

Subject to information in the BoA meeting dated \_\_\_\_\_ and in the O.G.M.S. meeting dated \_\_\_\_\_

**ECONOMIC DIRECTION**No. 39071/07.10.2019**INFORMATION****on extending the term for fulfilling the measures from  
Decision no. 28/2013 of the Prahova Chamber of Audit**

Conpet holds in patrimony land assets for which it received Land Ownership Certificates (Ro. CADP) in surface of 709,949 sqm whose accounting value on June 30, 2019 is 22,584,099 RON.

Of the total of 709,949 sqm of lands held under CADP, only a fraction has been included in the share capital of the company (land area of 155,411 sqm), for the rest of 554,538 square meters of land not being performed the operation to increase the share capital by value thereof.

The Land Ownership Certificates for lands not included in the share capital have been obtained during 2001-2005, and the appraised value at the date of obtaining the certificates, set in compliance with GD no. 834/1991, is 26,255,918 RON. These lands have been recorded in the company's patrimony on the account of other reserves out of equities.

In 2013 the Court of Auditors conducted an audit on the situation of the company patrimony development, resulting, by Decision no. 28/2013, in the increase of Conpet share capital by the value of lands for which the land ownership certificates have been obtained.

The term initially set by the Prahova Chamber of Auditors for carrying out the ordered measure (September 30, 2014), has been extended several times, ending on 30.06.2015 (Decision no. 3172/651/2013/28.11.2014), 31.08.2016 (Decision no. 899/651/2013/19.02.2016), 31.03.2018 (Decision no. 2170/651/2013/14.06.2017) and 30.06.2019 (Decision no. 2090/651/2013/05.06.2019).

For fulfilling the measure disposed by the Chamber of Auditors, the company management took all actions provided by law on the share capital increase by contribution in kind of the Romanian state, representing the lands held based on the Land Ownership Certificates. These actions have resulted in: approval by the General Meeting of Shareholders (GMS) to trigger the operation of share capital increase and designation by the Trade Register Office (Ro. ONRC) of an authorized assessment expert and the convening of the Extraordinary General Meeting of Shareholders (EGMS) to approve the share capital increase. The proposal to increase the share capital was entered on the agenda of the General Meeting of Shareholders (19.05.2016, 20.05.2016 and 05.07.2016), no decision being made on increasing the share capital because the necessary quorum of votes for approval has not been met.

Subsequently, the Board of Administration resumed the steps to increase the share capital, therefore the EGMS approved on 26.03.2019, the triggering of the share capital increase operation and the designation by the ONRC of an approved assessor. Based on the

lands assessment report prepared by the assessor, the EGMS was convened on 07.04.2019 (first call) and 05.07.2019 (second call) with the agenda: approval of the share capital increase.

The Extraordinary General Meeting of Shareholders could not deliberate on the share capital increase on the first call dated 04.07.2019 or the second call of 05.07.2019, because the quorum of presence provided by law for the share capital increase through contribution in kind has not been met.

A first important aspect of this share capital increase by contribution in kind of the state consisting of state-owned land under the CADP is to grant the other shareholders right of preference to subscribe new shares at nominal value of 3.3 RON/share, without first issue, having the possibility to maintain their equity interest in the share capital.

Another important aspect is given by the opportunity to hold, after subscription, an additional number of shares at the price of 3.3 RON the nominal value of the share, creating an advantage from the difference of the trading price of a share (the average trading price of a COTE share in the first six months was 79.31 RON/share).

After the deadline (June 30, 2019) established by Prahova Chamber of Auditors to carry out the disposed measure, the public auditor of Prahova Chamber of Auditors conducted, during 08-09.08.2019, a verification of the mode of carrying out the measures disposed by Decision No. 28/2013 and issued the follow-up report no. 32058/09.08.2019 where he noted that the measure to increase the share capital by the value of lands held under CADP has not been fulfilled.

Also, the public auditor found that the measure no. II.2. of the same decision was carried out partially.

The measure was not entirely carried out because Conpet did not charge penalties amounting to 25,728.89 RON due by Ecprod SRL.

Currently, Ecprod SRL is in insolvency, Conpet SA being registered in the final picture of receivables amounting to 25,728.89 RON. The insolvency procedure of the debtor Ecprod SRL is ongoing, file no. 2803/120/2013 before the Dambovită Court, the next hearing being on 21.10.2019.

Based on the follow-up report, Prahova Chamber of Accounts issued on 02.09.2019 Decision no. 3026/651/2013, which extended the deadline for implementation of the remaining measures met until 31.03.2020.

**Director General**  
**PhD. Eng. Timur-Vasile Chiş**

**Economic Director,**  
**Econ. Sanda Toader**

Head of Accounting Department  
Econ. Roxana Dăuş



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**Nr 35261/05-9-2019**

**ROMANIAN COURT OF ACCOUNTS**

**PRAHOVA COURT OF AUDITORS**

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No. 3028/651/2013/02.09.2019

**To,**

**The General Meeting of Shareholders of**

**SC Conpet S.A. Ploiesti**

Based on the provisions of item 234 of the Rules regarding the organization and conduct of the Court of Auditors specific activity, as well as the revaluation of the documents generated by these activities, approved by Resolution no. 155/2014 of the plenum of the Court of Accounts, we hereby submit to you, adjacently, Decision no.3026/651/2013 from 02.09.2019, for taking measures to ensure the fulfillment of the measures disposed by Decision no.28 from 29.03.2013 issued following the control of the state, evolution and manner of administration of the State patrimony, as well as the legality of the achievement of income and expenses at SC Conpet S.A. Ploiesti.

You will inform us on the approaches taken until the date of 31.03.2010.

**Yours faithfully,**

**DIRECTOR**

**NICOLAE BALALIA**

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ROMANIA'S COURT OF ACCOUNTS

PRAHOVA COURT OF AUDITORS

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No.3026/651/2013/02.09.2017

**RESOLUTION**

**of extension of the term for  
the fulfillment of the measures disposed by  
Resolution no.28 dated 29.03.2013**

Based on the provisions of Law no.94/1992 regarding the organization and operation of the Court of Auditors specific activity, republished, and items 234-236 of the Rules regarding the organization and conduct of the activities specific to the Court of Auditors, as well as the recovery of the documents resulting from this activities, approved by the Resolution of the plenum of the Court of Auditors no. 155/2014, is being disposed the extension, up to the date of 31.03.2020, of the term for the fulfillment of measures no.1.1 and II.2 disposed by Resolution no.28 dated 29.03.2013.

**DIRECTOR**

**Nicolae Balalia**

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