share. In this period the share price recorded a positive trend, with a 66.8% increase (on 30.06.2016, the value of one share amounted to RON 73.4), and the historical highest amount of RON 90/share being achieved on 30.03.2016.

Six analysis reports were issued between 01.01.2016-30.06.2016, by the following brokerage companies: Swiss Capital S.A. - 4 reports on 20.01.2016; 05.02.2016; 10.05.2016 and 13.05.2016, Wood & Company -1 report, on 10.02.2016, and Raiffeisen Bank-1 report on 15.03.2016.

Dividends

A gross dividend per share of RON 7.2998881436 was approved for 2015. The dividend was computed in compliance with the provisions of the applicable laws on profit distribution in majority state-owned companies, based on a distribution rate of 93.3%.

Total dividend to be distributed: RON 63,198,986
Dividend per share: 7.2998881436 RON
Date ex-dividend: July 5, 2016
Date of payment: July 21, 2016

OPERATING RESULTS

The main financial and economic indicators achieved for the 01.01-30.06.2016, compared to the same period of 2015, are set out in the table below:

Indicators	Achieved 30.06.2016	Achieved 30.06.2015	Achieved 1 st Half 2016/2015 [▲/▼ %]
[k RON]			
Net turnover	187,481	188,476	▼ 0.5%
Operating revenues	202,255	203,243	▼ 0.5%
Operating expenses	159,450	164,862	▼ 3.3%
Gross operating profit	42,805	38,381	▲ 11.5%
EBITDA	63,128	62,554	▲ 0.9%
Financial revenues	1,880	3,303	▼ 43.1%
Financial expenses	56	1	
Gross financial profit	1,824	3,302	▼ 44.8%
Total revenues	204,135	206,546	▼ 1.2%
Total expenses	159,506	164,863	▼ 3.2%
Gross profit	44,629	41,683	▲ 7.1%
Net profit	37,045	35,077	▲ 5.6%

The evolution of these indicators in 01.01.2016 - 30.06.2016, compared to 2016 1st Half Budget, is as follows:

Indicators	Achieved 30.06.2016	Budget 30.06.2016	Achieved / Budget 30.06.2016 [▲/▼%]
[k RON]			
Net turnover	187,481	184,159	▲ 1.8%
Operating revenues	202,255	199,976	▲ 1.1%
Operating expenses	159,450	164,708	▼ 3.2%
Gross operating profit	42,805	35,268	▲ 21.4%
EBITDA	63,128	58,645	▲ 7.6%
Financial revenues	1,880	1,657	▲ 13.5%
Financial expenses	56	40	▲ 40.0%
Gross financial profit	1,824	1,617	▲ 12.8%
Total revenues	204,135	201,633	▲ 1.2%
Total expenses	159,506	164,748	▼ 3.2%
Gross profit	44,629	36,885	▲ 21.0%
Net profit	37,045	32,203	▲ 15.0%

The turnover of 2016 1st Half, compared to the same period of the previous year, records **0.5%** decrease, caused by the decreased revenues from transport on the country subsystem.

Compared to the budget of the first six months of 2016, the turnover increased by **1.8%** as a result of increased revenues from transport by 1.9%.

Operating Revenues

The evolution of the operating revenues and transported quantities in 2016 1st Half vs. 2015 1st Half, is as follows:

Indicators [k RON]	2016 1 st Half	2015 1 st Half	1 st Half 2016/ 1 st Half 2015 [▲/▼%]
Revenues from the transport service, out of which:			
Transported quantities			
Thousand ton	3,458	3,417	▲ 1.2%
Thousand RON	186,562	187,367	▼ 0.4%
Domestic subsystem revenues			
Thousand ton	1,855	1,980	▼ 6.3%
Thousand RON	149,265	156,868	▼ 4.8%
Import subsystem revenues			
Thousand ton	1,603	1,437	▲ 11.6%

Thousand RON	37,297	30,499	▲ 22.3%
Other operating revenues, out of which:	15,693	15,876	▼ 1.2%
Rents	594	745	▼ 20.3%
Other revenues related to the turnover	325	364	▼ 10.4%
Other operating revenues, out of which:	14,774	14,767	0.0%
- Write-back of the depreciation of fixed assets financed from the modernization quota	13,451	14,153	▼ 5.0%
- Revenues from sale of assets	566	214	▲ 164.5%
- Other revenues	757	400	▲ 89.0%
Total operating revenues	202,255	203,243	▼ 0.5%

Compared to the approved budget, in the structure by segments and activities, the overall revenues of the operating activity between 01.01 - 30.06.2016, are as follows:

Indicators [k RON]	2016 1 st Half	Budget 2016 1 st Half	2016 1 st Half / Budget 2016 1 st Half BVC[▲/▼ %]
Revenues from the transport service, out of which:			
Transported quantities			
Thousand ton	3,458	3,292	▲ 5.0%
Thousand RON	186,562	182,999	▲ 1.9%
Domestic subsystem revenues			
Thousand ton	1,855	1,843	▲ 0.6%
Thousand RON	149,265	147,237	▲ 1.4%
Import subsystem revenues			
Thousand ton	1,603	1,449	▲ 10.7%
Thousand RON	37,297	35,762	▲ 4.3%
Other operating revenues, out of which:	15,693	16,977	▼ 7.6%
Rents	594	762	▼ 22.1%
Other revenues related to the turnover	325	398	▼ 18.1%
Other operating revenues, out of which:	14,774	15,817	▼ 6.6%
- Write-back of the depreciation of fixed assets financed from the modernization quota	13,451	14,660	▼ 8.2%
- Revenues from sale of assets	566	700	▼ 19.1%
- Other revenues	757	457	▲ 65.3%
Total operating revenues	202,255	199,976	▲ 1.1%

Quantity of Billed Transported Products

The quantity contracted with OMV Petrom for transport on the domestic sub-system, for 2016, decreased by 7.83% (approximately 310k ton), compared to the quantity contracted in 2015.

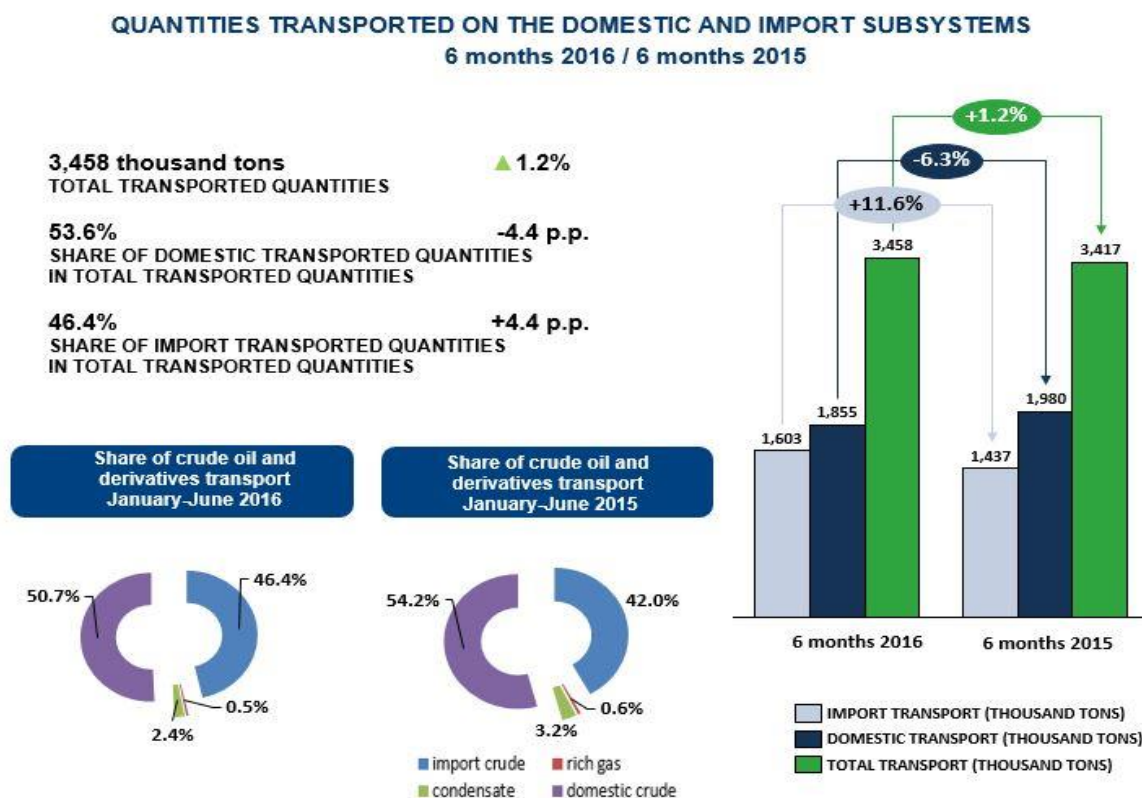
On the import sub-system, the quantity contracted with Lukoil, for 2016, increased by 17.9% (approximately 395k ton), compared to the one contracted in 2015.

In January - June, 2016, the overall product transported quantity increased by **1.2%** YoY, with a positive trend, from 3,417k ton to 3,458k ton.

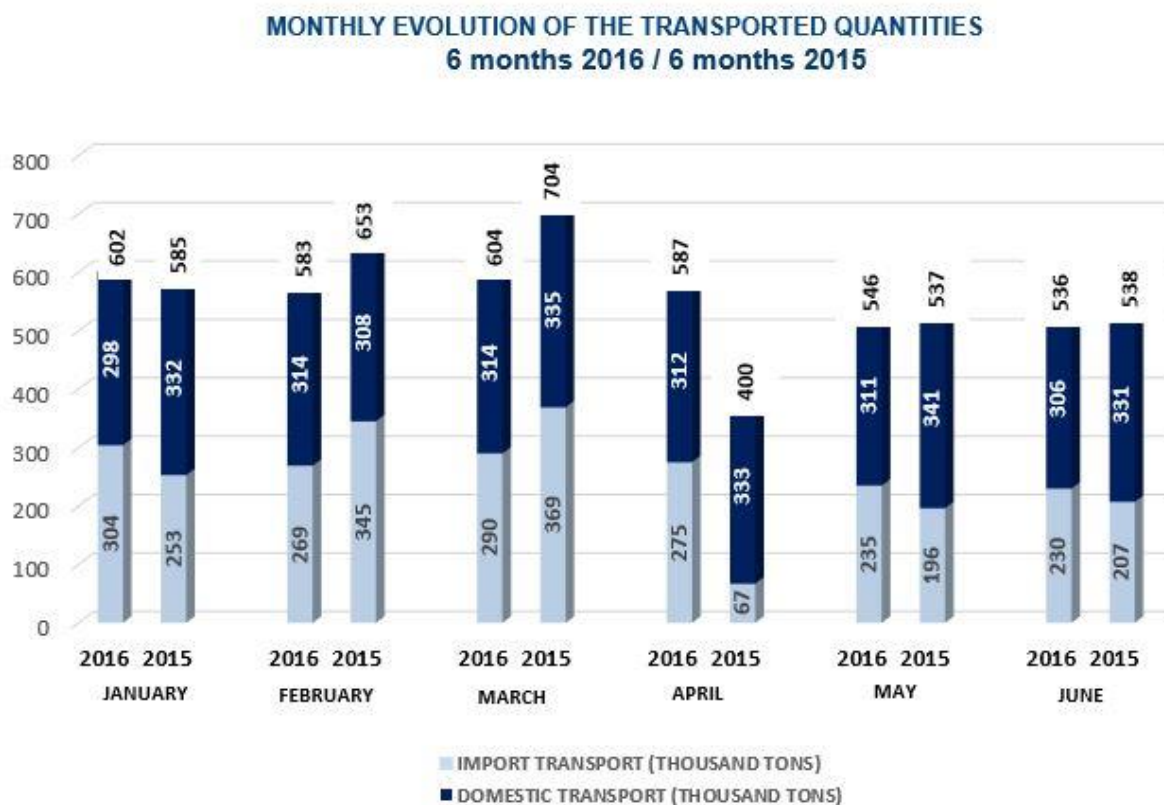
The evolution in the first 6 months of 2016 YoY is different on the two transport subsystems. The quantity transported on the import subsystem increased in the first six months by 166k ton, compared to the same period of the previous year, and the quantity transported on the country subsystem decreased by 125k ton.

The quantity contracted, in 2016, by Lukoil for the transport on the Import sub-system, represents the outmost processing throughput that can be reached by the refinery, where in 2016, has not been recorded any planned revision.

The evolution of the transported quantities on the domestic subsystem, within the last years, shows a constant decrease, by 200 thousand tons per year, which is due, on the one hand, to the natural decline of the deposits in corellation with lower investments made by OMV Petrom in the drilling of new wells.



Monthly evolution of quantities transported on the domestic and import transport sub-systems 2016H1 / 2015H1 (k ton)



Transport Tariffs

The transport rates on the National Crude Oil Transport System are determined pursuant to the Order of the President of the National Agency for Mineral Resources and become effective as of the publication date in the Official Gazette. The pricing methodology related to the crude oil transport through the National crude oil, rich gas and condensate Transport System is regulated by NAMR through Order no. 53/2008.

The transport tariff is differentiated on the two transport sub-systems, domestic and import. The rates approved by the National Agency for Mineral Resources for the provision of domestic crude oil, rich gas and condensate transport services, related to 01.01.2015-30.06.2016, are as follows:

Average rate for the transport service through the domestic subsystem
-RON/ton-

- Order no.199/2013 for 11.12.2013-08.02.2016 **78.64**
- Order no.32/2016 for 09.02.2016-to date **79.75**

The tariffs related to the Import sub-system transport activity are those determined by NAMR pursuant to Order. 32/02.02.2016, as of 09.02.2016. The tariffs are being applied per refineries, according to the transported quantities intervals, being carried out the tariff bracket calculation model, as follows:

	Tariff as per NAMR Order 32/ 02.02.2016, Official Gazette no. 97/09.02.2016			
Quant. (to)	Arpechim	Bazinul Ploiesti	Rafo Onesti	Petromidia
0 – 100 000	38.85	38.00	29.88	8.00
>100 000	16.60	16.00	27.38	7.33

Transport revenues

REVENUES ACHIEVED FROM THE TRANSPORT ON THE DOMESTIC AND IMPORT SUBSYSTEMS JANUARY - JUNE 2016/2015

186.6 mRON
TOTAL TRANSPORT REVENUES ▼ **0.4%**

149.3 mRON
REVENUES FROM DOMESTIC TRANSPORT ▼ **4.8%**

37.3 mRON
REVENUES FROM IMPORT TRANSPORT ▲ **22.3%**

SHARE OF DOMESTIC TRANSPORT REVENUES IN
TOTAL TRANSPORT REVENUES

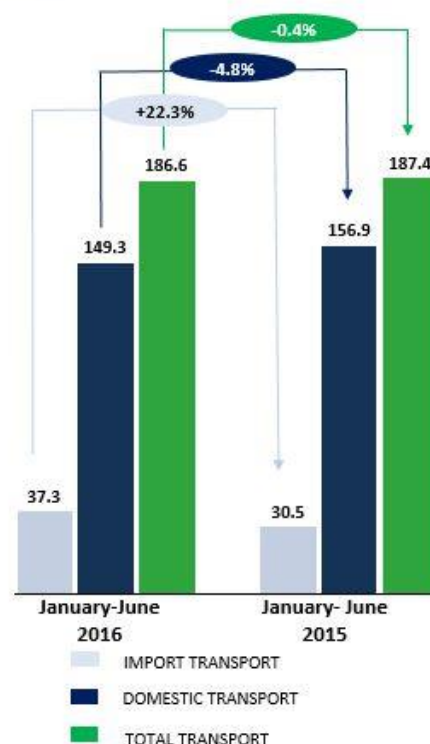
83.7% → **-3.7 % as compared to January-June 2015** → 80.0%

SHARE OF IMPORT TRANSPORT REVENUES IN
TOTAL TRANSPORT REVENUES

16.3% → **+3.7 % as compared to January-June 2015** → 20.0%

The revenues achieved from the transport on the Import Sub-system are higher due to:

- The increase of the quantities transported to Lukoil refinery by 34.1%;
- The increase of the average transport tariff for the Import sub-system by 1.47%, as of February 9, 2016.



The revenues from the transport services provided in 2016H1 decreased by **0.4%** (RON 805k), compared to the similar period of the previous year (RON 186,562k in H1 2016 from RON 187,367k in H1 2015), with 4.8% decrease on the domestic subsystem (RON 149,265k in H1 2016 compared to RON 156,868k in H1 2015).

The decrease of revenues incurred by the transport on the domestic subsystem, respectively of RON 7,603k, was partially recovered from the increased revenues on the import subsystem, of RON 6,798k, based on 166k ton transported in addition to the schedule.

Compared to Budget, the revenues from transport services recorded an increase by 1.9% (RON 3,563k), as a result of having exceeded the transport schedule on the domestic subsystem by 0.6% (12k ton), and on the import subsystem by 10.7% (154k ton), respectively.

The average transport rates used for the provided services, as of February 9, 2016 are: RON 79.75/ton for the transport on the domestic subsystem and RON 25.82/ton on the import subsystem.

The revenues from the core business (crude oil, rich gas and condensate transport services) account for 99.51% in the turnover and 92.2% in the total operating revenues of the company.

Other Operating Revenues

Other operating revenues which include: rents, revenues from other provided services, from the reversed depreciation of fixed assets financed from the modernization quota, from the sale of assets, record the same level as in 2015 H1.

Operating Expenses

The operating expenses incurred in January – June, 2016 YoY, are as follows:

Indicators [k RON]	June 30, 2016	June 30, 2015	Achieved 2016/2015 1 st Half [▲/▼%]
Material expenses, out of which:	3,145	4,031	▼22.0%
-expenses for consumables	1,556	1,479	▲5.2%
-Fuel expenses	825	1,169	▼29.5%
Other outside expenses (with energy and water)	4,940	5,645	▼12.5%
Personnel expenses. out of which:	55,912	53,016	▲5.5%
-Salary expenses	36,394	34,429	▲5.7%
-Expenses related to the social security insurance contributions and other legal requirements	11,122	10,683	▲4.1%
-Other personnel expenses	8,396	7,904	▲6.2%
Tangible and intangible assets depreciation related expenses	20,323	24,173	▼15.9%
Third party expenses, out of which:	51,725	53,807	▼3.9%
- Maintenance (Maintenance, current and capital repairs) expenses	1,117	1,197	▼6.7%
- Crude oil rail transport expenses	29,471	31,635	▼6.9%
- Decontamination expenses	480	460	▲4.4%
- Royalties	14,273	14,239	▲0.2%
- Other third party services	6,384	6286	▲1.7%
Value adjustments on current assets	-50	-415	▼88.0%
Provisions adjustments	-9,065	-6,821	▲32.9%
Other operating expenses, out of which:	32,520	31,426	▲3.5%
-modernization quota expenses	27,395	29,008	▼5.6%
Total operating expenses	159,450	164,862	▼3.3%

The evolution of the expenses, compared to the income and expense budget, is as follows:

Indicators [k RON]	Achieved June 30, 2016	Budget June 30, 2016	Achieved/Budget 2016 H1 [▲/▼%]
Material expenses, out of which:	3,145	3,908	▼19.5%
-expenses for consumables	1,556	1,689	▼7.9%
-Fuel expenses	825	1,179	▼30.1%
Other outside expenses (with energy and water)	4,940	5,804	▼14.9%
Personnel expenses. out of which:	55,912	57,635	▼3.0%
-Salary expenses	36,394	37,081	▼1.9%
-Expenses related to the social security insurance contributions and other legal requirements	11,122	11,354	▼2.0%
-Other personnel expenses	8,396	9,199	▼8.7%
Tangible and intangible assets depreciation related expenses	20,323	23,377	▼13.1%
Third party expenses, out of which:	51,725	52,244	▼1.0%
- Maintenance (Maintenance, current and capital repairs) expenses	1,117	1,721	▼35.1%
- Crude oil rail transport expenses	29,471	27,808	▲6.0%
- Decontamination expenses	480	1,000	▼52.0%
- Royalties	14,273	14,155	▲0.8%
- Other third party services	6,384	7,560	▼15.6%
Value adjustments on current assets	-50	0	
Provisions adjustments	-9,065	-10,863	▼16.6%
Other operating expenses, out of which:	32,520	32,603	▼0.3%
-modernization quota expenses	27,395	25,743	▲6.4%
Total operating expenses	159,450	164,708	▼3.2%

The expenses (including depreciation) incurred in H1 2016 decreased by **3.3% YoY** (RON 159,450k, from RON 164,862k) and by **3.2%** compared to the Revenues and Expenditure Budget (RON 159,450k, from RON 164,708k).

The operating costs on the 2 subsystems decreased by **2.73% YoY** (RON 152.65M from RON 156.92M).

The overall cost per transported ton in H1 2016 YoY, decreased by 3.89%, due to the decreased cost per ton transported on the import subsystem - 6.41% (RON 17.63/ton from RON 18.84/ton);

The decreased cost per transported ton was partially due, on the one hand, to the 1.21% increase in the transported quantity and on the other hand, to the 2.73% decrease in the operating costs.

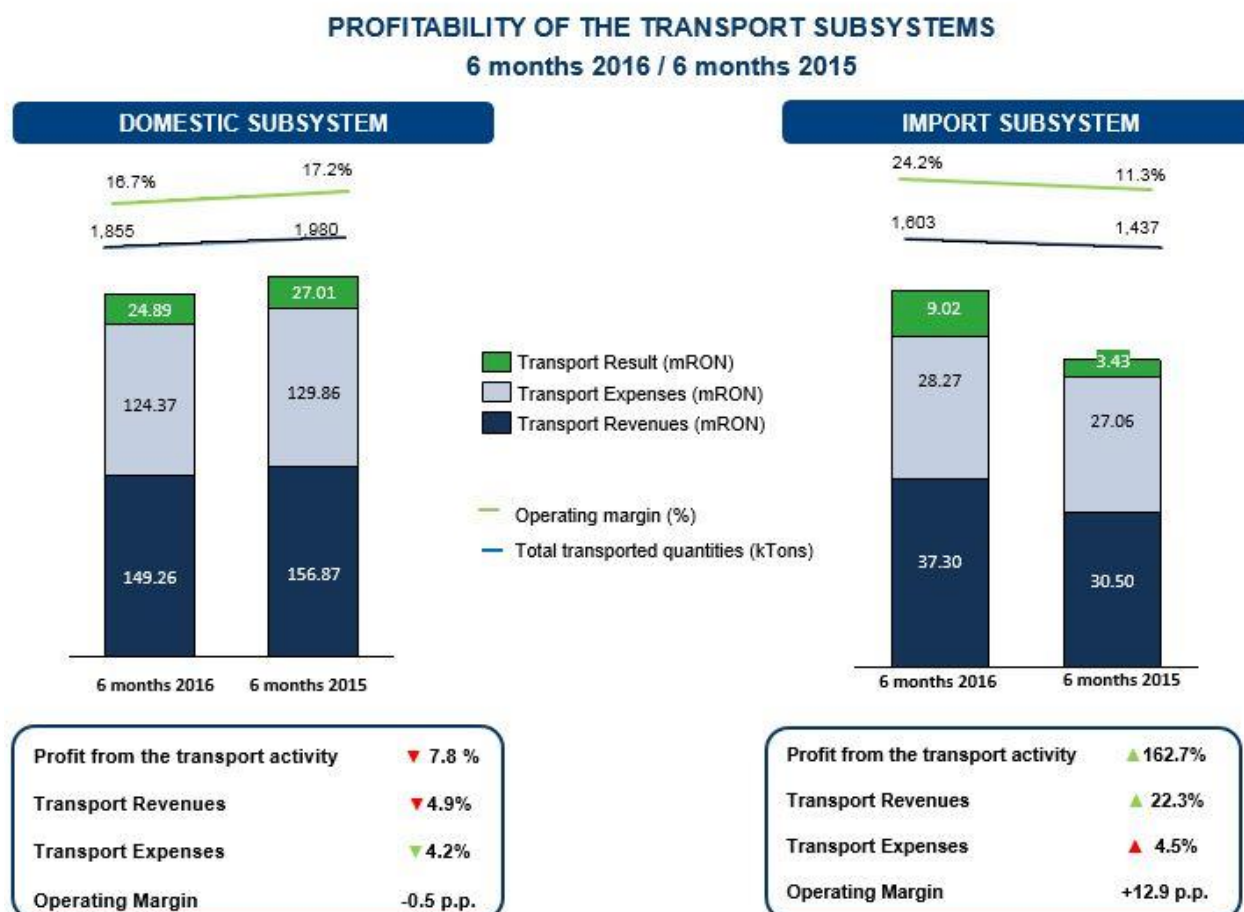
The transport on the domestic subsystem achieved within the first 6 months a cost per transported ton of RON 67.06/ton, and the cost per import subsystem amounted to RON

17.63/transported ton.

Operating Profit

EBITDA increased by 0.9% compared to the similar period of 2015 (RON 63,128k in H1 2016 from RON 62,554k in H1 2015) and by 7.6% compared to the income and expense budget (RON 63,128k in H1 from RON 58,645k in the budget).

This evolution was determined by the increased operating profit by 11.5% compared to H1 2015 and by 21.4 % compared to the budget provisions for the same period.



The domestic transport subsystem recorded a positive result by 7.8% lower than the one recorded in the similar period of 2015 (RON 24.89M compared to RON 27.01M in the previous year).

The import crude oil transport subsystem recorded a positive result by 162.7% higher than the one recorded in the similar period of 2015 (RON 9.02M compared to RON 3.43M in the previous year).

EBIT recorded 11.53% increase compared to 2015 H1 (RON 42,805k from RON 38,381k), mainly due to the import transport subsystem segment.

Gross profit

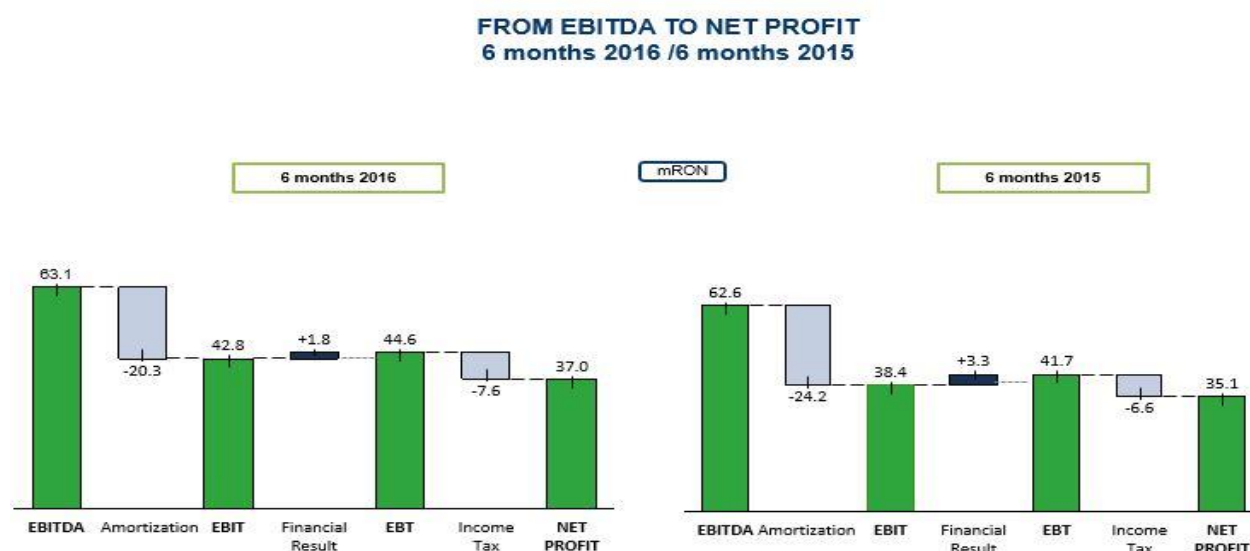
The profit before taxation recorded **7%** increase compared to 2015 H1 (RON 44,629k from RON 41,683k).

Financial result

The financial result recorded in 2016 H1 was positive (RON 1,824k), but by 44.7% lower compared to the previous year, due to the 63% decrease of revenues from interests.

Net profit

The profit before taxation recorded **5.6%** increase compared to 2015 H1 (RON 37,045k from RON 35,077k).

**Cash Flow Statement for 01.01.- 30.06.2016**

Element description		01.01.2016- 30.06.2016	01.01.2015- 30.06.2015
Cash flows from operating activities:			
+	Incomings from operating activities	203,462	204,112
-	Payments related to operating activities	167,010	182,930
A	Net cash flows from operating activities	36,452	21,182
Cash flows from investment activities:			
+	Collections from investment activities	293,903	43,535
-	Payments related to investment activities	192,813	274,380
B	Net cash flows from investment activities	101,090	-230,845
Cash flows from financing activities:			
+	Collections from financing activities	2,044	0
-	Payments related to financing activities	78	29
C	Net cash flows from financing activities	1,966	-29
	Net increase of cash and cash equivalents=A+B+C=D2-D1	139,508	-209,692
D1	Cash and cash equivalents at	124,121	335,368

<i>the beginning of the period</i>			
D2	Cash and cash equivalents at	263,629	125,676
	the end of the period		
To which is being added:			
	Government securities as government bonds and treasury bills	162,953	253,339
	Total cash at the end of the year	426,582	379,015

The increase in cash and cash equivalents along the analyzed period is due to the investment in term deposits during 01.01-30.06.2016, compared to the similar period of 2015, when these were mainly invested in short-term investments. The negotiated interest for the set up deposits was higher than the T-bonds yields in 2016 H1.

Investments

The investment projects within CONPET mainly refer to increasing the efficiency of the transport activity.

The investments are financed from own sources consisting of: the modernization quota (for the upgrade of assets in the public domain and new investments) and other own sources.

The summary of investment per types of works, achieved in the first 6 months of 2016, compared to the program for the same period and total 2016, is as follows:

No.	Objective description	Program 2016 [k RON]	Cumulated 6 months 2016 [k RON]		
			Program	Achieved	%
	Grand total, out of which:	56,976	21,583	20,280	94%
I	PUBLIC DOMAIN	42,796	16,940	19,014	112%
1	Pipelines rehabilitation, out of which:	26,788	10,177	13,494	133%
1.1	Pipelines replacement	23,909	9,728	13,249	136%
1.2	Safe disposals	2,879	449	245	55%
2	Upgrade and monitoring of the cathodic protection system at central and sector level, related to the crude oil transport pipelines Ticleni-Ploiesti, Line 1 and Line 2	8,900	4,900	4,441	91%
3	Upgrade and monitoring of the cathodic protection system related to import and domestic NTS - design	590	590	167	28%
4	Upgrade and monitoring of the cathodic protection system related to import NTS - execution	100	0	0	-
5	Upgrade and monitoring of the cathodic protection system related to import NTS - execution	0	0	0	-

6	Pilot system for the detection and location of product leaks from the crude oil main transport pipelines Videle-Cartojani-Ploiesti	5	0	0	-
7	Technical consulting and support	50	0	0	-
8	Tanks	1,150	120	43	36%
9	Energetic works	1,198	358	232	65%
10	Telecommunications works	980	130	0	0%
11	Pumping systems upgrade	1,290	415	604	146%
12	Ramp upgrade	600	200	33	17%
13	Buildings, station fencing	270	0	0	-
14	Automation and SCADA works	635	0	0	-
15	Other works	100	50	0	0%
16	Projects, Studies, Technical Appraisals	140	0	0	-
II	OPERATOR AREA	14,180	4,643	1,266	27%
1.	Investment objectives, out of which:	6,930	1,563	601	38%
1.1.	Pipes rehabilitation:	617	185	27	14%
1.2.	Water supply	220	150	22	14%
1.3.	Buildings, station fencing	1,505	405	44	11%
1.4.	LDH and wagons	213	0	0,0	-
1.5.	Other works	4,305	823	508	62%
1.6.	Intangible investments	70	0	0	-
2	Independent endowment and machinery	7,250	3,080	665	22%

The investments made within the first 6 months of 2016 amounted to RON 20,280 thousand, out of which, by financing sources:

- Modernization quota – RON 18,981 thousand;
- own sources (profit) – RON 1,299 thousand.

The investment program considered:

- continuation of works for the rehabilitation of the major pipelines for the transport of crude oil and rich gas;
- investment works for facilities of the ancillary equipment and endowment related to the national transport system, among which the most important are:
- Upgrade and monitoring of the cathodic protection system at central and sector level, related to the crude oil transport pipelines Ticleni-Ploiesti, Line 1 and Line 2;
- Pumping systems upgrade;
- Implementation and equipment of wireless infrastructure at CONPET offices in Ploiesti;
- Implementation of a Document Management solution.

The commissionings made in the first 6 months of 2016 amounted to RON 3,749 thousand, out of which, by financing sources:

- RON 2,053 thousand from other sources - modernization quota;

- RON 1,696 thousand from own sources - profit; and by works, as follows:
- Replacement of ethane pipeline 5 9/16" Turburea-ARPECHIM Pitesti, left bank of Amaradia river, Stejari locality, for approximately 350 m length;
- Replacement of the crude oil pipeline Ø 10 3/4" F2 Radinesti-Ploiesti, in the areas Aninoasa-Batar point, Izvoras river and Dealul Oltului, Valcea County, for approximately 0.4 km length;
- Implementation and equipment of wireless infrastructure at CONPET offices in Ploiesti;
- Implementation of a Document Management solution;
- Water supply of the fire defense tank R 28 Moreni;
- Upgrade of Constanta Sud II Dispatch center;
- Upgrade of Poiana Lacului building;
- Replacement of 14" pipeline Constanta-Baraganu, Valea Nemtilor area, for a length of 1000 m;
- Planning of Moreni pig launcher-receiver facilities;
- Replacement of the rich gas transport pipe ø 4" rich gas recovery Abramut – Rampa Marghita, in the railway subcrossing areas Marghita – Sacuieni 300 m and of the crude oil pipeline Petreu warehouse –Marghita ramp ø 6 5/8" for a length of approx. 700 m, Petreu village, Abramut commune, Bihor county;
- Independent endowment and machinery.

Contractual Issues

The procurement activity took place in compliance with the provisions of the Internal procurement procedural norms of CONPET S.A..

Between January - June, 2016, based on the requests promoted by the entities within the company, 76 procurements were initiated, according to the internal procurement procedural norms.

In H1 2016 were completed 58 procurements (out of which 12 initiated in 2015), by means of execution of contracts with an aggregate amount of RON 11,247.68k and EUR 214.86k.

Disputes

The most important disputes the company is involved in are set out below:

➤ **Docket no. 5555/2/2014 - High Court of Cassation and Justice (on the merits, pending with Bucharest Tribunal, initial no. 33317/3/2007)**

Parties: Autoritatea pentru Valorificarea Activelor Statului (Eng. Authority for State Assets Recovery, MECMA (OPSPI) - Plaintiff

CONPET S.A., Fondul Proprietatea S.A., Registrul Independent Regisco S.A., Comisia Nationala a Valorilor Mobiliare (Rom. National Securities Commission) - Respondents

Scope of claim: Action for the recovery of possession filed by AVAS over 524,366

shares in the share capital of Conpet S.A. (representing 6.06% of all shares issued by CONPET) and the obligation to do.

By decision no. 118/30.01.2015, Bucharest Court of Appeal approved the appeal filed by the appellant-plaintiffs Department for Energy of the Ministry of Economy and the Ministry of Economy, as successor in title of the Ministry of Economy, Trade and Business Environment, in opposition to the respondent Fondul Proprietatea SA. Ascertains the title of the plaintiff Ministry of Economy over 524,366 shares of CONPET SA. Binds the respondents to take the required actions in order to make the entries in the shareholders register. The Department for Energy of the Ministry of Economy and Fondul Proprietatea SA filed second appeal against decision no. 118/30.01.2015. The Department for Energy also filed a second appeal against the Ruling dated April 3, 2015 with respect to the clarification of the operative part of the Civil Decision no.118/A/30.01.2015 and acknowledgment of title over the shares of Conpet SA as belonging to the Ministry of Energy, Small and Medium-sized Enterprises, and not to the Ministry of Economy, Commerce and Tourism.

By Decision no. 802/19.04.2016, ICCJ approved the second appeals filed by both appellants. Cancels the challenged decision and sends the case for rejudgment by the same court of law. Rejects the second appeal filed by the appellant-plaintiff Ministry of Energy versus the hearing report of April 03, 2015, ruled by the same court of law.

The case will be rejudged by Bucharest Court of Appeal. No subpoena was issued in this case file.

➤ **Docket no. 6544/105/2011* - Prahova Tribunal**

Parties: CONPET S.A. - respondent

ICIM S.A. - respondent

E.T.H. Arhitectural Systeme S.R.L. by judicial liquidator Dascalescu & Co – plaintiff

Scope: Claims - amount subject to the dispute: RON 1,146,784.7 (equivalent of works performed for objective “Central Dispatching Unit Building CONPET”) plus liquidated damages (penalties/interests), to be determined based on a forensic accounting to be performed in this case.

Procedural stage: On the merits (first instance), pending with Prahova Tribunal

Hearing date: 21.09.2016

➤ **Docket no. 4317/105/2014 - Prahova Tribunal**

Parties: CONPET SA - plaintiff

Ploiesti Municipality – Local Public Finance Office – respondent

Scope: CONPET files an administrative contentious claim requesting the court to pass a decision ordering: the cancellation of Decision no. 259/07.05.2014 issued by Ploiesti Municipality - Local Public Finance Office, under which the challenge filed by CONPET against the Taxation decision no. 22271/26.02.2014 and the Tax Inspection Report no. 22271/26.02.2014 was rejected; - partial cancellation of the Taxation decision no. 22271/26.02.2014, as well as of the subsequent deeds, namely of the findings of the Tax

Inspection Report with the consequence of exemption from payment related to the amount of RON 770,966 representing additional tax liabilities and the amount of RON 712,065 representing accessories related to the basic liability. Through decision no. 825/31.05.2016 Prahova Tribunal rejected the claim filed by CONPET as unsubstantiated. The judgment is subject to appeal after notification. So far, the decision was not communicated. CONPET will file a second appeal.

Significant events

A number of important events occurred during the 6 months of 2016, within the company, as follows:

January 29, 2016

Ordinance no. 11/2016 of January 27, 2016 on the amendment and supplementation of the Government Ordinance no. 26/2013 on strengthening the financial discipline at the level of certain economic operators where the State or administrative-regional units are sole or majority shareholders or directly or indirectly hold a majority equity based on which the Revenues and Expenditure budgets are approved by the General Meeting of Shareholders.

February 02, 2016

NAMR issued Order no. 32/2016 on the approval of transport rates through the Crude oil, Rich gas, Condensate and Ethane National Transport System of, published in the Official gazette no. 97 of 09.02.2016.

March 17, 2016

The Revenues and Expenditure Budget and the 2016 Investment program were approved through the General Meeting of Shareholders' Resolution no. 1/17.03.2016.

April 13, 2016

On 19.05.2016, the Board of Administration approved the summoning of the EGMS for 19.05.2016, with the following agenda:

Approval of the share capital increase with the amount of RON 92,188,158 representing contribution in kind (land) of RON 54,129,383, and in cash, of RON 38.058.775, from the current amount of 28.569.842.40 to maximum RON 120,758,000,40, through the issuance of maximum 27,935,805 new registered, dematerialized shares, for a price of RON 3.3/share, equal with the par value (with no share premium), out of which:

(i) 16,402,843 new shares of RON 54,129,383 representing the contribution in kind of the Romanian State, through representative the Ministry of Energy, with the plots of land with a total area of 554,537.61 sq m, contemplated by the 47 ownership certifying certificates regarding which CONPET acquired, in 2001-2005, ownership titles;

(ii) maximum 11,532,962 new shares of RON 38,058,775 to be offered for subscription, according to the exercise of the preemption right, in consideration of the contribution in kind of Romanian State, through representative the Ministry of Energy, to the other CONPET shareholders, namely the persons registered as shareholder on the Date of registration, in order to maintain the interest shares held on the Registration date within CONPET.

April 28, 2016

Through Resolution no. 2 of 28.04.2016 were approved:

- The annual financial statements for the financial year ended on 31.12.2015, drafted in compliance with the applicable accounting regulations, based on the annual report of the administrators for 2015 financial year
- The distribution of the net profit related to 2015 financial year, of the gross dividend per share of RON 7.2998881436/share, and of the date of 21.07.2016 as date of payment.

In the OGMS meeting of 28.04.2016, the Board of Administration proposed to distribute, as special dividend, to the company shareholders, the amount of RON 72,314,486 (RON 8.3527868463 gross dividend/share), existing on 31.12.2015 in the retained earnings account.

The proposal was rejected, as the shareholders' votes "against" the distribution of the special dividend represented 71.74%.

May 19, 2016

On 19.05.2016 took place the Extraordinary General Meeting of Shareholders, which had on the agenda the increase of the share capital by the value of plots of land for which Ownership Certificates were acquired in 2001-2005.

Pursuant to art. 240 para. (2) of Law no. 297/2004 on the capital market, the share capital increases by means of contribution in kind should be approved by the Extraordinary General Meeting of Shareholders attended by shareholders representing at least 85% of the subscribed share capital. According to the shareholders' attendance list, at the EGMS of May 19, 2016, it resulted that 83.8803% of the existing shareholders were present, and thus the legal requirements for this meeting were not met.

May 20, 2016

At the second call of the shareholders in the EGMS dated 20.05.2016, shareholders representing 76.8513% of the share capital were present (less than 85%). Under these circumstances, no decision on the company's share capital increase by means of contribution in kind was passed.

Further events

On 05.07.2016 took place the Extraordinary General Meeting of Shareholders which had the same agenda as the EGMS convened for 19.05.2016 and 20.05.2016, namely the increase of the share capital by the value of plots of land for which Ownership Certificates were acquired in 2001-2005. Following the votes cast by the shareholders, the share capital increase was not approved due to the failure to meet the quorum requirements. According to the provisions of the Articles of Incorporation, the resolutions concerning the share capital increase by means of contribution in kind should be passed by the vote of shareholders representing at least (3/4) of the share capital, and the "For" votes were of approximately 66.7554 % of the share capital.

Affiliated parties

Between 01.01-30.06.2016, the company had the following transactions with affiliated parties:

Partner	Unsettled amounts on 01.01.2016	Purchases in the per. 01.01- 30.06.16	Settlements in the per. 01.01- 30.06.16	Unsettled amounts on 30.06.2016
SNTFM CFR Marfa SA	6,700,297	35,552,703	34,706,752	7,546,248
ELECTRICA Furnizare SA	714,830	-	714,830	-
Total	7,415,127	35,552,703	35,421,582	7,546,248

Annexes

Annex 1 Simplified statement on the financial position on June 30, 2016;
Annex 2 Simplified statement on the global result on March 30, 2016;
Annex 3 Cash flow Statement on June 30, 2016;
Annex 4 Budget Execution on June 30, 2016;
Annex 5 Executive management members list;
Annex 6 Statement on disputes on June 30, 2016;
Annex 7 Degree of fulfilment of the performance indicators of the administrators, for 01.01-30.06.2016;
Annex 8 Statement on the works and products procurement contracts with amounts that exceed EUR 500,000, concluded between 01.01.2016-30.06.2016;
Annex 9 Statement on the services procurement contracts with amounts that exceed EUR 100,000, concluded between 01.01.2016-30.06.2016;

Chairman of the Board of Administration
Dan Weiler

Director General
Liviu Ilasi

Economic Director
Sanda Toader

Annex 1: Simplified Statement of the Financial Position on March 30, 2016

[RON]	June 30, 2016 (not audited)	December 31, 2015 (audited)
ASSETS		
Non-current assets		
Tangible assets	397,322,887	398,698,454
Intangible assets	2,447,623	2,851,500
Financial investments	277,184	305,860
Total non-current assets	400,047,694	401,855,814
Circulating assets		
Inventories	8,401,546	8,189,161
Trade receivables and other receivables	38,631,679	42,204,216
Short-term investments	163,287,518	256,149,012
Cash and cash equivalents	263,628,735	124,120,816
Assets held for sale	3,031,187	3,031,187
Prepaid expenditure	438,324	231,234
TOTAL Current assets	477,418,989	433,925,626
TOTAL ASSETS	877,466,683	835,781,440
Shareholder's Equity and debts		
Shareholder's Equity		
Share capital, out of which:	28,569,842	28,569,842
Subscribed and paid-up share capital:	28,569,842	28,569,842
Revaluation reserves	89,126,208	93,603,955
Legal reserves	5,713,968	5,713,968
Other reserves	515,062,659	501,118,931
Retained earnings	76,829,222	72,316,398
Year's result	37,044,715	63,198,986
Total shareholders' equity	752,346,614	764,522,080
Long-term debts		
Deferred profit tax liabilities	1,122,791	95,919
Provision for employees benefits	3,618,855	3,719,592
Long term trade liabilities	713,131	713,683
Total long-term debts	5,454,777	4,529,194
Current debts		
Trade liabilities	19,539,097	20,043,292
Other liabilities	88,511,113	26,047,983
Short-term provisions	10,375,609	19,339,603
Total current debts	118,425,819	65,430,878

TOTAL DEBTS	123,880,596	69,960,072
Deferred income		
Investment subsidies	1,222,622	1,281,054
Deffered income	16,851	18,234
Total deferred income	1,239,473	1,299,288
Total Shareholders' equity and debts	877,466,683	835,781,440

Annex 2 : Simplified Statement on the Global Result on June 30, 2016

[RON]	June 30, 2016 (not audited)	June 30, 2015 (not audited)
Turnover revenues	187,481,051	188,476,046
Other revenues	14,773,808	14,767,160
Total operating revenues	202,254,859	203,243,206
Expenses for inventories and other external expenses	8,085,292	9,676,562
Personnel expenses	55,911,990	53,016,051
Value adjustments related to non-current assets	20,323,138	24,173,279
Value adjustments for circulating assets	(49,774)	(415,554)
Third-party expenses	51,724,532	53,807,104
Other expenses	32,519,555	31,426,179
Provision-related adjustments	(9,064,732)	(6,821,571)
Total operating expenses	159,450,001	164,862,050
Operating profit	42,804,858	38,381,156
Financial revenues	1,879,901	3,303,190
Financial expenses	55,832	1,762
Financial profit	1,824,069	3,301,428
Profit before taxation	44,628,927	41,682,584
Current corporate tax expense	6,522,262	6,605,761

Deferred tax expenses related to the reversal of the temporary differences	1,061,950	-
Income Tax	7,584,212	6,605,761
Financial year profit	37,044,715	35,076,823
Other elements of the global result		
Elements not reclassified in the profit and loss account:		
net achieved surplus from revaluation reserves	4,477,103	7,030,405
TOTAL GLOBAL RESULT OF THE YEAR	41,521,818	42,107,228

Annex 3: Cash-flow Statement on June 30, 2016

	Element description	2016 H1	2015 H1
	Cash flows from operating activities:		
+	Collections from supplied services	198,599,686	197,936,899
+	Collections from bank deposit related interests	805,293	2,941,769
+	Other collections	4,057,088	3,233,786
-	Payments to suppliers of goods and services	61,035,238	73,965,901
-	Payments to and on behalf of employees	57,149,879	54,531,394
-	VAT payments	24,465,356	29,457,401
-	Corporate tax payments	7,169,662	6,765,853
-	Other payments related to the operating activity	17,189,925	18,210,158
A	Net cash flows from operating activities	36,452,007	21,181,747
	Cash flows from investment activities		
+	Collections from the sale of tangible non-current assets	566,412	214,002
+	Collections from the modernization quota	27,395,011	29,007,880
+	Collections from short-term financial investments	262,480,756	14,240,800
+	Collections from Government bonds related interests	3,460,844	72,439
-	Payments for the procurement of tangible non-current assets	20,717,876	14,401,097
-	Payments for short-term financial investments	172,095,327	259,979,356
B	Net cash flows from investment activities	101,089,820	(230,845,332)
	Cash flows from financing activities:		
+	Collection of dividends transferred to Depozitarul Central	2,044,338	-
-	Paid dividends	78,245	28,601
C	Net cash flows from financing activities	1,966,093	(28,601)
	Net increase of cash and cash equivalents=A+B+C=D2-D1	139,507,920	(209,692,186)
D1	Cash and cash equivalents at the beginning of the period	124,120,815	335,367,828
D2	Cash and cash equivalents at the end of the period	263,628,735	125,675,642

To which is being added:

Government securities as government bonds and treasury bills

162,953,127 253,339,556

Total cash at the end of the period

426,581,862 379,014,198

Annex 4: Execution of the Revenues and Expenditure Budget (Budget) on June 30, 2016

INDICATORS	Achieved 2016 H1 [k RON]	Budget 2016 H1 [k RON]	Degree of Achievement (%)
TOTAL REVENUES	204,135	201,633	101.2%
Total operating revenues	202,255	199,976	101.1%
Financial revenues	1,880	1,657	113.5%
Extraordinary revenues			
TOTAL EXPENSES	159,506	164,748	96.8%
Operating expenses	159,450	164,708	96.8%
Expenses with goods and services	45,448	47,466	95.8%
Expenses with taxes, charges and assimilated payments	15,251	15,786	96.6%
Personnel expenses, out of which *):	56,365	58,969	95.6%
<i>Salary-related expenses</i>	43,938	45,391	96.8%
salary expenses	36,394	37,081	98.2%
bonuses	7,544	8,310	90.8%
<i>Other personnel expenses, out of which:</i>	28	30	94.4%
expenses with severance indemnities related to personnel layoffs	28	30	94.4%
<i>Expenses related to management and control bodies, BoA, GMS, AUDITORS</i>	1,103	1,219	90.5%
<i>Expenses with insurance and social protection, special funds and other legal liabilities</i>	11,296	12,329	91.6%
other operating expenses	42,386	42,487	99.8%
Financial expenses	56	40	139.6%
Extraordinary expenses			
GROSS RESULT (profit/loss)	44,629	36,885	120.9%
CORPORATE TAX	7,584	4,682	161.9%
ACCOUNTING PROFIT AFTER THE DEDUCTION OF THE CORPORATE TAX	37,045	32,203	115.0%
INVESTMENT FINANCING SOURCES, out of which:	20,280	21,583	94.0%
INVESTMENTS EXPENSES	20,280	21,583	94.0%
SUBSTANTIATION NOTE			
Forecasted no. of personnel	1,705	1,715	99.4%
Overall average no. of employees	1,668	1,704	97.8%
Outstanding payments	0	0	
Outstanding receivables	56	343	16.4%

*) The personnel expenses also include the expenses recorded in the financial statements at other operating expense accounts.

Annex 5: Executive Management Members List

Between 01.01.2016 - 14.04.2016, the executive management of CONPET S.A. had the following structure:

ILAȘI Liviu	Director General
IONESCU Gheorghe	Director of the Operations Directorate
ZOICAN Liviu Aurel	Production Department Manager
ANTONESCU Valentin Leonard	Deputy Production Department Manager
BELDIMAN Ion	Maintenance Department Manager
BUZATU Dan	Director of IT-Telecommunications-SCADA Direction
TOADER Sanda	Director of the Economic Direction
CURTEANU Veronica	Financial Department Manager
ALBU George Radu	Procurement and Investment Management Department Manager
NICULAE Daniel	<i>Critical Infrastructure Protection Division Manager until 07.03.2016</i>
NECȘULESCU Radu	<i>Critical Infrastructure Protection Division Manager as of 07.03.2016</i>
DUMITRACHE Anamaria	Director of Corporate Management Directorate

After 15.04.2016 the executive management of Conpet S.A. was ensured by:

ILAȘI Liviu	Director General
IONESCU Gheorghe	Deputy Director General
TOADER Sanda	Director of the Economic Directorate
NIȚĂ Aurel Mircea	Director of Corporate Governance, Human Resources and Communication Directorate
BUZATU Dan	Director of Maintenance and Development Directorate
DUMITRACHE Anamaria	Head of the Legal, Regulated Activities Department

Annex 6: Statement of disputes on June 30, 2016**LIST OF FILES IN WHICH CONPET S.A. IS A PARTY ON JUNE 30, 2016****a). Litigations in which CONPET S.A. is a plaintiff:**

File no. / Court	Respondent	Scope	Litigation amount	Procedural stage / Hearing
11921/105/2011 Moinesti Local Court	Biodiesel SRL	Claims (land rent, penalties, other damage compensations)	RON 365,391.41	On the merits, the case was partially approved for RON 297,581.18 - the equivalent value of rent and delay penalties. CONPET and Biodiesel filed an appeal against the judgment. Appeal - suspended
19024/281/2009 Ploiesti Local Court	Compania de Transport Feroviar SA	Claims (equivalent value of works)	RON 50,511.65	Suspended
6179/105/2009 Prahova Tribunal	Petroconduct S.A.	Insolvency - included on the list of creditors	RON 62,739.06 - the amount with which CONPET is on the list of creditors.	13.10.2016
2811/105/2010* Court of Appeal of Ploiesti	ICIM S.A.	Delay penalties for the performance of the contracted works	RON 331,271.32	On the merits, the case was rejected as unsubstantiated. The judgment was appealed by Conpet, approved by the court, which rejected the judgment and sent the case for retrial on the merits. On the merits, the retrial case was approved. ICIM SA filed an appeal against the judgment. Appeal - retrial 26.09.2016
2803/120/2013 Dambovită Tribunal	ECPROD SRL	Insolvency. Receivable approval application	RON 25,728.89	On the merits 19.09.2016

6445/105/2013 Court of Appeal of Constanta (transferred from the Ploiesti Court of Appeal)	Arelco Power SRL	Claims (liquidated damages)	RON 655,544.75	On the merits, the claim was approved for RON 655,544.75. Conpet SA and Arelco Power SRL filed an appeal against the judgment. The appeal filed by SC Arelco Power SRL was rejected. The appeal filed by CONPET S.A. was approved. The challenged decision was changed, namely the respondent was also bound to pay the amount of RON 2,564 as legal stamp fee.
6443/105/2013 Court of Appeal of Brasov (transferred from the Court of Appeal of Ploiesti)	Arelco Power SRL	Claims (liquidated damages)	RON 2,438,378.91	On the merits, the claim was approved for RON 2,438,378.91. Conpet SA and Arelco Power SRL filed an appeal against the judgment. Appeal 02.08.2016
6444/105/2013 Court of Appeal of Ploiesti	Arelco Power SRL	Claims (liquidated damages)	RON 530,096.11	On the merits, the claim was approved for RON 530,096.11. Arelco Power SRL filed an appeal against the judgment. The appeal was rejected as unsubstantiated. Arelco Power filed a motion for revision, contemplated by docket no. 417/42/2016 pending with Ploesti Court of Appeal.
25148/281/2013 Prahova Tribunal	Confind SRL	Claims (liquidated damages)	RON 166,227.10	On April 22, 2015, Ploiesti Local Court transferred the competence for settling the claim to the Prahova Court. On the merits, the claim was approved for RON 150,602.25 as compensations. Conpet SA and Confind SRL filed a second appeal against the judgment.

Board of Administration Report
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6819/118/2013 Constanta Tribunal	Tobias SRL	Insolvency. Application to be included on the list of creditors	RON 643.11 - the amount with which Conpet is on the list of creditors.	On the merits 08.09.2016
14544/280/2014 Pitesti Local Court	Lavi Star 2007 SRL	Claims	RON 13,182.82 – civil compensations	On the merits, the court rejects the case. Conpet SA filed an appeal against the judgment. Appeal - September 08, 2016
4317/105/2014 Prahova Tribunal	Ploiesti Municipality – Local Public Finance Office	Administrative case / Cancellation of the taxation resolution and subsequent documents	RON 770,966 – additional fiscal liabilities RON 712,065 – accessories related to the basic obligation	On the merits, the case was rejected. The judgment is subject to appeal after notification.
22494/281/2014 Ploiesti Local Court	Cezar Filip Prodimpex SRL	Claims	RON 67,258.87 – legal fees	On the merits, the claim was approved for RON 36,264.87. The judgment is subject to appeal after notification.
1510/262/2014 Moreni Local Court	Individuals Darmanesti Commune by the Mayor Nimb Dambovita SRL	Claims	RON 34,944.18 – civil compensations	On the merits Suspended
1862/114/2014 Buzau Tribunal	Geluval Stor SRL	Insolvency. Application to be included on the list of creditors	RON 1.440.90 - the amount with which Conpet is on the list of creditors.	On the merits 26.10.2016
184/262/2015 Dambovita Tribunal (split from docket no. 1510/262/2014)	Natural Persons Darmanesti Commune by the Mayor	Claims	RON 34,944.18 – civil compensations	On the merits, the claim was approved towards the natural-person defendants. Conpet SA and natural-person defendants filed an appeal against the judgment. Appeal 23.09.2016
1742/281/2015 Ploiesti Local Court	Natural Person	Appeal against execution	RON 6,805.92	On the merits, the case was rejected. Conpet SA filed an appeal against the judgment.
717/105/2015 Prahova Tribunal	FOTBAL CLUB PETROLUL PLOIESTI S.A.	Insolvency. Application to be included on the list of creditors	RON 14.465.33 - the amount with which Conpet is on the list of creditors.	On the merits 13.10.2016
3033/105/2012 Prahova Tribunal	Vasrep Petro Construct SRL	Insolvency. Application to be included on the list of creditors	RON 1.476.308 - the amount with which Conpet is on the list of creditors.	29.09.2016

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11376/281/2015 Ploiesti Local Court	Loreto Service SRL	Claims	RON 11,250.02	On the merits 20.09.2016
13386/3/2015 Bucharest Tribunal	Perfect Metal SRL	Insolvency. Application to be included on the list of creditors	RON 221.189,85 - the amount with which CONPET is on the list of creditors.	On the merits 02.09.2016
19602/3/2015 Bucharest Tribunal	Top Birotica SRL	Insolvency. Application to be included on the list of creditors	RON 2.258,72 - the amount with which CONPET is on the list of creditors.	On the merits 26.10.2016
2899/62/2015 Brasov Tribunal	Condmag SA	Insolvency. Application to be included on the list of creditors	RON 42.950,85 - the amount with which CONPET is on the list of creditors.	On the merits 11.10.2016
1984/281/2016 Ploiesti Local Court	Natural Person	Appeal against execution	RON 56,616 – difference between the enforced amount and the due amount RON 5,703.36 – difference between the fee of the executor and the due fee	On the merits, the case was approved. The judgment is subject to appeal after notification.
983/281/2016 Ploiesti Local Court	Natural Person	Appeal against execution	RON 51,021.54	On the merits 07.09.2016
2694/236/2016 Giurgiu Local Court	Individual Trans Denimar SRL	Garnishment validation	RON 17,708.55	On the merits 16.09.2016
8115/281/2016 Ploiesti Local Court	Natural Person	Appeal against execution	RON 11,067.41	On the merits 24.08.2016
8872/281/2016 Ploiesti Local Court	Natural Person	Appeal against execution	RON 7,192.20	On the merits 03.08.2016

b) Litigations in which CONPET S.A. is a respondent:

Case no.	Plaintiff	Scope	Litigation amount	Procedural stage / Hearing
2785/105/2008 Ploiesti Local Court	Edizol SA	Claims consisting of annual rent	RON 95,572 and RON 31,824 / year	On the merits, the court rejects the case as ungrounded. The judgment is subject to appeal after notification.
5555/2/2014 (33317/3/2007) Court of Appeal of Bucharest	ENERGY DEPARTMENT WITHIN THE MINISTRY OF ECONOMY and THE MINISTRY OF ECONOMY AS THE SUCCESSOR IN RIGHTS OF THE MINISTRY OF ECONOMY, TRADE AND BUSINESS ENVIRONMENT	Action for the recovery of possession over 524,366 shares in the share capital of S.C. CONPET S.A.	-	On the merits - retrial, the case was rejected as unsubstantiated. MECMA filed an appeal against the judgment. The court approves the appeal and the claim formulated by the appellants-plaintiffs ENERGY DEPARTMENT WITHIN THE MINISTRY OF ECONOMY and THE MINISTRY OF ECONOMY AS THE SUCCESSOR IN RIGHTS OF THE MINISTRY OF ECONOMY, TRADE AND BUSINESS ENVIRONMENT against defendant FONDUL PROPRIETATEA SA. Ascertains the property right of the plaintiff MINISTRY OF ECONOMY over 524,366 shares of CONPET SA. Binds the respondents to take the required actions in order to make the entries in the shareholders register. THE ENERGY DEPARTMENT WITHIN THE MINISTRY OF ECONOMY and FONDUL PROPRIETATEA SA filed a second appeal. The second appeals were approved, the judgment was invalidated and the case was sent for retrial.
8296/281/2007 Ploiesti Local Court	Natural Person	Civil compensations	EUR 74,000	On the merits Suspended
8297/281/2007 Ploiesti Local Court	Natural Person	Civil compensations	EUR 74,000	On the merits Suspended

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6544/105/2011* Prahova Tribunal	ETH Arhitectural Systeme SRL	Claims	RON 1,146,784.7 plus damage compensations (penalties / interests)	On the merits 21.09.2016
3715/105/2007 Prahova Tribunal	Fondul Proprietatea SA	Cancellation of General Meeting of Shareholders Resolution no. 2 / April 24, 2007 Payment of legal fees	--	On the merits Suspended
43918/3/2007 Bucharest Tribunal	AVAS	Action for the recovery of possession over 524,366 shares in the share capital of Conpet S.A	--	On the merits Suspended
2378/105/2009 Prahova Tribunal	Natural Person	Real estate claim	RON 551,518 – equivalent value of 2,500 square meters of land	On the merits 09.08.2016
650/215/2013* Craiova Local Court	Natural Person	Obligation to do. Claims	RON 2,000 interlocutory	On the merits, the court rejects the case. The plaintiffs filed an appeal, which was approved by the court, which cancelled the judgment and sent the case for retrial to the same court. On the merits - retrial 21.09.2016
5119/260/2014 Ploiesti Local Court	Biodiesel SRL	Cancellation of lease contract no. ADM 89 / April 27, 2009	--	On September 17, 2015, Moinesti Local Court transferred the settlement of the case to Ploiesti Local Court. On the merits 03.08.2016
5248/111/2014* Hunedoara Tribunal	Natural Person	Obligation to do	--	On April 16, 2015, Bihor Tribunal approves the exception of the territorial non-competence and transfers the competence for settling the case in favor of Hunedoara Tribunal. On the merits 22.09.2016
2549/270/2015 Bacau Tribunal	Natural Persons	Negatory servitude action and obligation to do	--	On the merits, the case was rejected. The plaintiffs filed an appeal against the judgment. Appeal

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2194/270/2015 Onesti Local Court	Natural Persons	Claims	RON 24,500	On the merits 27.09.2016
2043/105/2015 Prahova Tribunal	Natural Person	Declaratory action	--	On the merits, the case was rejected. The judgment is subject to appeal after notification.
16082/281/2015 Ploiesti Local Court	Natural Person	Real estate claim		On the merits 14.09.2016
14960/280/2015 Pitesti Local Court	Natural Persons	Claims + obligation to do	interlocutory - RON 1,000	On the merits 13.09.2016
7485/315/2015 Dambovita Tribunal	Natural Person	Claims	RON 200,000	On the merits, the case was rejected. The plaintiff filed an appeal against the judgment. Appeal 21.09.2016
52/281/2016 Ploiesti Local Court	Natural Person	Appeal against execution	RON 156,477,68	On the merits, the case was rejected. The judgment is subject to appeal after notification.
21382/281/2015 Ploiesti Local Court	Natural Person	Claims		On the merits 13.09.2016
668/317/2016 Targu-Carbunesti Local Court	Natural Person	Claims	interlocutory - RON 500	On the merits 14.09.2016
9962/315/2014 Targoviste Local Court	OILDAN SRL	Claims	RON 200,000	On the merits 04.10.2016
1723/302/2016 Bucharest Local Court, District 5	Natural Person	Appeal against execution	RON 441,52	On the merits 28.07.2016
6683/105/2015 Prahova Tribunal	Natural Persons	Declaratory action		On the merits
6813/105/2015 Prahova Tribunal	Natural Persons	Declaratory action		On the merits

5180/236/2016 Giurgiu Local Court	Natural Person	Appeal against execution	RON 13,713.49	On the merits 09.09.2016
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c) Litigations in which CONPET S.A. is a civil party:

Case no.	Defendants	Scope	Claimed damage	Lawsuit stage / hearing
29201/3/2012* Bucharest Tribunal	Natural Persons	Aggravated theft. Civil compensations	RON 6,267,625.72	On the merits 04.08.2016
7932/118/2013 Constanta Tribunal	Natural Persons	Aggravated theft. Civil compensations	RON 908,517.83	On the merits, the case was approved. The defendants filed an appeal against the judgment. The appeals were approved and Constanta Court of Appeal fully cancelled the challenged decision and sent the case for rejudgment with Constanta Tribunal.
6625/120/2013 Dambovita Tribunal	Natural Persons	Aggravated theft. Civil compensations	RON 2,083.20	On the merits 17.08.2016
24383/212/2014 Court of Appeal of Constanta	Natural Persons	Aggravated theft. Civil compensations	RON 4,320.64	On the merits, the case was approved. The defendants filed an appeal against the judgment. The appeals were rejected.
677/281/2015 Ploiesti Local Court	Natural Persons	Aggravated theft. Civil compensations	RON 12,988.86	On the merits, the case was approved. The judgment is subject to appeal after notification.
2391/232/2015 Gaesti Local Court	Natural Persons	Aggravated theft. Civil compensations	RON 1,849.63	On the merits 15.09.2016
4996/256/2015 Medgidia Local Court	Natural Persons	Aggravated theft. Civil compensations	RON 7,647.96	On the merits 20.10.2016
91/116/2016 Calarasi Tribunal	Natural Persons	Aggravated theft. Civil compensations	RON 95,243.71	On the merits 15.09.2016
310/120/2016 Dambovita Tribunal	Natural Persons	Aggravated theft. Civil compensations	interlocutory - RON 405.536,24	In the preliminary chamber, the Court ordered to send the docket to the Prosecutor's Office. The Prosecutor's Office of ICCJ – DIICOT Dambovita Regional Office filed a challenge against this solution. 19.09.2016
1539/335/2016 Videle Local Court	Natural Persons	Aggravated theft. Civil compensations	RON 5,907.04	On the merits 04.08.2016

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15042/212/2015 Constanta Local Court	Natural Persons	Aggravated theft. Civil compensations	RON 156,414.01	On the merits 07.09.2016
8156/281/2014 Ploiesti Local Court	Natural Person	Revision. Aggravated theft. Civil compensations	RON 13,259.79	On the merits 22.09.2016
1450/214/2016 Costesti Local Court	Natural Persons	Aggravated theft. Civil compensations	RON 133,147.97	Interlocutory session 17.08.2016
8529/281/2016 Ploiesti Local Court	Natural Persons	Aggravated theft. Civil compensations	RON 153,212	Interlocutory session 26.07.2016
8285/94/2014 Buftea Local Court	Natural Persons	Aggravated theft. Civil compensations	RON 17,918.50	On the merits, the claim was approved for RON 8,754.63, as civil compensations. Conpet S.A. filed an appeal against the judgment. Appeal

d) Litigations in which CONPET S.A. is a claimant:

Case no.	Respondent	Scope	Litigation amount	Lawsuit stage / hearing
14901/281/2015 Ploiesti Local Court	CNADNR S.A.	Contravention complaint	RON 250	On the merits, the case was approved. The judgment is subject to appeal after notification.

e) Litigations in which CONPET S.A. has double quality:

Case no.	Plaintiff	Scope	Litigation amount	Procedural stage / hearing
2707/223/2010** Valcea Tribunal	Natural persons	Compensation for the incapacity to use a land; annual rent	RON 15,000	Partially approves the case as formulated. Rejects the counter claim. Obligates the defendant to pay to the plaintiffs for the incapacity to use the land of 142.56 square meters in 2009 - 2012 and 2013-2015, in total value of RON 8511. Rejects the count regarding the demolition of the installations. Binds the defendant CONPET S.A. Ploiești to pay to the plaintiffs legal fees of RON 5177,97. Both parties filed second appeal against the judgment.

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				27.10.2016.
378/105/2007 Prahova Tribunal	Petroconduct SA	Claims / counter claim formulated by Petroconstruct SA	RON 195,528 – Conpet claims RON 46,214.01 - SC Petroconstruct SA claims	On the merits Suspended
538/317/2014 Gorj Tribunal	Natural Person	Civil compensations. Claims / counter claim formulated by Conpet SA	RON 50,000	On the merits, the case was partially approved. Approves the counter claim. The defendant – counterclaim plaintiff was obligated to pay to the plaintiff - counterclaim defendant the amount of RON 184.25 lei as civil compensations representing the equivalent value for the incapacity to use the land with the area of 268 square meters, in 2011, 2012, 2013. A servitude right is instituted in favor of the defendant - counterclaim plaintiff on the land of the plaintiff - counterclaim defendant, with a total area of 50 square meters, during the performance of the oil operations. The defendant - counterclaim plaintiff was obligated to pay RON 7 a year to the plaintiff - counterclaim defendant, representing the value of the rent for the term of the servitude. Partially compensates the trial expenses and obligates the defendant - counterclaim plaintiff to pay to the plaintiff - counterclaim defendant the amount of RON 825 representing trial expenses. The plaintiff - counterclaim defendant filed an appeal against the judgment. Appeal
8425/281/2015 Ploiesti Local Court	Natural Person	Compensation for the incapacity to use land; annual rent / counter claim formulated by Conpet SA	- RON 5,000 - RON 12,000	On the merits 22.09.2016

Annex 7 - The level of fulfilment of the performance indicators for the administrators, for the period 01.01-30.06.2016

No.	Performance objective/ indicator	Performance objective	MU	Period (01.01-30.06.2016)		Achievement degree (%)	Weight coef.	Achievement degree of the performance indicators (%)	
				acc. to Annex Administration Contract/ mandate	Achievements				
0	1	2	3	4	5	6	7	8=6x7	
1	EBITDA	1% higher compared to the level of the previous year for 2014 and 2.5% for years 2015-2017	thousand RON	58,645	63,128	107.64%	25%	26.91%	
2	Decrease of operating expenses	1.5% lower compared to the prior level of the previous year as of 2015, whereas the level recorded in 2014 is less or equal with the one of 2013	%	89.44%	85.05%	104.91%	25%	26.23%	
3	Increase of labor productivity	Increase of the average income per employee by 3% per annum average of years 2014-2017	thousand RON/pers	117	121	103.42%	25%	25.85%	
4	Decrease of the total number of technical failures	4% average decrease per annum, from the level of 116 technical failures recorded in 2013	no. of technical failures	27	12	155.56%	10%	15.56%	
5	Increased visibility on the B.S.E.	Active monitoring of CONPET evolution by the brokerage houses, materialized in analysis reports drafted by analysts of such houses (50% weight in the indicator) for the years 2015 & 2017 - 2 TOP 10 brokerage companies according to the classification determined by BSE on the report issuance date	% in 100%	100%	100%	100.00%	15%	15.00%	
		Maintaining the TOP 25 ranking of the issuers after capitalization, whereas the new companies to enter the 1 st category (Premium) of the BSE in 2015 (50% weight in the indicator) will be disregarded							
TOTAL –Degree of fulfilment of the performance indicators:									109.55%

Annex 8 - Statement on the work and product procurement contracts with amounts that exceed EUR 500,000, concluded between 01.01.2016 - 30.06.2016

Name of the contractor	Scope of the contract	Title of the contract	Used procurement procedure	Name of the beneficiary (if different from the contracting authority)	Number of the participation notice/invitation	Initial value of the contract (in RON)	Value of the contract further potential addenda (in RON)	Commencement date of the contract	Initially agreed term of the contract (in months).	Final term of the contract (in months).
S.C. GDF SUEZ ENERGY ROMANIA S.A. Bucharest	Natural gas delivery	P-CA 100/31.03.2016	tender - participation notice posted on CONPET website (art. 22 of the Internal Procurement Procedural Norms of SC CONPET SA)		3959 of 05.02.2016	2,860,287.17	2,857,172.22	01.04.2016	12	12

Annex 9 - Statement on the service procurement contracts with amounts that exceed EUR 100,000, concluded between 01.01.2016 - 30.06.2016

No.	Name of the contractor	Scope of the contract	Title of the contract	Used procurement procedure	Name of the beneficiary (if different from the contracting authority)	Number of the participation advertisement/invitation	Initial value of the contract (in RON)	Value of the contract further potential addenda (in RON)	Commencement date of the contract	Initially agreed term of the contract (in months).	Final term of the contract (in months).
1	ORANGE ROMANIA SA	Electronic communications services	S-CA 95/29.03.2016	tender - participation notice posted on CONPET website (art. 22 of the Internal Procurement Procedural Norms of SC CONPET SA)		4048 of 05.02.2016	966,870.00	—	05.05.2016	24	24