

**S.C. OMV PETROM S.A.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
DECEMBER 31, 2015**

**PREPARED IN ACCORDANCE WITH  
INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ENDORSED BY THE EUROPEAN  
UNION, TOGETHER WITH  
THE INDEPENDENT AUDITORS' REPORT**

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## **INDEPENDENT AUDITORS' REPORT**

### **To the Shareholders of OMV Petrom S.A.**

1. We have audited the accompanying consolidated financial statements of OMV Petrom S.A. and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

2. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as endorsed by the European Union, and for such internal control as management determines is necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' responsibility**

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing as adopted by the Romanian Chamber of Financial Auditors. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

6. In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2015 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as endorsed by the European Union.

## **Reporting requirements in regards to the Consolidated Directors' Report**

The Directors are responsible for the preparation and presentation of the Consolidated Directors' Report, that is free from material misstatement, in accordance with the requirements of the Ministry of Public Finance Order no. 1286/2012 approving the accounting regulations compliant with the International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market, with all subsequent modifications and clarifications, Annex 1, points 27 - 28, and for such internal control as Directors determine is necessary to enable the preparation and presentation of the Consolidated Directors' Report that is free from material misstatement, whether due to fraud or error.

The Consolidated Directors' Report is not part of the consolidated financial statements. Our opinion on the consolidated financial statements as at 31 December 2015 does not cover the Consolidated Directors' Report.

In connection with our audit of the consolidated financial statements as at 31 December 2015 we have read the Consolidated Directors' Report and report that:

- a) in the Consolidated Directors' Report we have not identified information which is not consistent, in all material respects, with the information presented in the accompanying consolidated financial statements as at 31 December 2015;
- b) the Consolidated Directors' Report identified above include, in all material respects, the required information according to the provisions of the Ministry of Public Finance Order no. 1286/2012 approving the accounting regulations compliant with the International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market, with all subsequent modifications and clarifications, Annex 1, points 27 - 28;

- c) based on our knowledge and understanding concerning the entity and its environment gained during our audit of the consolidated financial statements as at 31 December 2015, we have not identified information included in the Consolidated Directors' Report that contains a material misstatement of fact.

On behalf of

**Ernst & Young Assurance Services SRL**

Registered with the Chamber of Financial Auditors in Romania  
Nr. 77/ 15 August 2001

Name of signing person: Bogdan Ion

Registered with the Chamber of Financial Auditors in Romania  
Nr. 1565/ 29 July 2004



Bucharest, Romania  
23 March 2016

**S.C. OMV PETROM S.A. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2015**  
(all amounts are expressed in million RON, unless otherwise specified)

	Notes	December 31, 2015	December 31, 2014
<b>ASSETS</b>			
Intangible assets	6	2,430.02	1,656.88
Property, plant and equipment	7	29,278.19	32,289.64
Investments in associated companies	8	40.69	35.30
Other financial assets	9	2,627.56	2,191.79
Other assets	10	80.29	21.34
Deferred tax assets	18	1,562.88	1,047.78
<b>Non-current assets</b>		<b>36,019.63</b>	<b>37,242.73</b>
Inventories	11	1,965.12	2,250.05
Trade receivables	9	1,318.28	1,424.37
Other financial assets	9	257.09	388.87
Other assets	10	626.90	537.06
Cash and cash equivalents		812.56	1,267.98
<b>Current assets</b>		<b>4,979.95</b>	<b>5,868.33</b>
Assets held for sale	12	118.58	13.71
<b>Total assets</b>		<b>41,118.16</b>	<b>43,124.77</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	13	5,664.41	5,664.41
Reserves		20,078.72	21,377.16
<b>Stockholders' equity</b>		<b>25,743.13</b>	<b>27,041.57</b>
Non-controlling interests		(55.10)	(36.29)
<b>Total equity</b>		<b>25,688.03</b>	<b>27,005.28</b>
Provisions for pensions and similar obligations	14	238.72	283.01
Interest-bearing debts	15	1,423.70	1,588.96
Provisions for decommissioning and restoration obligations	14	7,941.21	7,254.92
Other provisions	14	498.99	553.85
Other financial liabilities	16	266.26	279.10
Deferred tax liabilities	18	12.72	-
<b>Non-current liabilities</b>		<b>10,381.60</b>	<b>9,959.84</b>

The notes on pages 11 to 72 form part of these consolidated financial statements.

**S.C. OMV PETROM S.A. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2015**  
(all amounts are expressed in million RON, unless otherwise specified)

	Notes	December 31, 2015	December 31, 2014
Trade payables	16	2,317.81	2,899.24
Interest-bearing debts	15	378.72	273.67
Income tax liabilities		107.10	329.09
Other provisions and decommissioning	14	911.08	1,108.93
Other financial liabilities	16	548.13	664.46
Other liabilities	17	775.27	884.26
<b>Current liabilities</b>		<b>5,038.11</b>	<b>6,159.65</b>
Liabilities associated with assets held for sale	12	10.42	-
<b>Total equity and liabilities</b>		<b>41,118.16</b>	<b>43,124.77</b>

These consolidated financial statements were approved on March 23, 2016.



**Mrs. Mariana Gheorghe**  
Chief Executive Officer



**Mr. Andreas Matje**  
Chief Financial Officer



**Mr. Gabriel Selischi**  
Executive Board Member  
Upstream



**Mrs. Lăcrămioara Diaconu-Pințea**  
Executive Board Member  
Downstream Gas



**Mr. Neil Morgan**  
Executive Board Member  
Downstream Oil



**Mrs. Irina Dobre**  
Director Finance Department



**Mr. Eduard Petrescu**  
Head of Financial Reporting

**S.C. OMV PETROM S.A. AND SUBSIDIARIES**  
**CONSOLIDATED INCOME STATEMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
(all amounts are expressed in million RON, unless otherwise specified)

	Notes	December 31, 2015	December 31, 2014
Sales revenues	27	18,144.98	21,541.26
Direct selling expenses		(383.10)	(479.70)
Cost of sales		<u>(16,402.56)</u>	<u>(15,815.11)</u>
<b>Gross profit</b>		<b><u>1,359.32</u></b>	<b><u>5,246.45</u></b>
Other operating income	19	501.45	315.73
Selling expenses		(939.13)	(1,077.68)
Administrative expenses		(182.86)	(189.21)
Exploration expenses		(576.61)	(156.17)
Other operating expenses	20	<u>(691.92)</u>	<u>(800.82)</u>
<b>Earnings before interest and taxes (EBIT)</b>		<b><u>(529.75)</u></b>	<b><u>3,338.30</u></b>
Income from associated companies	8, 22	7.40	10.67
Interest income	23	234.82	72.33
Interest expenses	23	(430.99)	(549.15)
Other financial income and expenses	24	<u>(7.45)</u>	<u>37.03</u>
<b>Net financial result</b>		<b><u>(196.22)</u></b>	<b><u>(429.12)</u></b>
<b>Profit/(loss) from ordinary activities</b>		<b><u>(725.97)</u></b>	<b><u>2,909.18</u></b>
Taxes on income	25	<u>36.32</u>	<u>(809.51)</u>
<b>Net income/(loss) for the year</b>		<b><u>(689.65)</u></b>	<b><u>2,099.67</u></b>
thereof attributable to stockholders of the parent		<b><u>(675.99)</u></b>	<b><u>2,102.67</u></b>
thereof attributable to non-controlling interests		(13.66)	(3.00)
<b>Basic and diluted earnings/(loss) per share in RON</b>	26	<b>(0.0119)</b>	<b>0.0371</b>

These consolidated financial statements were approved on March 23, 2016.



**Mrs. Mariana Gheorghe**  
Chief Executive Officer



**Mr. Andreas Matje**  
Chief Financial Officer



**Mr. Gabriel Selischi**  
Executive Board Member Upstream



**Mrs. Lăcrămioara Diaconu-Pințea**  
Executive Board Member  
Downstream Gas



**Mr. Neil Morgan**  
Executive Board Member  
Downstream Oil



**Mrs. Irina Dobre**  
Director Finance Department



**Mr. Eduard Petrescu**  
Head of Financial Reporting

The notes on pages 11 to 72 form part of these consolidated financial statements.



**S.C. OMV PETROM S.A. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
(all amounts are expressed in million RON, unless otherwise specified)

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
<b>Net income/(loss) for the year</b>	<b>(689.65)</b>	<b>2,099.67</b>
Exchange differences from translation of foreign operations	(6.86)	(29.73)
Unrealized gains on hedges	65.42	-
Realized gains on hedges recycled to income statement	<u>(51.21)</u>	<u>-</u>
<b>Total of items that may be reclassified ("recycled") subsequently to the income statement</b>	<b><u>7.35</u></b>	<b><u>(29.73)</u></b>
Remeasurement gains/ (losses) on defined benefit plans	<u>34.56</u>	<u>(21.01)</u>
<b>Total of items that will not be reclassified ("recycled") subsequently to the income statement</b>	<b><u>34.56</u></b>	<b><u>(21.01)</u></b>
Income tax relating to items that may be reclassified ("recycled") subsequently to the income statement	(29.49)	(19.21)
Income tax relating to items that will not be reclassified ("recycled") subsequently to the income statement	<u>(5.53)</u>	<u>3.36</u>
<b>Total income tax relating to components of other comprehensive income</b>	<b><u>(35.02)</u></b>	<b><u>(15.85)</u></b>
<b>Other comprehensive income/(loss) for the year, net of tax</b>	<b><u>6.89</u></b>	<b><u>(66.59)</u></b>
<b>Total comprehensive income/(loss) for the year</b>	<b><u>(682.76)</u></b>	<b><u>2,033.08</u></b>
<b>thereof attributable to stockholders of the parent</b>	<b>(664.03)</b>	<b>2,040.50</b>
thereof attributable to non-controlling interests	(18.73)	(7.42)

The notes on pages 11 to 72 form part of these consolidated financial statements.

**S.C. OMV PETROM S.A. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
(all amounts are expressed in million RON, unless otherwise specified)

	<u>Share capital</u>	<u>Revenue reserves</u>	<u>Cash flow hedging reserves</u>	<u>Translation of foreign operations</u>	<u>Other reserves</u>	<u>Treasury shares</u>	<u>Stockholders' equity</u>	<u>Non-controlling interests</u>	<u>Total equity</u>
<b>Balance at January 1, 2015</b>	<b>5,664.41</b>	<b>21,341.07</b>	<b>-</b>	<b>(72.76)</b>	<b>108.87</b>	<b>(0.02)</b>	<b>27,041.57</b>	<b>(36.29)</b>	<b>27,005.28</b>
Net loss for the year	-	(675.99)	-	-	-	-	<b>(675.99)</b>	(13.66)	<b>(689.65)</b>
Other comprehensive income/(loss) for the year	-	29.03	11.94	(171.93)	142.92	-	<b>11.96</b>	(5.07)	<b>6.89</b>
<b>Total comprehensive income/(loss) for the year</b>	<b>-</b>	<b>(646.96)</b>	<b>11.94</b>	<b>(171.93)</b>	<b>142.92</b>	<b>-</b>	<b>(664.03)</b>	<b>(18.73)</b>	<b>(682.76)</b>
Dividends distribution	-	(634.41)	-	-	-	-	<b>(634.41)</b>	(0.09)	<b>(634.50)</b>
Other changes	-	0.10	-	-	(0.10)	-	-	0.01	<b>0.01</b>
<b>Balance at December 31, 2015</b>	<b>5,664.41</b>	<b>20,059.80</b>	<b>11.94</b>	<b>(244.69)</b>	<b>251.69</b>	<b>(0.02)</b>	<b>25,743.13</b>	<b>(55.10)</b>	<b>25,688.03</b>

Note: For details on equity components, see Note 13.

**S.C. OMV PETROM S.A. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**  
(all amounts are expressed in million RON, unless otherwise specified)

	<u>Share capital</u>	<u>Revenue reserves</u>	<u>Translation of foreign operations</u>	<u>Other reserves</u>	<u>Treasury shares</u>	<u>Stockholders' equity</u>	<u>Non-controlling interests</u>	<u>Total equity</u>
<b>Balance at January 1, 2014</b>	<b>5,664.41</b>	<b>21,000.68</b>	<b>72.63</b>	<b>(67.19)</b>	<b>(0.02)</b>	<b>26,670.51</b>	<b>(28.83)</b>	<b>26,641.68</b>
Net income for the year	-	2,102.67	-	-	-	2,102.67	(3.00)	2,099.67
Other comprehensive income/(loss) for the year	-	(17.65)	(145.39)	100.87	-	(62.17)	(4.42)	(66.59)
<b>Total comprehensive income/(loss) for the year</b>	<b>-</b>	<b>2,085.02</b>	<b>(145.39)</b>	<b>100.87</b>	<b>-</b>	<b>2,040.50</b>	<b>(7.42)</b>	<b>2,033.08</b>
Dividends distribution	-	(1,744.63)	-	-	-	(1,744.63)	(0.04)	(1,744.67)
Other increases	-	-	-	75.19	-	75.19	-	75.19
<b>Balance at December 31, 2014</b>	<b>5,664.41</b>	<b>21,341.07</b>	<b>(72.76)</b>	<b>108.87</b>	<b>(0.02)</b>	<b>27,041.57</b>	<b>(36.29)</b>	<b>27,005.28</b>

Note: For details on equity components, see Note 13.

The notes on pages 11 to 72 form part of these consolidated financial statements.

**S.C. OMV PETROM S.A. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
(all amounts are expressed in million RON, unless otherwise specified)

	Notes	December 31, 2015	December 31, 2014
<b>Cash flow from operating activities</b>			
<b>Profit/(loss) before taxation</b>		<b>(725.97)</b>	<b>2,909.18</b>
<b>Adjustments for:</b>			
Interest expenses and other financial expenses	23, 24	115.03	355.78
Interest income	23	(191.82)	(23.80)
Net movement in provisions and allowances for:			
- Financial assets		0.38	0.78
- Inventories		14.88	(24.56)
- Receivables		116.25	23.69
- Pensions and similar liabilities		(9.28)	(27.69)
- Decommissioning and restoration obligations		(44.54)	(22.50)
- Other provisions for risk and charges		(164.99)	306.75
Discounting / Write-off of receivables and other similar items		138.00	23.29
Income from associated companies	8	(5.77)	(10.67)
Gain on transfer of business	31	-	(52.59)
(Gain)/Loss on disposal of Group companies and other investments	31	(0.01)	2.40
(Gain)/Loss on disposal of non-current assets	19, 20	(4.37)	30.04
Depreciation, amortization and impairment expense, net	6, 7, 21	6,761.11	4,806.30
Other non-cash items		(29.73)	(159.36)
Interest received		203.05	23.80
Interest paid		(306.93)	(84.77)
Tax on profit paid		(728.57)	(926.57)
<b>Cash generated from operating activities before working capital movements</b>		<b>5,136.72</b>	<b>7,149.50</b>
(Increase)/Decrease in inventories		230.69	(314.56)
(Increase)/Decrease in receivables and other assets		20.85	(152.02)
Increase/(Decrease) in liabilities		(105.36)	146.92
<b>Net cash generated from operating activities</b>		<b>5,282.90</b>	<b>6,829.84</b>
<b>Cash flow from investing activities</b>			
<b>Investments</b>			
Intangible assets and property, plant and equipment		(5,025.23)	(5,909.53)
Investments and other financial assets	31	(0.13)	(45.28)
<b>Disposals</b>			
Proceeds from sale of non-current assets		71.89	63.85
Proceeds from transfer of business	31	-	173.36
Proceeds from sale of Group companies and other investments, net of cash disposed	31	0.01	59.51
<b>Net cash used for investing activities</b>		<b>(4,953.46)</b>	<b>(5,658.09)</b>
<b>Cash flow from financing activities</b>			
Net drawings/(repayments) of borrowings	31	(163.81)	397.49
Dividends paid		(630.68)	(1,731.04)
<b>Net cash used for financing activities</b>		<b>(794.49)</b>	<b>(1,333.55)</b>
Effect of foreign exchange rate changes on cash and cash equivalents		9.63	21.54
<b>Net decrease in cash and cash equivalents</b>		<b>(455.42)</b>	<b>(140.26)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>1,267.98</b>	<b>1,408.24</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>812.56</b>	<b>1,267.98</b>

The notes on pages 11 to 72 form part of these consolidated financial statements.

**S.C. OMV PETROM S.A. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
(all amounts are expressed in million RON, unless otherwise specified)

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**1. LEGAL PRINCIPLES AND BASIS OF PREPARATION**

OMV Petrom S.A. (22 Coralilor Street, 013329 Bucharest, Romania), has activities in Upstream, Downstream Gas and Downstream Oil business segments and it is listed on Bucharest Stock Exchange under "SNP" code.

**Shareholders' structure as at December 31, 2015 was as follows:**

	<u>Percent</u>
OMV Aktiengesellschaft	51.01%
Romanian State	20.64%
Property Fund S.A.	18.99%
Legal entities and private individuals	<u>9.36%</u>
<b>Total</b>	<b><u>100.00%</u></b>

There were no changes in shareholders' structure compared to **December 31, 2014**.

*Statement of compliance*

These consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU).

Romanian listed Companies such as OMV Petrom S.A. are required by Ministry of Finance Order no. 1121/2006 to submit the consolidated financial statements prepared in accordance with IFRS as endorsed by EU starting 2007.

The financial year corresponds to the calendar year.

*Basis of preparation*

Consolidated financial statements of OMV Petrom Group, hereinafter referred to also as "the Group", are presented in RON ("Romanian Leu"), using going concern principles. All values are presented in millions, rounded to the nearest 2 decimals. The consolidated financial statements are prepared on the historical cost basis, except for derivative financial instruments that are measured at fair value. For financial assets and liabilities where fair value differs from carrying amounts at the reporting date, fair values are disclosed in Note 32.

**2. JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

Preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets, liabilities, income and expenses, the accompanying disclosures and the disclosure of contingent liabilities. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. However, uncertainty about these assumptions and estimates could result in actual outcomes that may differ from these estimates and may require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties in relation to capital management and financial risk management and policies are included in Note 35.

Changes in estimates are accounted for prospectively.

Correction of material prior period errors is made retrospectively, on account of retained earnings, by restating the comparative amounts for the prior period(s) presented in which the error occurred or if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented. Errors which are not material are corrected in the period when they are discovered, through income statement.

**S.C. OMV PETROM S.A. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(all amounts are expressed in million RON, unless otherwise specified)**

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**2. JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)**

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

*a) Oil and gas reserves*

Mineral reserves (oil and gas reserves) are estimated by OMV Petrom Group's own engineers. The estimates are audited externally every two years. Commercial reserves are determined using estimates of hydrocarbons in place, recovery factors and future oil and gas prices.

The oil and gas assets are depreciated on a unit of production basis at a rate calculated by reference to either total proved or proved developed reserves (please refer to Depreciation, amortization and depletion accounting policy below), determined as presented above. The carrying amount of oil and gas assets at December 31, 2015 is shown in Notes 6 and 7.

The level of estimated commercial reserves is also a key determinant in assessing whether the carrying value of any of the Group's development and production assets should be impaired.

*b) Decommissioning costs*

The Group's core activities regularly lead to obligations related to dismantling and removal, asset retirement and soil remediation activities. These decommissioning and restoration obligations are principally of material importance in the Upstream segment (oil and gas wells, surface facilities). At the time the obligation arises, it is provided for in full by recognizing the present value of future decommissioning and restoration expenses as a liability. An equivalent amount is capitalized as part of the carrying amount of long-lived assets.

Decommissioning costs will be incurred by the Group at the end of the operating life of some of the facilities and properties.

Estimates of future restoration costs are based on current contracts concluded with suppliers, reports issued by OMV Petrom Group engineers, as well as past experience. Provisions for restoration costs require estimates of discount rates and inflation rates. These estimates have a material effect on the amount of the provisions (see Note 14).

The ultimate decommissioning and restoration costs are uncertain and cost estimates can vary in response to many factors including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing and amount of expenditure can also change, for example, in response to changes in reserves or changes in laws and regulations or their interpretation. As a result, there could be significant adjustments to the provisions established which would affect future results.

*c) Impairment of non-financial assets*

The Group assesses each asset or cash generating unit (CGU) at each reporting period to determine whether any indication of impairment exists. When an indicator exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. Except for the assets whose carrying amount will be recovered through a sale transaction rather than through continuing use, for all impairment tests performed, the recoverable amount was based on value in use. The assessments require the use of different estimates and assumptions depending on the business such as crude oil prices, discount rates, reserves, growth rates, gross margins and spark spreads.

**S.C. OMV PETROM S.A. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
(all amounts are expressed in million RON, unless otherwise specified)

**2. JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)**

**Impairment testing in Upstream**

Considering the significant decline in oil prices in 2015 and increased market volatility, the Group considered indications of impairment are present. As a result, an impairment test was performed for the Upstream CGUs of the Group. The nominal oil price assumptions and the RON/USD exchange rate used for impairment testing are listed below:

**2015**

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020 and thereafter</b>
Brent oil price (USD/bbl)	40	55	65	70	75
RON/USD exchange rate	3.91	3.91	3.91	3.91	3.91
Brent oil price (RON/bbl)	156	215	254	274	293

**2014**

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018 and thereafter</b>
Brent oil price (USD/bbl)	55	75	90	105
RON/USD exchange rate	3.91	3.91	3.46	3.53
Brent oil price (RON/bbl)	215	293	312	371

The key valuation assumptions for the recoverable amounts of Upstream assets are the oil and natural gas prices, production volumes and the discount rates. The production profiles were estimated based on past experience and represent management's best estimate of future production. The cash-flow projections for the first five years are based on the mid-term plan and thereafter on a "life of field" planning, and therefore cover the whole life term of the field. The revised assumptions led to total impairments of RON 2,704.63 million recognized in 2015, covering mainly oil and gas production assets.

The table below summarizes the impairments, the recoverable amounts of impaired assets and the discount rates used:

	<b>Impairment</b>	<b>Recoverable amount</b>	<b>RON million After-tax discount rate</b>
Romania	2,460.67	3,710.61	7.79%
Kazakhstan	243.96	491.03	8.90%

The pre-tax discount rate used ranged from 6.81% to 12.42% as at December 31, 2015 (2014: 7.32% to 10.53%). The recoverable amounts were based on the value in use.

Changes in economic conditions may further affect the assumptions used in determining value in use, so that actual results may eventually be different. An increase of 1 percentage point in the pre-tax discount rates would lead to an additional impairment of RON 497.91 million throughout the entire Upstream portfolio.

Furthermore, for all producing assets and assets currently under development, a long-term Brent oil price assumption of USD 65/bbl would lead to an additional impairment of approximately RON 2,066.86 million, without taking into account cost and investments reduction measures and any other changes in the broader environment.

During 2014, there was a RON 601.14 million impairment charge in Kazakhstan due to the downward revision of production profile in the Tasbulat field. The recoverable amount was based on the value in use and was based on a pre-tax discount rate of 7.32%.

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**2. JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)**

**Impairment testing in Downstream**

Based on management estimations regarding long term power market development in respect of prices and spark spreads, it was concluded that there are no triggering indicators for performing an impairment test for Brazi power plant in 2015.

In 2014, negative developments and increase of share of hydro and renewables on Romanian power market had an adverse effect on Brazi power plant and on Dorobantu wind park and led to impairments of RON 637.69 million for the power plant and of RON 67.65 million for the wind park. Recoverable amounts were computed with a pre-tax rate of 6.58% for the power plant and a pre-tax discount rate of 6.68% for the wind park.

During 2014, worsening market conditions led to impairment recognized for retail assets in the Republic of Serbia amounting to RON 62.81 million, using a pre-tax discount rate of 10.83%.

*d) Exploration and evaluation expenditure*

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is probable that future economic benefits are likely either from future operation or sale or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of reserves and resources is itself an estimation process that involves varying degrees of uncertainty depending on sub-classification and these estimates directly impact the point of deferral of exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the relevant capitalized amount is written off in profit or loss in the period when the new information becomes available.



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**2. JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)**

**Judgments**

In the process of applying the Group's accounting policies, the following judgments were made, particularly with respect to the following:

*a) Cash generating units*

Management exercises judgment in determining the appropriate level of grouping Upstream assets into CGUs, in particular with respect to the Upstream assets which share significant common infrastructure and are consequently grouped into the same CGU.

*b) Contingencies*

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

**3. CONSOLIDATION**

**a) Subsidiaries**

The consolidated financial statements comprise the financial statements of OMV Petrom S.A. ("OMV Petrom") and its subsidiaries ("OMV Petrom Group") as at December 31, 2015, prepared in accordance with consistent accounting and valuation principles. The financial statements of the subsidiaries are prepared for the same reporting date, December 31, 2015, as those of the parent company.

Control exists when OMV Petrom is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when OMV Petrom has less than a majority of the voting or similar rights of an investee, OMV Petrom considers all relevant facts and circumstances in assessing whether it has power over an investee, including: the contractual arrangement with the other vote holders of the investee; rights arising from other contractual arrangements as well as voting rights and potential voting rights. OMV Petrom re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

Consolidation of a subsidiary begins when OMV Petrom obtains control over the subsidiary and ceases when OMV Petrom loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date OMV Petrom gains control until the date OMV Petrom ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of OMV Petrom Group. All intra-group assets and liabilities, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

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**3. CONSOLIDATION (continued)**

The number of consolidated entities is as follows:

	<b>Full consolidation</b>	<b>Equity consolidation</b>
<b>As at January 1, 2015</b>	<b>14</b>	<b>1</b>
Included for the first time	-	-
Deconsolidated during the year	-	-
<b>As at December 31, 2015</b>	<b>14</b>	<b>1</b>
Romanian companies	6	1
Foreign companies	8	-

Please refer to Note 30 for further details on Group structure.

The Company holds majority of the voting rights in all fully consolidated subsidiaries.

Non-controlling interests are not significant as of December 31, 2015 and December 31, 2014.

**b) Associates**

An associate is an entity over which the Group is in a position to exercise significant influence, through participation in the financial and operating policy decisions of the investee, but has not control or joint control over these policies. This is normally presumed to exist when OMV Petrom has 20% or more of the voting power of the entity. The results, assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not tested for impairment individually. After application of the equity method, the Group determines whether it is necessary to recognize any impairment loss with respect to Group's investment in the associate.

The income statement reflects the share of the results of operations of the associate. The share of any change in other comprehensive income (OCI) of the associate is presented as part of the Group's OCI. In addition, where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of the changes and discloses it in the statement of changes in equity. The Group recognizes the dividend from an associate when the right to receive a dividend is established, and presents separately (Note 8) the share of the results of operations of the associate corresponding to dividends received.

The aggregate of the Group's share of net profit or loss of an associate is shown on the face of the consolidated income statement outside operating profit (earnings before interest and taxes).

The financial statements of the associates are prepared for the same reporting period as the Group.

When the Group has transactions with an associate of the Group, unrealized profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

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**3. CONSOLIDATION (continued)**

**c) Interests in joint arrangements**

IFRS defines joint control as the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (i.e. activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing the control.

**(i) Joint operations**

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement.

In relation to its interests in joint operations, the Group recognises its:

- assets, including its share of any assets held jointly
- liabilities, including its share of any liabilities incurred jointly
- revenue from the sale of its share of the output arising from the joint operation
- share of the revenue from the sale of the output by the joint operation
- expenses, including its share of any expenses incurred jointly.

The Group has interests in joint operations, therefore it recognizes its share of any assets held jointly and liabilities incurred jointly, revenue from the sale of the output by the joint operation, together with its share of the expenses incurred jointly. The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation, line by line, in its consolidated financial statements.

The material joint arrangements where OMV Petrom is partner, as well as commitments in relation to the joint arrangements, are presented in Note 34.

**(ii) Joint ventures**

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. The Group's investment in its joint venture is accounted for using the equity method.

Under the equity method, the investment in the joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not individually tested for impairment.

The income statement reflects the Group's share of the results of operations of the joint venture. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of the joint venture is shown on the face of the income statement as part of operating profit and represents profit or loss after tax.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss as 'Share of profit of a joint venture' in the income statement.

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**3. CONSOLIDATION (continued)**

On loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in the income statement.

Classifying the joint arrangement as joint venture or joint operation requires the Group to assess their rights and obligations arising from the arrangement. Specifically, the Group considers:

- the structure of the joint arrangement – whether it is structured through a separate vehicle;
- when the arrangement is structured through a separate vehicle, the Group also considers the rights and obligations arising from:
  - the legal form of the separate vehicle;
  - the terms of the contractual arrangement;
  - other facts and circumstances, considered on a case by case basis.

**4. ACCOUNTING AND VALUATION PRINCIPLES**

***4.1. First time adoption of new or revised standards***

The accounting policies adopted are consistent with those of the previous financial year except for the following amendments to the existing standards that were early adopted by the Group, but had no significant effects on the financial statements:

- **IAS 19 Defined Benefit Plans (Amended): Employee Contributions**  
The amendment to IAS 19 Defined Benefit Plans: Employee Contributions, which is effective for annual periods beginning on or after 1 February 2015, was early adopted, but had no significant effect on these financial statements. The amendment applies to contributions from employees or third parties to defined benefit plans. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.
- The **IASB has issued the Annual Improvements to IFRSs 2010 – 2012 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 February 2015 and were early adopted by the Group, but had no significant effects on the financial statements.

In addition, the following new interpretations and amendments to the existing standards and interpretations issued by the International Accounting Standards Board and endorsed by EU with a date of initial application of January 1, 2015 had no significant effects on the financial statements:

- The **IASB has issued the Annual Improvements to IFRSs 2011 – 2013 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2015.

***4.2. New or revised standards and interpretations not yet mandatory***

At the date of authorization of these financial statements the following standards, revisions and interpretations were issued by IASB, but are not yet effective and were not early adopted by the Group:

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**4. ACCOUNTING AND VALUATION PRINCIPLES (continued)**

- **IAS 16 Property, Plant & Equipment and IAS 38 Intangible assets (Amendment): Clarification of Acceptable Methods of Depreciation and Amortization**  
The amendment is effective for annual periods beginning on or after 1 January 2016. The amendment provides additional guidance on how the depreciation or amortization of property, plant and equipment and intangible assets should be calculated. This amendment clarifies the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets.
- **IFRS 9 Financial Instruments: Classification and Measurement**  
The standard is effective for annual periods beginning on or after 1 January 2018, with early application permitted. The final version of IFRS 9 Financial Instruments reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. The new standard has not yet been endorsed by the EU.
- **IFRS 11 Joint arrangements (Amendment): Accounting for Acquisitions of Interests in Joint Operations**  
The amendment is effective for annual periods beginning on or after 1 January 2016. IFRS 11 addresses the accounting for interests in joint ventures and joint operations. The amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business in accordance with IFRS and specifies the appropriate accounting treatment for such acquisitions.
- **IFRS 14 Regulatory Deferral Accounts**  
The standard is effective for annual periods beginning on or after 1 January 2016. The aim of this interim standard is to enhance the comparability of financial reporting by entities that are engaged in rate-regulated activities, whereby governments regulate the supply and pricing of particular types of activity. This can include utilities such as gas, electricity and water. Rate regulation can have a significant impact on the timing and amount of an entity's revenue. The IASB has a project to consider the broad issues of rate regulation and published a Discussion Paper on this subject in 2014. Pending the outcome of this comprehensive Rate-regulated Activities project, the IASB decided to develop IFRS 14 as an interim measure. IFRS 14 permits first-time adopters to continue to recognize amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognize such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. An entity that already presents IFRS financial statements is not eligible to apply the standard. This standard has not yet been endorsed by the EU.
- **IFRS 15 Revenue from Contracts with Customers**  
The standard is effective for annual periods beginning on or after 1 January 2018. IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles). Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates. The standard has not been yet endorsed by the EU.

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**4. ACCOUNTING AND VALUATION PRINCIPLES (CONTINUED)**

- **IAS 27 Separate Financial Statements (amended)**

The amendment is effective for annual periods beginning on or after 1 January 2016. This amendment will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements and will help some jurisdictions move to IFRS for separate financial statements, reducing compliance costs without reducing the information available to investors.

- **Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU.

- **IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception (Amendments)**

The amendments address three issues arising in practice in the application of the investment entities consolidation exception. The amendments are effective for annual periods beginning on or after 1 January 2016. The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. Also, the amendments clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. Finally, the amendments to *IAS 28 Investments in Associates and Joint Ventures* allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. These amendments have not yet been endorsed by the EU.

- **IAS 1: Disclosure Initiative (Amendment)**

The amendments to IAS 1 *Presentation of Financial Statements* further encourage companies to apply professional judgment in determining what information to disclose and how to structure it in their financial statements. The amendments are effective for annual periods beginning on or after 1 January 2016. The narrow-focus amendments to IAS clarify, rather than significantly change, existing IAS 1 requirements. The amendments relate to materiality, order of the notes, subtotals and disaggregation, accounting policies and presentation of items of other comprehensive income (OCI) arising from equity accounted Investments.

- **IFRS 16: Leases**

The standard is effective for annual periods beginning on or after 1 January 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The new standard requires lessees to recognize most leases on their financial statements. Lessees will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged. The standard has not been yet endorsed by the EU.

- **The IASB has issued the Annual Improvements to IFRSs 2012 – 2014 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2016.

Potential effects in the respective years of initial application are currently being evaluated by management.

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**4. ACCOUNTING AND VALUATION PRINCIPLES (continued)**

**4.3. Summary of accounting and valuation principles**

**a) Business combinations**

Business combinations are accounted for using the acquisition method. Assets and liabilities of subsidiaries acquired are included at their fair values at the time of the acquisition.

For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in income statement.

Goodwill is recognized as an asset and reviewed for impairment at least annually. All impairments are immediately charged against income statement, and there are no subsequent reversals of goodwill impairment.

Non-controlling interests entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. Non-controlling interests are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from parent's shareholders' equity. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

**b) Pre-licence costs**

Pre-licence costs are expensed in the period in which they are incurred. Pre-license prospecting is performed in the very preliminary stage of evaluation when trying to identify areas that may potentially contain oil and gas reserves without having physical access to the area. Related costs may include seismic studies, magnetic measurements, satellite and aerial photographs, gravity-meter tests etc.

**c) Licence acquisition costs**

Exploration licence acquisition costs are capitalized in intangible assets.

Licence acquisition costs are reviewed at each reporting date to confirm that there is no indication that the carrying amount exceeds the recoverable amount. This review includes confirming that exploration drilling is still under way or firmly planned, or that it has been determined, or work is under way to determine that the discovery is economically viable based on a range of technical and commercial considerations and sufficient progress is being made on establishing development plans and timing.

If no future activity is planned or the licence has been relinquished or has expired, the carrying value of the licence acquisition costs is written off through income statement. Upon recognition of proved reserves and internal approval for development, the relevant expenditure is transferred to oil and gas assets.

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**4. ACCOUNTING AND VALUATION PRINCIPLES (CONTINUED)**

**d) Exploration and appraisal costs**

Exploration and appraisal costs are accounted for using the successful efforts method of accounting. Costs related to geological and geophysical activity are expensed as and when incurred. The costs associated to exploration and appraisal drilling are initially capitalized as oil and gas assets with unproved reserves pending determination of the commercial viability of the relevant properties. If prospects are subsequently deemed to be unsuccessful on completion of evaluation, the associated costs are included in the income statement for the year. If the prospects are deemed commercially viable, such costs are transferred to tangible oil and gas assets upon recognition of proved reserves and internal approval for development. The status of such prospects and related costs are reviewed regularly by technical, commercial and executive management including review for impairment at least once a year to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off.

**e) Development and production costs**

Development costs including costs incurred to gain access to proved reserves and to prepare development wells locations for drilling, to drill and equip development wells and to construct and install production facilities, are capitalized as oil and gas assets.

Production costs, including those costs incurred to operate and maintain wells and related equipment and facilities (including depletion, depreciation and amortization charges as described below) and other costs of operating and maintaining those wells and related equipment and facilities, are expensed as incurred.

**f) Intangible assets and property, plant and equipment**

Intangible assets acquired by the Group are stated at cost less accumulated amortization and impairment losses.

Property, plant and equipment are recognized at cost of acquisition or construction and are presented net of accumulated depreciation and impairment losses.

The cost of purchased tangible assets is the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to their present location and condition necessary for their intended use. The cost of self-constructed assets includes cost of direct materials, labour, overheads and other directly attributable costs that have been incurred in bringing the assets to their present location and condition.

Depreciation and amortization is calculated on a straight-line basis, except for Upstream assets, where depletion occurs to a large extent on a unit-of-production basis. In the consolidated income statement, depreciation and amortization as well as impairment losses for filling stations are disclosed as part of selling expenses, those for exploration assets as exploration expenses, and those for other assets are reported as cost of sales or as administrative expenses.

<b>Intangible assets</b>	<b>Useful life (years)</b>
Goodwill	Indefinite
Software	3 - 5
Concessions, licences and other intangibles	5 - 20, or contract duration
<b>Business-specific property, plant and equipment</b>	
Upstream Oil and gas core assets	Unit of production method
Downstream Gas Pipelines	20 - 30
Downstream Gas Power plant	8 - 30
Downstream Gas Wind power stations	10 - 20
Downstream Oil Storage tanks and refinery facilities	25 - 40
Downstream Oil Pipeline systems	20
Downstream Oil Filling stations components	5 - 20



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**4. ACCOUNTING AND VALUATION PRINCIPLES (continued)**

**Other property, plant and equipment**

Production and office buildings	20 - 50
Other plant and equipment	10 - 20
Fixtures and fittings	5 - 10

For the application of the unit-of-production depreciation method, the Group has separated the areas where it operates in seventeen regions (thirteen regions for the parent and four regions for its Kazakhstan subsidiaries). The unit-of-production factor is computed at the level of each region, based on the extracted quantities and the proved reserves or developed reserves as applicable.

Capitalized exploration and appraisal activities are generally not depreciated as long as they are related to unproved reserves, but tested for impairment. Once the reserves are proved and commercial viability is established, the related assets are reclassified into tangible assets and once production starts depreciation commences. Capitalized development costs and support equipment are generally depreciated based on proved developed reserves/total proved reserves by applying the unit-of-production method once production starts.

An item of property, plant and equipment and any significant part initially recognized are derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

Under the successful efforts method individual mineral interests and other assets are combined to cost centers (fields, blocks, areas), which are the basis for depreciation and impairment testing. If single wells or other assets from a pooled depreciation base with proved reserves are abandoned, the accumulated depreciation for the single asset might be not directly identifiable. In general, irrespective if book values of abandoned assets are identifiable, no loss is recognized from the partial relinquishment of assets from a pooled depreciation base as long as the remainder of the group of properties continues to produce oil or gas. It is assumed that the abandoned or retired asset is fully amortized. The capitalized costs for the asset are charged to the accumulated depreciation base of the cost center.

Where an asset or part of an asset, that was separately depreciated and is now written off, is replaced and it is probable that future economic benefits associated with the item will flow to the Group, the expenditure is capitalized. Where part of the asset replaced was not separately considered as a component and therefore not depreciated separately, the replacement value is used to estimate the carrying amount of the replaced asset(s) which is immediately written off.

Assets classified as held for sale are disclosed at the lower of carrying value and fair value net of any disposal costs. Non-current assets and groups of assets are classified as held for sale if their carrying value will be recovered principally through a sale transaction rather than through continuing use. This classification requires that the sale must be estimated as highly probable, and that the asset must be available for immediate disposal in its present condition. The highly probable criteria implies that management must be committed to the sale and an active plan to locate a buyer was initiated, the transaction should be expected to qualify for recognition as a completed sale within one year from the date of classification (except certain conditions are met), the asset is actively marketed at a price that is reasonable in relation to its current fair value and that it is unlikely that significant changes will occur to the sale plan or that the plan will be withdrawn. Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

***Impairment of intangible assets and property, plant and equipment***

In accordance with IAS 36, intangible assets as well as property, plant and equipment are reviewed at each reporting date for any indications of impairment. For intangible assets with undetermined useful lives, impairment tests are carried out annually. This applies even if there are no indications of impairment.

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**4. ACCOUNTING AND VALUATION PRINCIPLES (continued)**

If any indication exists, or when annual impairment test for an asset is required, the Group estimates the asset's recoverable amount, being the higher of fair value less costs of disposal and its value in use.

If the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset is considered impaired and an impairment loss is recognized to reduce the asset to its lower recoverable amount. Impairment losses are recognized in the income statement in expense categories consistent with the function of the impaired asset.

A previously recognized impairment loss is reversed up to the asset depreciated cost if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is recognized under other operating income.

**g) Major maintenance and repairs**

The capitalized costs of regular and major inspections and overhauls are separate components of the related asset or asset groups. The capitalized inspection and overhaul costs are amortized on a straight line basis, or on basis of the number of service hours or produced quantities or similar, if this better reflects the time period for the inspection interval (until the next inspection date).

Expenditure on major maintenance refits, inspections or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Inspection costs associated with major maintenance programs are capitalized and amortized over the period to the next inspection.

Cost of major remedial activities for wells workover, if successful, is also capitalized and depreciated using the unit-of-production method.

All other day-to-day repairs and maintenance costs are expensed as incurred.

**h) Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in the arrangement.

A finance lease is defined as a lease which transfers substantially all the risks and rewards incidental to the ownership of the related asset to the lessee. All leases which do not meet the definition of a finance lease are classified as operating leases.

Non-current assets held under finance lease arrangements are capitalized at the commencement of the lease at the lower of the present value of minimum lease payments and fair value of leased property, and then depreciated over their expected useful life or the duration of the lease, if shorter. A liability equivalent to the capitalized amount is recognized, and future lease payments are split into the finance charge and the capital repayment element.

In the case of operating leases, lease payments are recognized on a straight-line basis over the lease term.

**i) Financial instruments**

***Non-derivative financial assets***

At initial recognition, the Group classifies its financial assets into the following three categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial asset. All regular way trades are recognized and derecognized on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

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**4. ACCOUNTING AND VALUATION PRINCIPLES (continued)**

All financial instruments are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Securities are classified at fair value through profit or loss when they are either held for trading or if they are designated as at fair value through profit or loss. Financial assets at fair value through profit or loss are measured at fair value, with any gains or losses arising on remeasurement recognized in income statement.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are measured at amortized cost (using the effective interest rate method (EIR)) less any impairment. The EIR amortization is included in financial result in the income statement. The losses arising from impairment are recognized in the income statement in financial result for loans and in cost of sales or other operating expenses for receivables. Whether loans and receivables are impaired is assessed individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in the income statement.

After initial measurement, available-for-sale financial assets are recognized at fair value. Unrealized gains and losses are disclosed separately in other comprehensive income net of any attributable tax effects. If there is objective evidence of impairment, write-downs including amounts previously recognized in other comprehensive income, are recognized in income statement. If the reason for the recognition of an impairment loss subsequently ceases to exist, the amount of the reversal up to amortized cost is included either as income in the case of debt instruments, or is taken to equity in the case of equity instruments.

Investments in non-consolidated subsidiaries and other companies, whose fair value cannot be reliably estimated, are measured at acquisition cost less any impairment losses.

At each reporting date, the carrying amounts of financial assets not classified as at fair value through profit or loss are reviewed for objective evidence of impairment. Evidence of impairment may include for example indications that the debtor or issuer is experiencing significant financial difficulty, default or delinquency in payments, the probability that the debtor or issuer will enter bankruptcy or a considerable detrimental change in the debtor's or issuer's technological, economical, legal environment and/or market environment. In the case of equity instruments classified as available for sale, objective evidence would include significant or prolonged decrease in fair value below cost. Any impairment is recognized in the income statement.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability that reflects the rights and obligations that the Group has retained. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Loans and receivables together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group.

***Non-derivative financial liabilities***

Financial liabilities are classified, at initial recognition, as financial liabilities through profit or loss, loans and borrowings or payables and are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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**4. ACCOUNTING AND VALUATION PRINCIPLES (continued)**

After initial measurement, liabilities are carried at amortized cost, with the exception of derivative financial instruments, which are recognized at fair value. Long-term liabilities are discounted using the effective interest rate method (EIR). Gains and losses are recognized in income statement when the liabilities are derecognized, as well as through the EIR amortization process.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amount is recognized in the income statement.

***Derivative financial instruments***

Derivative instruments are used to hedge risks resulting from changes in interest rates, currency exchange rates and commodity prices. Derivative instruments are recognized at fair value, which reflects the estimated amounts that the Group would pay or receive if the positions were closed at statement of financial position date. Quotations from banks or appropriate pricing models are used to estimate the fair value of financial instruments at statement of financial position date.

Price calculation in these models is based on forward prices of the underlying item, on foreign exchange rates, as well as on volatility indicators existing as of statement of financial position date. Unrealized gains and losses are recognized as income or expense, except where hedge accounting is applied.

Those derivatives qualifying and designated as hedges are either (i) a fair value hedge when hedging exposure to changes in the fair value of a recognized asset or liability or (ii) a cash flow hedge when hedging exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction.

In the case of fair value hedges, changes in the fair value of the hedging instrument, resulting from the risk being hedged for both the underlying and the hedging instrument, are recognized as income or expense.

For cash flow hedges, the effective part of the changes in fair value of the hedging instrument is recognized in other comprehensive income, while the ineffective part is recognized immediately in the income statement. Where the hedging of cash flows results in an asset or liability, the amounts that have previously been recognized in other comprehensive income are reclassified into income statement in the period in which the hedged position affects earnings.

Contracts to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments, as if the contracts were financial instruments, are accounted for as financial instruments. However, contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group's expected purchase, sale or usage requirements are not accounted for as derivative financial instruments, but rather as executory contracts. However, even though such contracts are not financial instruments, they may contain embedded derivatives. Embedded derivatives are accounted for separately from the host contract when the economic characteristics and risks of the embedded derivatives are not closely related to the economic characteristics and risks of the host contract.

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**4. ACCOUNTING AND VALUATION PRINCIPLES (continued)**

**j) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized until the assets are substantially ready for their intended use or for sale. Borrowing costs include interest on bank short-term and long-term loans, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. All other costs of borrowing are expensed in the period in which they are incurred.

**k) Government grants**

Government grants – except for emission rights (see Note 4m) – are recognized as deferred income or deducted from the related asset where it is reasonable to expect that the granting conditions will be met and that the grants will be received.

**l) Inventories**

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the normal course of activity less any selling expenses.

Cost of producing crude oil and gas and refined petroleum products is accounted on weighted average basis, and includes all costs incurred in the normal course of business in bringing each product to its present location and condition, including the appropriate proportion of depreciation, depletion and amortization and overheads based on normal capacity.

Appropriate allowances are made for any obsolete or slow moving stocks based on the management's assessments.

**m) Provisions**

Provisions are made for all present obligations (legal or constructive) to third parties resulting from a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably. Provision for individual obligations is based on the best estimate of the amount necessary to settle the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is applicable, the increase in the provision due to the passage of time is recognized as a finance cost.

The Group's core activities regularly lead to obligations related to dismantling and removal, asset retirement and soil remediation obligations, more specifically consisting in:

- plugging and abandoning wells;
- cleaning of sludge pits;
- dismantlement of production facilities;
- restoration of producing areas in accordance with licence requirements and the relevant legislation.

These decommissioning and restoration obligations are mainly of material importance in the Upstream segment (oil and gas wells, above-ground facilities). At the time the obligation arises, it is provided for in full by recognizing as a liability the present value of future decommissioning and restoration expenses. An equivalent amount is capitalized as part of the carrying value of related property, plant and equipment. The obligation is calculated on the basis of best estimates. The capitalized asset is depreciated using the unit-of-production method for upstream activities and on straight-line basis for downstream assets.

Liabilities for environmental costs are recognized when a clean-up is probable and the associated costs can be reliably estimated. Generally, the timing of recognition of these provisions coincides with the commitment to a formal plan of action. The amount recognized is the best estimate of the expenditure required. Where the liability will not be settled for a number of years, the amount recognized is the present value of the estimated future expenditure.

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**4. ACCOUNTING AND VALUATION PRINCIPLES (continued)**

Based on the privatization agreement of OMV Petrom S.A., part of OMV Petrom's decommissioning and environmental cost will be reimbursed by the Romanian State. The portion to be reimbursed by the Romanian State has been presented as receivable and reassessed in order to reflect the current best estimate of the cost at its present value, using the same discount rate as for the related provisions.

Changes in the assumptions related to decommissioning costs are dealt with prospectively, by recording an adjustment to the provision and a corresponding adjustment to property, plant and equipment (for Group obligation) or to the related receivable from the Romanian State (for the works to be reimbursed by Romanian State).

The unwinding of the decommissioning provision is presented as part of the interest expenses in the Income Statement, net of the unwinding of the related receivable from the Romanian State (for the works to be reimbursed by Romanian State).

Changes in the assumptions related to environmental costs are dealt with prospectively, by recording an adjustment to the provision and a corresponding adjustment in the Income Statement (for Group obligation) or to the related receivable from the Romanian State (for the works to be reimbursed by Romanian State).

The unwinding of the environmental provision is presented as part of the interest expenses in the Income Statement, net of the unwinding of the related receivable from the Romanian State (for the works to be reimbursed by Romanian State).

The effect of changes in discount rate and timing assumptions for the receivables from the Romanian State which are additional to the changes in discount rates and timing assumptions for decommissioning costs and environmental costs, is presented in the Income Statement under interest expenses or interest income.

Provisions for pensions and severance payments are calculated using the projected-unit-credit method, which divides the costs of the estimated benefit entitlements over the whole period of employment and thus takes future increases in remuneration into account. Actuarial gains/losses are recognized in full in the period in which they occur as follows: for pensions in other comprehensive income and for similar obligations in income statement.

Provisions for voluntary and involuntary separations under restructuring programs are recognized if a detailed plan has been approved by management prior to the statement of financial position date, and an irrevocable commitment is thereby established. Voluntary amendments to employees' remuneration arrangements are recognized if the respective employees have accepted the company's offer. Provisions for obligations under individual separation agreements are recognized at the present value of the obligation where the amounts and dates of payment are fixed and determined.

Emission allowances received free of cost from governmental authorities (EU Emissions Trading Scheme for greenhouse gas emissions allowances) reduce obligations for CO<sub>2</sub> emissions and are recognized based on net approach for Government Grant (i.e. zero value in accounting). Provisions are recognized only for shortfalls. The provision for a shortfall is initially measured at the best estimation of expenditure required to settle the obligation, which is the market price of the emission rights at the closing date. The related expense is recognized as emission costs, included in cost of sales. If, subsequently to the recognition of a provision, emission rights are purchased, then an asset is only recognized for the excess of the emission rights over the CO<sub>2</sub> emissions. Any price difference between the provision and the quantity of offsetting emission rights is expensed as emission cost.

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**4. ACCOUNTING AND VALUATION PRINCIPLES (continued)**

**n) Taxes on income and royalties**

***Current tax***

Current income tax is the expected tax payable or receivable on the taxable net result for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

***Deferred tax***

Deferred tax is recognised in respect of temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in income statement.

Deferred tax assets and deferred tax liabilities at Group level are shown net, if there is a legally enforceable right to offset and the deferred taxes relate to matters subject to the same tax jurisdiction.

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**4. ACCOUNTING AND VALUATION PRINCIPLES (continued)**

***Production taxes***

Royalties are based on the value of oil and gas production and are included in the income statement under cost of sales.

**o) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other incentives.

***Sale of goods***

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

***Dividend and interest revenue***

Dividend revenue from investments is recognized when the shareholder's right to receive payment has been established.

Interest revenue is accrued using the effective interest rate, which is the rate that discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

**p) Cash and cash equivalents**

For the purpose of the Consolidated Statement of Cash Flows, cash is considered to be cash on hand and in operating accounts in banks. Cash equivalents represent deposits and highly liquid investments with maturities of less than three months.



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**5. FOREIGN CURRENCY TRANSLATION**

**a) Group companies**

The consolidated financial statements are presented in RON, which is OMV Petrom S.A. functional currency and the Group's presentation currency. Each entity in OMV Petrom Group determines its own functional currency, and items included in its individual financial statements are measured using the functional currency. The functional currency of the foreign operations is generally their local currency (which for the majority of the Group's operations is the RON), except for Kazakhstan entities that have USD as functional currency.

Where the functional currency differs from the Group's presentation currency, individual financial statements are translated using closing rate method. Differences arising between statement of financial position items translated at closing and historical rates are presented as a separate item directly in equity and in other comprehensive income. The use of average rates for translation of income statement creates additional differences compared to the application of the closing rates in the statement of financial position which are also recorded in equity and in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income and equity relating to the translation of that particular foreign operation is recognized in the consolidated income statement.

The rates applied in translating foreign currencies to RON were as follows:

<b>Exchange rates</b>	<b>Year ended December 31, 2015*</b>	<b>Average for the year ended December 31, 2015</b>	<b>Year ended December 31, 2014*</b>	<b>Average for the year ended December 31, 2014</b>
US dollar (USD)	4.1477	4.0062	3.6868	3.3487
Euro (EUR)	4.5245	4.4446	4.4821	4.4440
Moldavian Leu (MDL)	0.2107	0.2133	0.2359	0.2386
Serbian Dinar (RSD)	0.0372	0.0368	0.0369	0.0379
Bulgarian Leva (BGN)	2.3134	2.2725	2.2916	2.2722

\*) as communicated by National Bank of Romania

**b) Transactions and balances**

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

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**6. INTANGIBLE ASSETS**

	<u>Concessions, licences and other intangible assets</u>	<u>Oil and gas assets with unproved reserves</u>	<u>Total</u>
<b>COST</b>			
<b>Balance as at January 1, 2015</b>	<b><u>1,392.39</u></b>	<b><u>1,871.93</u></b>	<b><u>3,264.32</u></b>
Exchange differences	0.40	-	0.40
Additions <sup>*)</sup>	3.81	1,232.01	1,235.82
Transfers (to)/from tangible assets (Note 7)	0.03	(1.88)	(1.85)
Disposals	(3.86)	(13.76)	(17.62)
Transfers to assets held for sale (Note 12)	<u>(40.75)</u>	<u>-</u>	<u>(40.75)</u>
<b>Balance as at December 31, 2015</b>	<b><u>1,352.02</u></b>	<b><u>3,088.30</u></b>	<b><u>4,440.32</u></b>
<b>ACCUMULATED AMORTISATION AND IMPAIRMENT</b>			
<b>Balance as at January 1, 2015</b>	<b><u>1,217.59</u></b>	<b><u>389.85</u></b>	<b><u>1,607.44</u></b>
Exchange differences	0.29	-	0.29
Amortization	20.03	-	20.03
Impairment	18.94	408.40	427.34
Transfers (to)/from tangible assets (Note 7)	0.01	-	0.01
Disposals	(3.69)	(13.76)	(17.45)
Transfers to assets held for sale (Note 12)	<u>(27.36)</u>	<u>-</u>	<u>(27.36)</u>
<b>Balance as at December 31, 2015</b>	<b><u>1,225.81</u></b>	<b><u>784.49</u></b>	<b><u>2,010.30</u></b>
<b>CARRYING AMOUNT</b>			
<b>As at January 1, 2015</b>	<b><u>174.80</u></b>	<b><u>1,482.08</u></b>	<b><u>1,656.88</u></b>
<b>As at December 31, 2015</b>	<b><u>126.21</u></b>	<b><u>2,303.81</u></b>	<b><u>2,430.02</u></b>

Impairment of oil and gas assets with unproved reserves during 2015 refers to unsuccessful exploration wells in the Upstream segment (mainly offshore).

<sup>\*)</sup> Include the amount of RON 0.11 million representing increase from the reassessment of decommissioning asset for exploration wells (under category "Oil and gas assets with unproved reserves")

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**7. PROPERTY, PLANT AND EQUIPMENT**

<b>COST</b>	<b>Land, land rights and buildings, incl. buildings on third-party property</b>	<b>Oil and gas assets</b>	<b>Plant and machinery</b>	<b>Other fixtures and fittings, tools and equipment</b>	<b>Assets under construction</b>	<b>Total</b>
<b>Balance as at January 1, 2015</b>	<b>4,669.44</b>	<b>35,322.40</b>	<b>9,506.19</b>	<b>962.90</b>	<b>1,042.67</b>	<b>51,503.60</b>
Exchange differences	4.21	406.28	21.97	5.52	0.77	438.75
Additions**)	40.17	2,871.49	59.21	20.35	378.77	3,369.99
Transfers*)	(92.80)	(162.54)	687.90	255.85	(686.56)	1.85
Transfers to assets held for sale (Note 12)	(54.07)	-	(203.91)	(0.51)	-	(258.49)
Disposals	(38.91)	(518.17)	(132.39)	(64.98)	(67.91)	(822.36)
<b>Balance as at December 31, 2015</b>	<b>4,528.04</b>	<b>37,919.46</b>	<b>9,938.97</b>	<b>1,179.13</b>	<b>667.74</b>	<b>54,233.34</b>
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT</b>						
<b>Balance as at January 1, 2015</b>	<b>1,613.35</b>	<b>12,614.96</b>	<b>4,220.74</b>	<b>659.54</b>	<b>105.37</b>	<b>19,213.96</b>
Exchange differences	0.81	331.76	19.30	4.04	(0.17)	355.74
Depreciation	173.55	2,192.58	669.78	80.15	-	3,116.06
Impairment	41.17	2,909.65	144.24	20.69	95.27	3,211.02
Transfers*)	(72.47)	(0.38)	(61.38)	134.21	0.01	(0.01)
Transfers to assets held for sale (Note 12)	(35.47)	-	(137.19)	(0.39)	-	(173.05)
Disposals	(31.15)	(503.84)	(98.11)	(55.04)	(67.09)	(755.23)
Write-ups	(2.51)	(2.21)	(0.24)	(0.11)	(8.27)	(13.34)
<b>Balance as at December 31, 2015</b>	<b>1,687.28</b>	<b>17,542.52</b>	<b>4,757.14</b>	<b>843.09</b>	<b>125.12</b>	<b>24,955.15</b>
<b>CARRYING AMOUNT</b>						
<b>As at January 1, 2015</b>	<b>3,056.09</b>	<b>22,707.44</b>	<b>5,285.45</b>	<b>303.36</b>	<b>937.30</b>	<b>32,289.64</b>
<b>As at December 31, 2015</b>	<b>2,840.76</b>	<b>20,376.94</b>	<b>5,181.83</b>	<b>336.04</b>	<b>542.62</b>	<b>29,278.19</b>

\*) Net amount represents transfers from intangibles. See Note 6.

\*\*) Include the amount of RON 480.44 million representing increase from reassessment of the decommissioning asset and the amount of RON 29.12 million representing additions through finance lease, mainly for production of electricity and pipe yard facilities.

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**7. PROPERTY, PLANT AND EQUIPMENT (continued)**

Property, plant and equipment include fixed assets acquired through finance lease with a carrying amount of RON 266.65 million as at December 31, 2015 (2014: RON 278.43 million).

Expenditure capitalized in the course of construction of tangible and intangible assets is RON 578.20 million (2014: RON 736.69 million).

For details on impairments see Note 21.

**8. INVESTMENTS IN ASSOCIATED COMPANIES**

As at December 31, 2015 and December 31, 2014 OMV Petrom Group had one associated company: OMV Petrom Global Solutions S.R.L. with a shareholding of 25% and principal place of business in Romania.

The associate is not material to the Group. The table below summarizes financial information for the Group's interest in associate (aggregated):

	<b>2015</b>	<b>2014</b>
<b>Carrying amount of interests in individually immaterial associates</b>	<b>40.69</b>	<b>35.30</b>
<b>Group's share of:</b>		
- profit from continuing operations (Note 22)	7.40	10.67
- unrecognized gain from transfer of business (Note 31d)	-	(17.53)
- other comprehensive income	(0.38)	-
- dividends during the year	(1.63)	-
<b>Total comprehensive income / (loss)</b>	<b>5.39</b>	<b>(6.86)</b>

In 2014 OMV Petrom sold its interest in Congaz S.A., associated company accounted for at equity method.

Carrying amount reconciliation for immaterial associates is as follows:

<b>COST</b>	<b>Associates</b>
<b>Balance as at January 1, 2015</b>	<b>35.30</b>
Additions	-
Share of net result from associates (see above)	5.39
Disposals	-
<b>Balance as at December 31, 2015</b>	<b>40.69</b>

There are no significant unrecognized commitments in relation with associates.

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**9. TRADE RECEIVABLES AND OTHER FINANCIAL ASSETS**

**a) Trade receivables** are amounting to RON 1,318.28 million as at December 2015 (2014: RON 1,424.37 million). They are presented net of impairment allowances, which are detailed in 9c) below.

**b) Other financial assets** (net of allowances)

	<b>December 31, 2015</b>	<b>Liquidity term</b>	
		<b>less than 1 year</b>	<b>over 1 year</b>
Derivatives financial assets	105.16	105.16	-
Investments	3.91	-	3.91
Expenditure recoverable from Romanian State	2,571.15	9.61	2,561.54
Other financial assets	204.43	142.32	62.11
<b>Total</b>	<b>2,884.65</b>	<b>257.09</b>	<b>2,627.56</b>

	<b>December 31, 2014</b>	<b>Liquidity term</b>	
		<b>less than 1 year</b>	<b>over 1 year</b>
Derivatives financial assets	3.60	3.60	-
Investments	4.16	-	4.16
Expenditure recoverable from Romanian State	2,362.12	236.84	2,125.28
Other financial assets	210.78	148.43	62.35
<b>Total</b>	<b>2,580.66</b>	<b>388.87</b>	<b>2,191.79</b>

**Investments**

The position "Investments" comprises all the investments in companies that were not consolidated, as the Group neither has control nor significant influence over their operations, or they were considered immaterial for the Group. These financial assets are accounted for at amortized cost.

**Expenditure recoverable from Romanian State**

As part of the privatization agreement, OMV Petrom S.A. is entitled to reimbursement by the Romanian State of part of decommissioning and environmental costs incurred to restore and clean up areas pertaining to activities prior to privatization in 2004. Consequently, OMV Petrom S.A. has recorded as receivable from the Romanian State the estimated decommissioning obligations having a net present value of RON 2,330.60 million as at December 31, 2015 (2014: RON 2,085.81 million) and the environmental liabilities in Upstream and Downstream Oil with net present value of RON 240.55 million (2014: RON 276.31 million), as these were existing prior to privatization of OMV Petrom S.A.

**c) Valuation allowances**

The movements in valuation allowances for investments were as follows:

	<b>Year 2015</b>
<b>January 1, 2015</b>	<b>14.74</b>
Additions	0.38
Disposals	(4.09)
<b>December 31, 2015</b>	<b>11.03</b>

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**9. TRADE RECEIVABLES AND OTHER FINANCIAL ASSETS (continued)**

The movements in valuation allowances for trade receivables and for other financial assets were as follows:

	Valuation allowance for:		
	Trade receivables	Other financial assets	Total
<b>January 1, 2015</b>	<b>183.83</b>	<b>504.35</b>	<b>688.18</b>
Additions	87.93	35.28	123.21
Used	(5.93)	(1.03)	(6.96)
Exchange differences	(0.29)	0.34	0.05
<b>December 31, 2015</b>	<b>265.54</b>	<b>538.94</b>	<b>804.48</b>

The gross value of impaired trade receivables as at December 31, 2015 is of RON 270.85 million (2014: RON 198.33 million) and the gross value of impaired other financial assets amounts to RON 556.78 million (2014: RON 520.21 million).

**d) The aging profile of trade receivables and other financial assets** which were past due but not impaired was as follows:

Trade receivables	December 31, 2015	December 31, 2014
Up to 60 days overdue	63.01	156.17
61 to 120 days overdue	1.56	2.23
More than 120 days overdue	6.22	12.26
<b>Total</b>	<b>70.79</b>	<b>170.66</b>

  

Other financial assets	December 31, 2015	December 31, 2014
Up to 60 days overdue	1.81	0.20
61 to 120 days overdue	-	-
More than 120 days overdue	-	-
<b>Total</b>	<b>1.81</b>	<b>0.20</b>

**10. OTHER ASSETS**

The carrying value of other assets was as follows:

	December 31, 2015	Liquidity term	
		less than 1 year	over 1 year
Receivable from taxes	238.96	177.20	61.76
Advance payments on fixed assets	238.24	238.24	-
Prepaid expenses and deferred charges	103.75	86.01	17.74
Rental and lease prepayments	30.98	30.98	-
Other assets	95.26	94.47	0.79
<b>Total</b>	<b>707.19</b>	<b>626.90</b>	<b>80.29</b>

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**10. OTHER ASSETS (continued)**

	<b>December 31, 2014</b>	<b>Liquidity term</b>	
		<b>less than 1 year</b>	<b>over 1 year</b>
Receivable from taxes	340.40	319.88	20.52
Advance payments on fixed assets	49.37	49.37	-
Prepaid expenses and deferred charges	69.45	69.27	0.18
Rental and lease prepayments	34.96	34.96	-
Other assets	64.22	63.58	0.64
<b>Total</b>	<b>558.40</b>	<b>537.06</b>	<b>21.34</b>

**11. INVENTORIES**

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Crude oil	471.67	395.48
Natural gas	84.67	183.75
Other materials	240.78	264.46
Work in progress	84.07	117.12
Finished products	1,083.93	1,289.24
<b>Total</b>	<b>1,965.12</b>	<b>2,250.05</b>

The cost of materials and goods consumed during 2015 (whether used in production or re-sold) is of RON 5,368.05 million (2014: RON 6,328.37 million).

As at December 31, 2015 there are no inventories pledged as security for liabilities (2014: RON 16.64 million).

**12. ASSETS HELD FOR SALE**

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Land and buildings	30.41	12.03
Plant and equipment	66.84	-
Intangible assets	15.07	1.68
Other assets	1.94	-
Deferred tax asset (Note 18)	4.32	-
<b>Assets held for sale</b>	<b>118.58</b>	<b>13.71</b>
Provisions	7.68	-
Liabilities	2.74	-
<b>Liabilities associated with assets held for sale</b>	<b>10.42</b>	<b>-</b>

As at December 31, 2015, most of the assets and liabilities held for sale refer to Downstream Gas segment in relation to the envisaged sale of the stake in the subsidiary OMV Petrom Wind Power S.R.L. operating Dorobantu wind-park, whose value is expected to be recovered principally through a sale transaction rather than through continuing use, in line with the Company's strategy to focus on core business. As of December 31, 2015, management expects that this transaction will be closed within the following twelve months. Fair value less costs of disposal was estimated at RON 108.59 million, triggering an impairment loss of RON 75.70 million as of December 31, 2015.

As at December 31, 2014, the assets and liabilities held for sale relate mainly to Downstream Oil segment for the estimated sale of several plots of land.

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**13. STOCKHOLDERS' EQUITY**

***Share capital***

The share capital of OMV Petrom S.A. consists of 56,644,108,335 fully paid shares as at December 31, 2015 and 2014 with a total nominal value of RON 5,664.41 million.

***Revenue reserves***

Revenue reserves include retained earnings, as well as other non-distributable reserves (legal and geological quota facility reserves, other reserves from fiscal facilities).

Geological quota included in revenue reserves is amounting to RON 5,062.84 million (2014: same amount). Until December 31, 2006, OMV Petrom S.A. benefited from geological quota facility whereby it could charge up to 35% of the market value of the volume of oil and gas extracted during the year. This facility was recognized directly in reserves. This quota was restricted to investment purposes and is not distributable. The quota was non-taxable.

Legal reserves included in revenue reserves are amounting to RON 1,132.88 million (2014: same amount). OMV Petrom S.A. sets its legal reserve in accordance with the provisions of the Romanian Companies Law, which requires that minimum 5% of the annual accounting profit before tax is transferred to "legal reserve" until the balance of this reserve reaches 20% of the share capital of the Company.

Other reserves from fiscal facilities are amounting to RON 248.29 million (2014: same amount). The amount of RON 39.69 million was allocated to other reserves in the year 2014 representing fiscal facilities from reinvested profit.

***Other reserves***

Other reserves contain mainly reserves from business combinations in stages, land for which land ownership certificates were obtained but was not yet included in share capital and exchange differences on loans considered net investment in a foreign operation.

Increase in other reserves amounting to RON 75.19 million in 2014 is related to land for which ownership certificates were obtained by OMV Petrom S.A. from Romanian State up to December 31, 2014 but was not yet included in share capital.

***Cashflow hedging reserves***

In order to protect the Company's cash flows against further potential downturns of the crude oil price, OMV Petrom entered, in April 2015, into hedging arrangements (Zero Cost Collar options) for a volume of 15,000 bbl/d of crude oil, with a protection floor level of USD 55/bbl, for the third quarter of 2015 to the second quarter of 2016 period. These financial instruments were accounted as cash flow hedge.

In August 2015 the Company has decided to monetize in advance the outstanding hedges for the fourth quarter of 2015 to the second quarter of 2016, by contracting offsetting positions. The hedge accounting for the options contracted in April 2015 with maturities in fourth quarter of 2015 to the second quarter of 2016 period was therefore discontinued in August 2015 and the effective part reflected in other comprehensive income as at that time remained separately in equity until the forecasted transactions occur. The remaining cumulative gain recognised in other comprehensive income for the options with maturities in first two quarters of 2016, net of tax, is in amount of RON 11.94 million as at December 31, 2015 and the ineffective part of the cash flow hedges recognized in the income statement was of RON 7.22 million.



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**14. PROVISIONS**

	<b>Pensions and similar obligations</b>	<b>Decommissioning and restoration</b>	<b>Other provisions</b>	<b>Total</b>
<b>January 1, 2015</b>	<b>283.01</b>	<b>7,546.29</b>	<b>1,371.41</b>	<b>9,200.71</b>
thereof short-term	-	291.37	817.56	1,108.93
thereof long-term	283.01	7,254.92	553.85	8,091.78
Exchange differences	-	14.11	0.36	14.47
Liabilities associated with assets held for sale	-	(5.46)	(2.22)	(7.68)
Used	(9.17)	(261.96)	(489.46)	(760.59)
Allocations/(releases)	(35.12)	1,011.80	166.41	1,143.09
<b>December 31, 2015</b>	<b>238.72</b>	<b>8,304.78</b>	<b>1,046.50</b>	<b>9,590.00</b>
thereof short-term	-	363.57	547.51	911.08
thereof long-term	238.72	7,941.21	498.99	8,678.92

**Provisions for pensions and similar obligations**

Employees of several Group companies are entitled to receive severance payments upon termination of employment or on reaching normal retirement age. The entitlements depend on years of service and final compensation levels. Provisions have been set up based on actuarial calculations performed by qualified actuaries using the following parameters: a discount rate of 3.69% (2014: 3.73%), an inflation rate of 2.10% (2014: 2.22%) and an average yearly salary increase of 4.00% (2014: 5.00%).

**Provisions for decommissioning and restoration**

Changes in provisions for decommissioning and restoration are shown in the table below. In the event of subsequent changes in estimated restoration costs only the effect of the change in present value is recognized in the period concerned. If the value increases, the increase is depreciated over the remaining useful life of the asset, and if it decreases, the decrease is deducted from capitalized asset value. Interest rates applied for calculating of decommissioning and restoration costs are between 0.07% and 3.00% (2014: between 0.23% and 3.00%).

The provision for decommissioning and restoration costs includes mainly obligations in respect of OMV Petrom S.A. amounting to RON 8,161.65 million (2014: RON 7,416.88 million). There is a corresponding receivable from the Romanian State of RON 2,330.60 million (2014: RON 2,085.81 million), which is disclosed under "Other financial assets" item (Note 9).

Revisions in estimates for decommissioning and restoration provisions arise from the yearly reassessment of the cost of workings, the number of wells and other applicable items, as well as the expected timing of the decommissioning and restoration and revision of estimated interest rates.

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**14. PROVISIONS (continued)**

Details on the Decommissioning and restoration obligations are as follows:

	<u>2015</u>	<u>2014</u>
<b>January 1</b>	<b>7,546.29</b>	<b>6,148.24</b>
Exchange differences	14.11	13.05
Revisions in estimates	726.76	1,325.21
Unwinding effect	285.04	289.13
Used in current year	(261.96)	(229.34)
Transfer to liabilities associated with assets held for sale	<u>(5.46)</u>	<u>-</u>
<b>December 31</b>	<b><u>8,304.78</u></b>	<b><u>7,546.29</u></b>

The revisions in estimates impact either the assets subject to decommissioning or the related receivable from State. The unwinding effect is included in the income statement under the interest expenses line (Note 23) net of the unwinding effect on the related receivable from State. The effect of changes in discount rate or timing of the receivable from State (which are additional to the changes in discount rate or timing of the decommissioning costs) is included in the income statement under interest expenses or interest income. Impact from revision in estimates in 2015 is generated mainly by higher estimated decommissioning costs for onshore wells in Romania.

Impact from revision in estimates in 2014 was generated by reduction of discount rates and by higher estimated decommissioning costs for onshore and offshore wells and facilities in Romania.

**Other provisions** were as follows:

<b>December 31, 2015</b>	<u><b>Total</b></u>	<u><b>less than 1 year</b></u>	<u><b>over 1 year</b></u>
Environmental provision	212.86	99.36	113.50
Other personnel provisions	174.74	172.26	2.48
Provisions for litigations	521.34	139.62	381.72
Other	<u>137.56</u>	<u>136.27</u>	<u>1.29</u>
<b>Total</b>	<b><u>1,046.50</u></b>	<b><u>547.51</u></b>	<b><u>498.99</u></b>

  

<b>December 31, 2014</b>	<u><b>Total</b></u>	<u><b>less than 1 year</b></u>	<u><b>over 1 year</b></u>
Environmental provision	196.65	66.49	130.16
Other personnel provisions	160.51	160.51	-
Provisions for litigations	460.55	73.85	386.70
Other	<u>553.70</u>	<u>516.71</u>	<u>36.99</u>
<b>Total</b>	<b><u>1,371.41</u></b>	<b><u>817.56</u></b>	<b><u>553.85</u></b>

**Environmental provisions**

The environmental provisions were estimated by the management based on the list of environment related projects that must be completed by OMV Petrom Group. Provisions recorded as at December 31, 2015 and 2014 represent the best estimate of the Group's experts for environmental matters. Environmental provisions are computed using the same interest rates as for the decommissioning and restoration provisions.

OMV Petrom S.A. recorded environmental liabilities against receivable from the Romanian State in Upstream and Downstream Oil, as these obligations existed prior to privatization. (Note 9b)

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**14. PROVISIONS (continued)**

**Other personnel provisions**

Included in other personnel provisions is mainly the restructuring provision recorded by OMV Petrom S.A. further to approved restructuring plan that has been communicated to those affected by it.

**Provisions for litigations**

OMV Petrom Group monitors all litigations instigated against it and assesses the likelihood of losses and related financial cost using in house lawyers and external legal advisors. OMV Petrom Group has assessed the potential liabilities with respect to ongoing cases and recorded its best estimate of likely cash outflows.

**Other provisions**

The decrease in other short-term provisions as at December 31, 2015 is driven primarily by payments made during 2015 in relation to tax review (for period 2009-2010) finalization in OMV Petrom S.A.

**Emissions certificates**

Directive 2003/87/EC of the European Parliament and of the European Council established a greenhouse gas emissions trading scheme, requiring member states to draw up national plans to allocate emissions certificates. Romania was admitted to the scheme in January 2007, when it joined the EU.

The only company from the Group included in this scheme is OMV Petrom S.A. Under this scheme OMV Petrom S.A. is entitled to 2,281,635 emission certificates for year 2015 (2014: 2,664,658 emissions certificates). During 2015, OMV Petrom S.A. received 2,611,848 emissions certificates, out of which 1,981,275 emission certificates from 2014 entitlement and 630,573 emission certificates from 2015 entitlement.

During 2015 the Group had net sales of 913,567 emissions certificates (2014: 257,000 emissions certificates).

A shortfall in emissions certificates would be provided for. Until December 31, 2015, the Group was not short of certificates.

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**15. INTEREST-BEARING DEBTS**

As at December 31, 2015 and December 31, 2014 OMV Petrom Group had the following loans:

**Interest-bearing debts short-term**

<b>Borrower</b>	<b>Lender</b>	<b>December 31, 2015</b>	<b>December 31, 2014</b>
OMV Petrom S.A.	European Bank for Reconstruction and Development (a)	95.92	95.02
OMV Petrom S.A.	European Investment Bank (b)	86.18	85.37
OMV Petrom S.A.	OMV Petrom Global Solutions S.R.L. (c)	127.96	73.76
Kom Munai LLP.	European Bank for Reconstruction and Development (d)	61.35	-
OMV Petrom Marketing S.R.L.	Raiffeisen Bank S.A. (e)	-	9.00
	Accrued interest	8.77	12.07
	Prepayments in relation with loan amounts drawn	(1.46)	(1.55)
<b>Total interest bearing debts short-term</b>		<b>378.72</b>	<b>273.67</b>

**Interest-bearing debts long-term**

<b>Borrower</b>	<b>Lender</b>	<b>December 31, 2015</b>	<b>December 31, 2014</b>
OMV Petrom S.A.	European Bank for Reconstruction and Development (a)	377.34	468.83
OMV Petrom S.A.	European Investment Bank (b)	532.17	612.55
Kom Munai LLP.	European Bank for Reconstruction and Development (d)	527.62	523.53
	Prepayments in relation with loan amounts drawn	(13.43)	(15.95)
<b>Total interest-bearing debts long-term</b>		<b>1,423.70</b>	<b>1,588.96</b>
<b>Total interest-bearing debts</b>		<b>1,802.42</b>	<b>1,862.63</b>

(a) For the construction of Brazi Power Plant, OMV Petrom S.A. concluded an unsecured corporate loan agreement with European Bank for Reconstruction and Development for a maximum amount of EUR 200.00 million. The agreement was signed on May 8, 2009 and the final maturity date is November 10, 2020. The outstanding amount as at December 31, 2015 was RON 473.26 million (equivalent of EUR 104.60 million) (2014: RON 563.85 million, equivalent of EUR 125.80 million).

(b) For the construction of the Brazi Power Plant, OMV Petrom S.A. also concluded an unsecured loan agreement for an amount of EUR 200.00 million with European Investment Bank. The agreement was signed on May 8, 2009 and the final maturity date is June 15, 2023. The outstanding amount as at December 31, 2015 was RON 618.35 million (equivalent of EUR 136.67 million) (2014: RON 697.92 million, equivalent of EUR 155.71 million).

(c) A cash pooling agreement with maturity on April 23, 2016, renewable each year, was signed between OMV Petrom S.A. and OMV Petrom Global Solutions S.R.L. on April 25, 2014. The aggregated amount of the loan is RON 155.00 million, usable in RON or any other currency EUR, USD and GBP. Amount drawn by the Group as at December 31, 2015 was RON 127.96 million (2014: RON 73.76 million).

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**15. INTEREST-BEARING DEBTS (continued)**

- (d) On September 25, 2014 was concluded an unsecured loan agreement between European Bank for Reconstruction and Development and Kom-Munai LLP with a limit of USD 200.00 million and the final maturity date May 20, 2022. On December 18, 2015 the limit was decreased to USD 142.00 million, consisting of:
- tranche 1 with a maximum limit of USD 120.00 million, to be used for refinancing of intra-group loans;
  - tranche 2 with a maximum limit of USD 22.00 million, to be used for future capital expenditures.
- The outstanding amount as at December 31, 2015 was of RON 588.97 million (equivalent of USD 142.00 million) (2014: RON 523.53 million, equivalent of USD 142.00 million).
- (e) A committed loan concluded on June 23, 2014 between OMV Petrom Marketing S.R.L. and Raiffeisen Bank S.A. for an amount of EUR 2.10 million, to finance the energy efficiency investment in LED technology in OMV Petrom branded filling stations with maturity on March 31, 2015. The outstanding amount as at December 31, 2015 was nil, as the loan was fully reimbursed in 2015 (2014: RON 9.00 million).

The OMV Petrom Group's companies have several credit facilities signed as at December 31, 2015 as follows:

- (f) An unsecured credit facility granted by Raiffeisen Bank S.A. up to EUR 105.00 million consisting in two subfacilities: subfacility A with maturity date prolonged to December 31, 2016 (for an amount of EUR 75.00 million) and subfacility B with maturity date prolonged to December 15, 2017 (for an amount of EUR 30.00 million). Subfacility A can be used only in RON and only by OMV Petrom S.A. as overdraft credit line. Subfacility B can be used in EUR, USD or RON by OMV Petrom S.A, OMV Petrom Marketing S.R.L. and OMV Petrom Gas S.R.L. (up to the limit of EUR 30.00 million); OMV Petrom Wind Power S.R.L. (up to the maximum limit of EUR 1.00 million) and by OMV Petrom Aviation S.A (up to the maximum limit of EUR 10.00 million) only for the issuance of letters of credit and/or issuance of letters of bank guarantee. The Credit facility was not used as at December 31, 2015 and December 31, 2014.
- (g) On May 20, 2015, OMV Petrom S.A. replaced the Banks Consortiums credit facility amounting to EUR 930.00 million contracted in 2011 with a new unsecured Banks Consortium revolving facility amounting to EUR 1,000.00 million with 5 years maturity and possibility of extension with another 2 years. The Banks Consortium included BRD - Groupe Société Générale S.A.; UniCredit Bank Austria AG; UniCredit Tiriack Bank S.A. (Romania); ING Bank N.V. Amsterdam, Bucharest Branch; Erste Group Bank AG; Banca Comerciala Romana S.A.; Intesa Sanpaolo S.p.A., Frankfurt Branch; Banca Comerciala Intesa Sanpaolo Romania S.A.; Mizuho Bank Nederland N.V. (formerly known as Mizuho Corporate Bank Nederland N.V.); Raiffeisen Bank International AG; Raiffeisen Bank S.A.; BNP Paribas Fortis S.A./N.V. Bruxelles - Bucharest branch; Commerzbank Aktiengesellschaft, Filiale Luxemburg; Bank of Tokyo - Mitsubishi UFJ (Holland) N.V.; Citibank Europe Plc; Citibank Europe Plc, Dublin - Romania Branch; Deutsche Bank Luxembourg S.A.; Crédit Agricole Luxembourg S.A.; Barclays Bank Plc; Garanti Bank S.A.; OTP Bank Romania S.A.; KDB Europe Ltd. There are no drawings from this facility as at December 31, 2015.
- (h) An unsecured facility contracted by OMV Petrom S.A. from ING Bank N.V., that can be used in USD, RON or EUR, up to the maximum amount of EUR 70.00 million (equivalent of RON 316.72 million), for issuance of letters of bank guarantee and as overdraft for working capital financing. The maturity for letters of bank guarantee is prolonged until November 22, 2019 and for overdraft the maturity is until November 22, 2016. No drawings under the overdraft were made as at December 31 2015.
- (i) An uncommitted and unsecured credit facility contracted by OMV Petrom S.A. from BRD – Groupe Société Générale S.A. with maximum limit of EUR 120.00 million (equivalent of RON 542.94 million) that can be used in RON, with maturity date prolonged to April 30, 2016. The facility is designated to finance OMV Petrom's current activity and for issuance of letters of guarantee and letters of credit. No drawings under the facility were made as at December 31, 2015.

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**15. INTEREST-BEARING DEBTS (continued)**

- (j) A committed and unsecured credit facility contracted by OMV Petrom S.A. in January 2015 from Banca Comerciala Romana S.A., that can be used in USD, EUR or RON, supplemented in April 2015 up to a maximum amount of EUR 200.00 million (equivalent of RON 904.90 million), for issuance of letters of bank guarantee and similar and as overdraft for working capital financing. The maturity for letters of bank guarantee and letters of credit is until January 14, 2018 and for overdraft is until January 14, 2017. No drawings for overdraft purposes were made as at December 31, 2015.
- (k) An unsecured revolving facility contracted by OMV Srbija from Raiffeisen Banka a.d. Belgrad, with a maximum limit of EUR 4.00 million (equivalent of RON 18.10 million) and maturity prolonged until March 2, 2016. The destination of the facility is general corporate purposes financing on a roll-over basis and issuance of letters of bank guarantee without cash collateral. No drawings were made under the revolving facility as at December 31, 2015.
- (l) An unsecured facility contracted by OMV Srbija from Raiffeisen Banka a.d. Belgrad, with a maximum limit of RSD 350.00 million (equivalent of RON 13.02 million) and maturity date prolonged to March 31, 2016. The destination of the facility is general corporate purposes financing on an overdraft basis and issuance of letters of bank guarantee without cash collateral. No drawings were made under the overdraft facility as at December 31, 2015.
- (m) A credit facility contracted on October 8, 2014 by Tasbulat Oil Corporation LLP and Kom-Munai LLP as Borrowers from JSK Citibank Kazakhstan, accessible to both companies up to the maximum limit of USD 15.00 million (equivalent of RON 62.22 million) and maturity date July 31, 2016 with further extension possibility for successive periods of 12 (twelve) months, but for no more than a total 5 (five) years from the date of the agreement i.e. until October 8, 2019. The purpose of the facility is for general corporate needs and working capital financing. The credit facility was not used as at December 31, 2015.
- (n) An unsecured facility contracted by OMV Bulgaria OOD from Raiffeisenbank Bulgaria EAD, with a maximum limit of BGN 6.85 million (equivalent of RON 15.85 million) and maturity date January 30, 2017. The destination of the facility is financing current operational activities. There were no drawings under the overdraft facility as at December 31, 2015.

OMV Petrom Group's companies have signed also facilities with several banks for issuing letters of bank guarantee, as follows:

- (o) An unsecured facility agreement was signed by OMV Petrom S.A. with BNP Paribas Fortis Bank S.A./N.V. – Bucharest branch – for up to EUR 30.00 million (equivalent of RON 135.74 million), to be utilized only for issuance of letters of bank guarantee and letters of credit, with maturity date May 31, 2016, with yearly automatic renewal, but not later than May 31, 2017.
- (p) An unsecured credit facility up to EUR 30.00 million (equivalent of RON 135.74 million) obtained by OMV Petrom S.A. from BRD – Groupe Société Générale S.A., to be utilized only for issuance of letters of bank guarantee and letters of credit. The validity period for the credit facility is prolonged to April 30, 2016.
- (q) An unsecured credit facility received by OMV Petrom S.A. from Bancpost S.A., up to EUR 25.00 million (equivalent of RON 113.11 million), to be utilized only for issuance of letters of bank guarantee, with maturity extended until March 31, 2016.
- (r) A frame facility contracted by OMV Srbija from Raiffeisen Banka a.d. Belgrad, with a maximum limit of EUR 2.00 million (equivalent of RON 9.05 million) and maturity date extended until January 12, 2018. The destination of the facility is the issuance of letters of bank guarantee and letters of credit.
- (s) An unsecured facility agreement was contracted by OMV Bulgaria OOD from Citibank Sofia for up to BGN 7.24 million (equivalent of RON 16.75 million), to be utilized only for issuance of letters of bank guarantee, with maturity date July 15, 2016.

As at December 31, 2015, OMV Petrom Group is in compliance with all financial covenants stipulated by the loan agreements.

Please refer also to Note 35 for details regarding interest rate risks of interest-bearing debt.

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**16. OTHER FINANCIAL LIABILITIES**

	<b>December 31, 2015</b>	<b>less than 1 year</b>	<b>over 1 year</b>
Finance lease liabilities	296.34	44.92	251.42
Financial liabilities in connection with joint operations	227.34	227.34	-
Derivatives financial liabilities	102.05	102.05	-
Other financial liabilities	188.66	173.82	14.84
<b>Total</b>	<b>814.39</b>	<b>548.13</b>	<b>266.26</b>

	<b>December 31, 2014</b>	<b>less than 1 year</b>	<b>over 1 year</b>
Finance lease liabilities	295.75	37.39	258.36
Financial liabilities in connection with joint operations	425.79	425.79	-
Derivatives financial liabilities	0.36	0.36	-
Other financial liabilities	221.66	200.92	20.74
<b>Total</b>	<b>943.56</b>	<b>664.46</b>	<b>279.10</b>

**Finance lease liabilities**

OMV Petrom Group acquired through finance lease mainly equipment for production of electricity and pipe-yard facilities for tubing reconditioning in OMV Petrom (Upstream segment) and a hydrogen and medium pressure steam production plant for Petrobrazi Refinery in OMV Petrom (Downstream Oil segment).

For the pipe-yard facilities (including 2015 additions) the lease period is 15 years and the total future minimum lease payments amounts to RON 91.34 million as at December 31, 2015 (2014: RON 83.92 million).

For the hydrogen and medium pressure steam production plant (acquired in 2013) the lease period is 15 years and the total future minimum lease payments amounts to RON 158.68 million as at December 31, 2015 (2014: RON 169.50 million).

A breakdown of present value of finance lease liabilities is presented below.

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
<b>Obligations under finance leases</b>		
Amounts due within 1 year	65.07	57.42
Amounts due after more than 1 year but not later than 5 years	153.51	160.25
Amounts due after 5 years	195.19	202.58
<b>Total lease obligations</b>	<b>413.77</b>	<b>420.25</b>
Less future finance charges on finance leases	(117.43)	(124.50)
<b>Present value of finance lease liabilities</b>	<b>296.34</b>	<b>295.75</b>
<i>Analyzed as follows:</i>		
Maturing within 1 year	44.92	37.39
Maturing after more than 1 year but not later than 5 years	111.19	114.57
Maturing after 5 years	140.23	143.79
<b>Total present value of finance lease liabilities</b>	<b>296.34</b>	<b>295.75</b>

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**16. OTHER FINANCIAL LIABILITIES (continued)**

**Maturity profile of financial liabilities**

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows:

	<u>&lt; 1 year</u>	<u>1-5 years</u>	<u>&gt; 5 years</u>	<u>Total</u>
<b>December 31, 2015</b>				
Interest-bearing debts	413.88	1,262.29	267.09	1,943.26
Trade payables	2,317.81	-	-	2,317.81
Other financial liabilities	568.30	168.37	197.72	934.39
<b>Total</b>	<b>3,299.99</b>	<b>1,430.66</b>	<b>464.81</b>	<b>5,195.46</b>
	<u>&lt; 1 year</u>	<u>1-5 years</u>	<u>&gt; 5 years</u>	<u>Total</u>
<b>December 31, 2014</b>				
Interest-bearing debts	297.83	1,175.25	511.51	1,984.59
Trade payables	2,899.24	-	-	2,899.24
Other financial liabilities	684.49	180.98	202.59	1,068.06
<b>Total</b>	<b>3,881.56</b>	<b>1,356.23</b>	<b>714.10</b>	<b>5,951.89</b>

**17. OTHER LIABILITIES**

	<u>December 31, 2015</u>	<u>less than 1 year</u>	<u>over 1 year</u>
Tax liabilities	487.48	487.48	-
Deferred income	84.66	84.66	-
Social security	47.03	47.03	-
Other liabilities	156.10	156.10	-
<b>Total</b>	<b>775.27</b>	<b>775.27</b>	<b>-</b>
	<u>December 31, 2014</u>	<u>less than 1 year</u>	<u>over 1 year</u>
Tax liabilities	612.21	612.21	-
Deferred income	103.78	103.78	-
Social security	37.28	37.28	-
Other liabilities	130.99	130.99	-
<b>Total</b>	<b>884.26</b>	<b>884.26</b>	<b>-</b>



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**18. DEFERRED TAX**

<b>December 31, 2015</b>	<b>Deferred tax assets before allowances</b>	<b>Allowances</b>	<b>Net deferred tax assets</b>	<b>Deferred tax liabilities</b>
Tangible and intangible assets	317.02	(49.10)	267.92	21.86
Financial assets	100.20	-	100.20	7.15
Inventories	40.43	(0.70)	39.73	-
Receivables and other assets	93.38	(42.29)	51.09	-
Untaxed reserves	-	-	-	5.56
Provisions for pensions and severance payments	40.46	-	40.46	2.26
Other provisions	1,107.43	(19.48)	1,087.95	-
Liabilities	10.10	(1.35)	8.75	11.53
Tax loss carried forward	2.42	-	2.42	-
<b>Total</b>	<b>1,711.44</b>	<b>(112.92)</b>	<b>1,598.52</b>	<b>48.36</b>
Netting (same tax jurisdiction/country)			(35.64)	(35.64)
<b>Total deferred tax, net</b>			<b>1,562.88</b>	<b>12.72</b>
Deferred tax for assets and related liabilities held for sale (Note 12)	4.32	-	4.32	-

<b>December 31, 2014</b>	<b>Deferred tax assets before allowances</b>	<b>Allowances</b>	<b>Net deferred tax assets</b>	<b>Deferred tax liabilities</b>
Tangible and intangible assets	278.74	(74.02)	204.72	392.68
Financial assets	85.96	(1.02)	84.94	4.67
Inventories	38.13	(1.17)	36.96	-
Receivables and other assets	71.74	(41.72)	30.02	4.15
Untaxed reserves	1.50	-	1.50	9.64
Provisions for pensions and severance payments	45.28	-	45.28	-
Other provisions	1,035.64	(16.31)	1,019.33	-
Liabilities	22.86	(6.07)	16.79	4.02
Tax loss carried forward	23.40	-	23.40	-
<b>Total</b>	<b>1,603.25</b>	<b>(140.31)</b>	<b>1,462.94</b>	<b>415.16</b>
Netting (same tax jurisdiction/country)			(415.16)	(415.16)
<b>Total deferred tax, net</b>			<b>1,047.78</b>	<b>-</b>

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**18. DEFERRED TAX (continued)**

As at December 31, 2015, losses carry-forward for tax purposes amounted to RON 247.09 million (2014: RON 295.38 million). Eligibility of losses for carry-forward expires as follows:

	<u>2015</u>	<u>2014</u>
2015	-	3.60
2016	9.15	3.78
2017	5.31	2.28
2018	2.39	-
2019	48.10	48.10
2020 / After 2019	-	237.62
After 2020	<u>182.14</u>	<u>-</u>
<b>Total</b>	<b><u>247.09</u></b>	<b><u>295.38</u></b>

No deferred tax asset was recognized for part of tax losses carry-forward included in the above table, in amount of RON 172.37 million (2014: RON 163.62 million).

**19. OTHER OPERATING INCOME**

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Exchange gains from operating activities	147.70	90.15
Gain on transfer of business (Note 31d)	-	52.59
Gains on disposal of non-current assets	25.05	30.13
Write-up tangible and intangible assets	13.34	6.52
Other operating income	<u>315.36</u>	<u>136.34</u>
<b>Total</b>	<b><u>501.45</u></b>	<b><u>315.73</u></b>

Increase of other operating income is mainly related to the positive outcome of a litigation dispute during 2015.

**20. OTHER OPERATING EXPENSES**

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Exchange losses from operating activities	209.34	122.13
Losses on disposal of non-current assets	20.68	60.17
Expenses/(income) with provisions for litigations	(61.45)	16.25
Other operating expenses	<u>523.35</u>	<u>602.27</u>
<b>Total</b>	<b><u>691.92</u></b>	<b><u>800.82</u></b>

Other operating expenses include an amount of RON 73.08 million (2014: RON 104.16 million) representing restructuring expenses.

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**21. COST INFORMATION**

For the years ended December 31, 2015 and December 31, 2014 the consolidated income statement includes the following personnel expenses:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Wages and salaries	2,011.80	2,254.45
Other personnel expenses	<u>126.56</u>	<u>148.72</u>
<b>Total personnel expenses</b>	<b><u>2,138.36</u></b>	<b><u>2,403.17</u></b>

Included in the above personnel expenses is the amount of RON 262.74 million, representing Group's contribution to state pension plan for the year ended December 31, 2015 (2014: RON 317.10 million).

Depreciation, amortization and impairment losses net of write-ups of intangible assets and property, plant and equipment consisted of:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Depreciation and amortization	3,136.09	2,795.28
Net impairment intangible assets and property, plant and equipment	<u>3,625.02</u>	<u>2,011.02</u>
<b>Total depreciation, amortization and impairment</b>	<b><u>6,761.11</u></b>	<b><u>4,806.30</u></b>

Net impairment losses booked during the year ended December 31, 2015 for intangible assets and property, plant and equipment were related to Upstream segment amounting RON 3,523.60 million (including mainly impairments for Upstream production assets of OMV Petrom S.A., impairments for replaced assets, unsuccessful workovers and exploration wells in Romania, impairment of Kazakhstan assets), to Downstream Gas amounting RON 79.19 million (mainly related to Dorobantu wind power park in Romania), to Downstream Oil amounting RON 21.97 million and also to Corporate & Other segment RON 0.26 million.

Net impairment losses booked during the year ended December 31, 2014 for intangible assets and property, plant and equipment were related to Upstream segment amounting RON 1,229.91 million (including impairment of one of Kazakhstan assets, impairments for replaced assets, for unsuccessful workovers and exploration wells in Romania), to Downstream Gas amounting RON 715.81 million (related to Brazi power plant and Dorobantu wind power park in Romania), to Downstream Oil amounting RON 65.04 million (mainly related to impairment of retail assets in Serbia) and also to Corporate & Other segment RON 0.26 million.

In the consolidated income statement the impairment losses are included under cost of sales amounting RON 3,218.91 million (2014: RON 1,884.80 million), exploration expenses of RON 408.40 million (2014: RON 63.68 million), selling expenses of RON 10.79 million (2014: RON 69.06 million) and administrative expenses of RON 0.26 million (2014: nil). These impairment losses are netted of with write-ups amounting to RON 13.34 million (2014: RON 6.52 million).

Rental expenses included in current period consolidated income statement are RON 191.41 million (2014: RON 204.27 million).

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**22. INCOME FROM ASSOCIATED COMPANIES**

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Share of net result of associated companies	7.40	10.67
<b>Total income from associated companies</b>	<b><u>7.40</u></b>	<b><u>10.67</u></b>

**23. INTEREST INCOME AND INTEREST EXPENSES**

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
<b>Interest income</b>		
Interest income from receivables and other	188.51	9.22
Interest income from short term bank deposits	3.31	14.58
Unwinding income for other financial assets and positive effect of changes in discount rate and timing for State receivable	<u>43.00</u>	<u>48.53</u>
<b>Total interest income</b>	<b><u>234.82</u></b>	<b><u>72.33</u></b>
<b>Interest expenses</b>		
Interest expenses	(86.30)	(313.08)
Unwinding expenses for retirement benefits provision	(10.52)	(14.38)
Unwinding expenses for decommissioning provision, net of the unwinding income for related State receivable	(217.72)	(208.39)
Unwinding and discounting for other items and negative effect of changes in discount rate and timing for State receivables	<u>(116.45)</u>	<u>(13.30)</u>
<b>Total interest expenses</b>	<b><u>(430.99)</u></b>	<b><u>(549.15)</u></b>
<b>Net interest result</b>	<b><u>(196.17)</u></b>	<b><u>(476.82)</u></b>

Increase in interest income is mainly related to the positive outcome of a litigation dispute during 2015.

Interest expenses decrease is mainly due to the fact that 2014 was negatively impacted by alleged late payment interest charges following a tax review of the years 2009 and 2010 in OMV Petrom S.A.

**24. OTHER FINANCIAL INCOME AND EXPENSES**

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
<b>Financial income</b>		
Exchange gains from financing activities	99.90	147.31
Gains from investments and financial assets	<u>1.22</u>	<u>3.55</u>
<b>Total financial income</b>	<b><u>101.12</u></b>	<b><u>150.86</u></b>
<b>Financial expenses</b>		
Exchange losses from financing activities	(77.99)	(65.34)
Losses from financial assets and securities	(1.85)	(5.79)
Other financial expenses	<u>(28.73)</u>	<u>(42.70)</u>
<b>Total financial expenses</b>	<b><u>(108.57)</u></b>	<b><u>(113.83)</u></b>
<b>Other financial income and expenses</b>	<b><u>(7.45)</u></b>	<b><u>37.03</u></b>

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**25. TAXES ON INCOME**

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Tax on income - current year	(475.95)	(981.63)
Deferred tax revenue	<u>512.27</u>	<u>172.12</u>
<b>Total taxes on income – revenue/(expense)</b>	<b><u>36.32</u></b>	<b><u>(809.51)</u></b>

The reconciliation of net deferred tax is as follows:

	<b>2015</b>	<b>2014</b>
Deferred tax, net January 1	1,047.78	867.87
Deferred tax, net December 31	<u>1,554.48</u>	<u>1,047.78</u>
<b>Changes in deferred tax</b>	<b><u>506.70</u></b>	<b><u>179.91</u></b>
thereof deferred tax (expense)/revenues in Other Comprehensive Income	(5.57)	7.79
thereof deferred tax revenues in the Income Statement	<u>512.27</u>	<u>172.12</u>

**Reconciliation**

<b>Profit/(loss) before taxation</b>	<b>(725.97)</b>	<b>2,909.18</b>
Income tax rate applicable for Parent company	16.00%	16.00%
<b>Profit tax revenue/(expense) based on income tax rate of the Parent</b>	<b>116.16</b>	<b>(465.47)</b>
Effect of differing foreign tax rates	<u>20.87</u>	<u>33.18</u>
Profit tax revenue/(expense) based on applicable rates	137.03	(432.29)
Tax effect of permanent differences	<u>(100.71)</u>	<u>(377.22)</u>
<b>Profit tax revenue/(expense) in the Income Statement</b>	<b><u>36.32</u></b>	<b><u>(809.51)</u></b>

Permanent differences in 2014 were generated mainly by non-deductible expenses related to the results of tax review for years 2009 and 2010 in Romania and by non-deductible expenses in Kazakhstan.

Main amount included under permanent differences in 2015 relates to steep devaluation of Kazakhstan tenge versus US dollar between December 31, 2015 and December 31, 2014, which affected the tax expense of Kazakhstan subsidiaries.

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**26. EARNINGS PER SHARE**

Calculation of earnings/(losses) per share is based on the following data:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Net profit/(loss) attributable to stockholders of the parent	(675.99)	2,102.67
Weighted average number of shares	<u>56,643,903,559</u>	<u>56,643,903,559</u>
<b>Earnings/(loss) per share in RON</b>	<b><u>(0.0119)</u></b>	<b><u>0.0371</u></b>

The basic and diluted earnings/(loss) per share are the same as there are no instruments that have a dilutive effect on earnings.

At the Annual General Meeting held on April 28, 2015, the shareholders of OMV Petrom S.A. approved the distribution of dividends for the financial year 2014 for the gross amount of RON 634.41 million, resulting in a dividend per share of 0.0112 RON.

**27. SEGMENT INFORMATION**

OMV Petrom Group is organized into three operating business segments: Exploration and Production (E&P), Gas and Power (G&P) and Refining and Marketing (R&M), while management, financing activities and certain service functions are concentrated in the Corporate & Other segment.

From April 1<sup>st</sup>, 2015, the three operating business segments were renamed as follows: Gas and Power to Downstream Gas, Refining and Marketing to Downstream Oil and Exploration and Production to Upstream.

OMV Petrom Group's involvement in the oil and gas industry, by its nature, exposes it to certain risks. These include political stability, economic conditions, changes in legislation or fiscal regimes, as well as other operating risks inherent in the industry such as the high volatility of crude prices and the US dollar. A variety of measures are used to manage these risks.

Apart from the integration of OMV Petrom Group's upstream and downstream operations, and the policy of maintaining a balanced portfolio of assets in the Upstream segment, the main instruments used are operational in nature. There is a Group-wide environmental risk reporting system in operation, designed to identify existing and potential obligations and to enable timely action to be taken. Insurance and taxation are also dealt with on a Group-wide basis. Regular surveys are undertaken across OMV Petrom Group to identify current litigation and pending court and administrative proceedings.

Business decisions of fundamental importance are made by the Executive Board of OMV Petrom S.A. The business segments are independently managed, as each represents a strategic unit with different products and markets.

**Upstream** activities consist of exploration, development and production of crude oil and natural gas and are focused on Romania and Kazakhstan. Upstream products consisting of crude oil and natural gas are sold mainly inside of OMV Petrom Group.

**Gas** business unit, part of Downstream Gas segment, has the objective to focus on gas sales and on the best use of the potential and opportunities resulting from the market liberalization. Business division **Power**, part of Downstream Gas segment, mainly extends the gas value chain into a gas-fired power plant.

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**27. SEGMENT INFORMATION (continued)**

**Downstream Oil** produces and delivers gasoline, diesel and other petroleum products to its customers. **Refining** division, part of Downstream Oil segment, operates one Romanian refinery, Petrobrazi.

**Marketing** division, part of Downstream Oil segment, delivers products to both Retail and Wholesale customers and operates in Romania, Bulgaria, Serbia and Republic of Moldova. OMV Petrom S.A. is the main player on the Romanian fuels market.

The key figure of operating performance for OMV Petrom Group is earnings before interest and tax (EBIT). In compiling the segment results, business activities with similar characteristics have been aggregated. Intra-Group sales and cost allocations by the parent company are determined in accordance with internal group policies. Management is of the opinion that the transfer prices of goods and services exchanged between segments correspond to market prices.

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**27. SEGMENT INFORMATION (continued)**

**Operating segments:**

<b>December 31, 2015</b>	<b>Upstream</b>	<b>Downstream<sup>*)</sup></b>	<b>Downstream Gas</b>	<b>Downstream Oil</b>	<b>Downstream elimination</b>	<b>Corporate &amp; Other</b>	<b>Total</b>	<b>Consolidation</b>	<b>Consolidated total</b>
Intersegment sales	8,297.17	305.63	330.54	98.37	(123.28)	195.05	<b>8,797.85</b>	(8,797.85)	-
Sales with third parties	681.75	17,429.38	4,205.62	13,223.76	-	33.85	<b>18,144.98</b>	-	<b>18,144.98</b>
<b>Total sales</b>	<b>8,978.92</b>	<b>17,735.01</b>	<b>4,536.16</b>	<b>13,322.13</b>	<b>(123.28)</b>	<b>228.90</b>	<b>26,942.83</b>	<b>(8,797.85)</b>	<b>18,144.98</b>
<b>EBIT</b>	<b>(1,814.60)</b>	<b>1,013.65</b>	<b>(216.05)</b>	<b>1,229.70</b>	<b>-</b>	<b>(74.67)</b>	<b>(875.62)</b>	<b>345.87</b>	<b>(529.75)</b>
Total assets <sup>**)</sup>	24,003.63	7,197.07	1,776.56	5,420.51	-	507.51	<b>31,708.21</b>	-	<b>31,708.21</b>
Additions in PPE/IA	4,190.02	407.59	9.15	398.44	-	8.20	<b>4,605.81</b>	-	<b>4,605.81</b>
Depreciation and amortization	2,389.93	722.30	133.29	589.01	-	23.86	<b>3,136.09</b>	-	<b>3,136.09</b>
Impairment losses (net)	3,523.60	101.16	79.19	21.97	-	0.26	<b>3,625.02</b>	-	<b>3,625.02</b>

**Information about geographical areas:**

<b>December 31, 2015</b>	<b>Romania</b>	<b>Rest of CEE</b>	<b>Rest of world</b>	<b>Consolidated total</b>
Sales with third parties <sup>***)</sup>	14,800.60	3,324.32	20.06	<b>18,144.98</b>
Total assets <sup>**)</sup>	30,522.52	699.73	485.96	<b>31,708.21</b>
Additions in PPE/IA	4,540.95	32.77	32.09	<b>4,605.81</b>

Sales with third parties made in Rest of CEE (Central Eastern Europe) include sales made in Bulgaria amounting to RON 1,569.05 million in 2015.

<sup>\*)</sup> Sales Downstream = Sales Downstream Oil + Sales Downstream Gas – intersegmental elimination Downstream Oil and Downstream Gas

<sup>\*\*) Intangible assets (IA), property, plant and equipment (PPE).</sup>

<sup>\*\*\*) Sales are allocated per countries/regions based on the location where the risks and benefits are transferred to the customer.</sup>



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**27. SEGMENT INFORMATION (continued)**

**Operating segments:**

<b>December 31, 2014</b>	<b>Upstream</b>	<b>Downstream<sup>*)</sup></b>	<b>Downstream Gas</b>	<b>Downstream Oil</b>	<b>Downstream elimination</b>	<b>Corporate &amp; Other</b>	<b>Total</b>	<b>Consolidation</b>	<b>Consolidated total</b>
Intersegment sales	12,028.28	385.30	361.30	152.54	(128.54)	393.07	<b>12,806.65</b>	(12,806.65)	-
Sales with third parties	860.77	20,615.90	4,013.91	16,601.99	-	64.59	<b>21,541.26</b>	-	<b>21,541.26</b>
<b>Total sales</b>	<b>12,889.05</b>	<b>21,001.20</b>	<b>4,375.21</b>	<b>16,754.53</b>	<b>(128.54)</b>	<b>457.66</b>	<b>34,347.91</b>	<b>(12,806.65)</b>	<b>21,541.26</b>
<b>EBIT</b>	<b>3,932.33</b>	<b>(897.44)</b>	<b>(818.07)</b>	<b>(79.37)</b>	<b>-</b>	<b>(150.50)</b>	<b>2,884.39</b>	<b>453.91</b>	<b>3,338.30</b>
Total assets <sup>**)</sup>	25,703.71	7,717.88	2,088.41	5,629.47	-	524.93	<b>33,946.52</b>	-	<b>33,946.52</b>
Additions in PPE/IA	6,635.86	802.75	4.38	798.37	-	47.10	<b>7,485.71</b>	-	<b>7,485.71</b>
Depreciation and amortization	2,038.69	706.39	151.01	555.38	-	50.20	<b>2,795.28</b>	-	<b>2,795.28</b>
Impairment losses (net)	1,229.91	780.85	715.81	65.04	-	0.26	<b>2,011.02</b>	-	<b>2,011.02</b>

**Information about geographical areas:**

<b>December 31, 2014</b>	<b>Romania</b>	<b>Rest of CEE</b>	<b>Rest of world</b>	<b>Consolidated total</b>
Sales with third parties <sup>****)</sup>	17,139.59	4,334.19	67.48	<b>21,541.26</b>
Total assets <sup>**)</sup>	32,486.05	711.11	749.36	<b>33,946.52</b>
Additions in PPE/IA	7,312.56	23.16	149.99	<b>7,485.71</b>

Sales with third parties made in Rest of CEE (Central Eastern Europe) include sales made in Bulgaria amounting to RON 2,273.62 million in 2014.

<sup>\*)</sup> Sales Downstream = Sales Downstream Oil + Sales Downstream Gas – intersegmental elimination Downstream Oil and Downstream Gas

<sup>\*\*) Intangible assets (IA), property, plant and equipment (PPE).</sup>

<sup>\*\*\*\*)</sup> Sales are allocated per countries/regions based on the location where the risks and benefits are transferred to the customer.

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**28. AVERAGE NUMBER OF EMPLOYEES**

	<u>December 31,</u> <u>2015</u>	<u>December 31,</u> <u>2014</u>
<b>Total OMV Petrom Group</b>	<b>16,579</b>	<b>18,884</b>
thereof:		
OMV Petrom S.A.	15,581	17,861
Subsidiaries	998	1,023

The number of employees was calculated as the average of the month's end number of employees during the year.

**29. RELATED PARTIES**

The terms of the outstanding balances receivable from/payable to related parties are typically 0 to 90 days. The balances are unsecured and will be settled in cash. There are no significant provisions for doubtful debts relating to these balances and no significant expense recognized in the consolidated income statement in respect of bad or doubtful debts. There are no guarantees given or paid to related parties as at December 31, 2015 and December 31, 2014. Dividends receivable are not included in the below balances and revenues.

During 2015, OMV Petrom Group had the following transactions with related parties (including balances as of December 31, 2015):

	<b>Nature of transactions</b>	<u>Purchases</u>	<u>Balances payable</u>
<b>OMV Petrom S.A. - parent company</b>			
OMV Petrom Global Solutions S.R.L.	Financial, IT and other services	416.99	25.26
OMV Supply & Trading Ltd	Acquisition of petroleum products	235.06	0.84
OMV Refining & Marketing GmbH	Acquisition of petroleum products, other materials and services	147.66	35.06
OMV International Oil & Gas GmbH	Delegation of personnel and other	76.16	5.80
OMV Exploration & Production GmbH	Delegation of personnel and other	66.37	15.33
OMV Trading GmbH	Services and other	51.85	7.99
OMV Aktiengesellschaft AG	Delegation of personnel and other	21.99	7.86
OMV Gas & Power GmbH	Delegation of personnel and other	2.17	5.16
OMV Supply & Trading AG	Various services	0.82	-
OMV Austria Exploration & Production GmbH	Various services	0.78	0.25
OMV Deutschland GmbH	Various services	0.35	-
OMV Samsun Elektrik Üretim Sanayi ve Ticaret A.Ş.	Delegation of personnel and other	0.26	-
OMV Solutions GmbH	Delegation of personnel and other	0.09	0.09
OMV International Services GmbH	Various services	0.01	-
<b>Total OMV Petrom S.A.</b>		<b><u>1,020.56</u></b>	<b><u>103.64</u></b>

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**29. RELATED PARTIES (continued)**

	<b>Nature of transactions</b>	<b><u>Purchases</u></b>	<b><u>Balances payable</u></b>
<b>OMV Petrom Group subsidiaries</b>			
OMV Petrom Global Solutions S.R.L.	Financial, IT and other services	75.31	5.94
OMV Refining & Marketing GmbH	Acquisition of petroleum products	63.82	19.82
OMV Exploration & Production GmbH	Delegation of personnel and other	12.83	2.40
EconGas Hungária Földgázkereskedelmi Kft.	Acquisition of gas	10.23	-
OMV Hungária Ásványolaj Korlátolt Felelősségű Társaság	Acquisition of petroleum products	10.14	0.33
EconGas GmbH	Acquisition of gas	6.30	-
OMV International Services GmbH	Financial services	5.43	31.65
Borealis AG	Various services	1.15	0.29
OMV Aktiengesellschaft AG	Delegation of personnel and other	1.11	0.32
OMV International Oil & Gas GmbH	Delegation of personnel and other	0.67	0.12
Petrom Nadlac S.R.L.	Various services	0.56	0.01
OMV Gas & Power GmbH	Various services	-	0.06
<b>Total subsidiaries</b>		<b><u>187.55</u></b>	<b><u>60.94</u></b>
<b>Total OMV Petrom Group</b>		<b><u>1,208.11</u></b>	<b><u>164.58</u></b>
	<b>Nature of transactions</b>	<b><u>Revenues</u></b>	<b><u>Balances receivable</u></b>
<b>OMV Petrom S.A. - parent company</b>			
OMV Supply & Trading Ltd	Sales of petroleum products	957.41	12.37
OMV Deutschland GmbH	Sales of propylene	228.89	22.15
OMV Trading GmbH	Services and other	67.79	2.92
OMV Supply & Trading AG	Sales of petroleum products	59.98	0.65
OMV Refining & Marketing GmbH	Sales of petroleum products, delegation of personnel and other	34.20	1.64
OMV Petrom Global Solutions S.R.L.	Various services	27.99	2.81
OMV Exploration & Production GmbH	Delegation of personnel and other	27.81	4.51
OMV Aktiengesellschaft AG	Delegation of personnel and other	23.85	2.85
OMV Solutions GmbH	Delegation of personnel	3.71	-
OMV Gas & Power GmbH	Delegation of personnel and other	0.40	0.04
Petrol Ofisi A.Ş.	Various services	0.35	0.02
Trans Gas LPG Services S.R.L.	Various services	0.11	0.04
Petrom Nadlac S.R.L.	Various services	0.01	0.01
Borealis AG	Various services	0.01	-
<b>Total OMV Petrom S.A.</b>		<b><u>1,432.51</u></b>	<b><u>50.01</u></b>

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**29. RELATED PARTIES (continued)**

	<b>Nature of transaction</b>	<b>Revenues</b>	<b>Balances receivable</b>
<b>OMV Petrom Group subsidiaries</b>			
OMV Refining & Marketing GmbH	Delegation of personnel and other	3.55	0.14
OMV International Services GmbH	Other services	2.78	14.15
OMV Aktiengesellschaft AG	Delegation of personnel and other	1.78	0.05
OMV Petrom Global Solutions S.R.L.	Various services	1.73	0.14
OMV Slovensko s.r.o.	Various services	0.16	-
Borealis AG	Various services	0.10	-
OMV Exploration & Production GmbH	Delegation of personnel and other	0.09	0.66
OMV Offshore Bulgaria GmbH	Various services	0.06	0.01
OMV Petrol Ofisi A.Ş.	Various services	0.04	-
Trans Gas LPG Services S.R.L.	Various services	0.02	-
<b>Total subsidiaries</b>		<b>10.31</b>	<b>15.15</b>
<b>Total OMV Petrom Group</b>		<b>1,442.82</b>	<b>65.16</b>

During 2015, OMV Petrom Group had the following interest income and interest expenses with related parties (including balances as of December 31, 2015 for interest payable and interest receivable):

	<b>Interest expense</b>	<b>Balances interest payable</b>
<b>OMV Petrom S.A. - parent company</b>		
OMV Petrom Global Solutions S.R.L.	1.10	0.08
<b>Total OMV Petrom S.A.</b>	<b>1.10</b>	<b>0.08</b>
<b>Total OMV Petrom Group</b>	<b>1.10</b>	<b>0.08</b>
	<b>Interest income</b>	<b>Balances interest receivable</b>
<b>OMV Petrom S.A. - parent company</b>		
Petrom Nadlac S.R.L.	0.03	0.00
<b>Total OMV Petrom S.A.</b>	<b>0.03</b>	<b>0.00</b>
<b>Total OMV Petrom Group</b>	<b>0.03</b>	<b>0.00</b>

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**29. RELATED PARTIES (continued)**

During 2014, OMV Petrom Group had the following transactions with related parties (including balances as of December 31, 2014):

	<b>Nature of transaction</b>	<b>Purchases</b>	<b>Balances payable</b>
<b>OMV Petrom S.A. - parent company</b>			
OMV Petrom Global Solutions S.R.L.	Financial, IT and other services	215.05	62.80
OMV Refining & Marketing GmbH	Acquisition of petroleum products	144.88	52.14
OMV International Oil & Gas GmbH	Delegation of personnel and other	101.44	9.63
OMV Exploration & Production GmbH	Delegation of personnel and other	80.63	49.06
OMV Solutions GmbH	Delegation of personnel and other	30.18	-
OMV Aktiengesellschaft	Delegation of personnel and other	24.59	4.85
OMV Trading GmbH	Services and other	21.83	5.20
OMV Supply & Trading AG	Acquisition of petroleum products	13.50	-
OMV Hungária Ásványolaj Korlátolt Felelősségű Társaság	Acquisition of bitumen	5.86	-
OMV Gas & Power GmbH	Delegation of personnel and other	4.91	3.45
OMV Austria Exploration & Production GmbH	Various services	0.18	0.07
OMV Abu Dhabi E&P GmbH	Various services	0.16	0.16
OMV Samsun Elektrik Üretim Sanayi ve Ticaret A.Ş.	Delegation of personnel and other	0.10	0.10
OMV Power International GmbH	Delegation of personnel and other	0.01	-
OMV East Abu Dhabi Exploration GmbH	Various services	0.01	-
<b>Total OMV Petrom S.A.</b>		<b>643.33</b>	<b>187.46</b>

	<b>Nature of transactions</b>	<b>Purchases</b>	<b>Balances payable</b>
<b>OMV Petrom Group subsidiaries</b>			
OMV Refining & Marketing GmbH	Acquisition of petroleum products	202.56	19.51
OMV Petrom Global Solutions S.R.L.	Financial, IT and other services	42.26	16.82
OMV Exploration & Production GmbH	Delegation of personnel and other	15.13	3.92
EconGas Hungária Földgázkereskedelmi Kft.	Acquisition of gas	14.55	12.62
OMV Hungária Ásványolaj Korlátolt Felelősségű Társaság	Acquisition of petroleum products	5.41	-
EconGas GmbH	Acquisition of gas	2.12	-
OMV Aktiengesellschaft	Delegation of personnel and other	1.83	0.13
Congaz S.A.	Various services	0.80	-
Petrom Nadlac S.R.L.	Various services	0.79	-
Borealis AG	Various services	0.41	0.05
OMV - International Services GmbH	Financial services	0.40	25.86
Petrol Ofisi A.Ş.	Acquisition of petroleum products	0.30	-
OMV International Oil & Gas GmbH	Delegation of personnel and other	0.24	0.26
OMV Solutions GmbH	Delegation of personnel and other	0.19	0.01
OMV Gas & Power GmbH	Various services	0.08	0.06
OMV Power International GmbH	Delegation of personnel and other	0.03	-
<b>Total subsidiaries</b>		<b>287.10</b>	<b>79.24</b>
<b>Total OMV Petrom Group</b>		<b>930.43</b>	<b>266.70</b>

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**29. RELATED PARTIES (continued)**

	<b>Nature of transactions</b>	<b>Revenues</b>	<b>Balances receivable</b>
<b>OMV Petrom S.A. - parent company</b>			
OMV Supply & Trading AG	Sales of petroleum products	1,569.66	3.46
OMV Deutschland GmbH	Sales of propylene	193.11	20.65
OMV Solutions GmbH	Financial, IT and other services	43.35	-
OMV Trading GmbH	Services and other	32.22	0.27
OMV Exploration & Production GmbH	Delegation of personnel and other	21.34	3.15
OMV Refining & Marketing GmbH	Sales of petroleum products, delegation of personnel and other	21.22	2.60
OMV Aktiengesellschaft	Delegation of personnel and other	17.36	3.61
OMV Petrom Global Solutions S.R.L.	Various services*	15.54	4.99
Borealis AG	Sales of petrochemicals	11.72	-
OMV Gas & Power GmbH	Delegation of personnel and other	0.87	0.18
Trans Gas LPG Services S.R.L.	Various services	0.06	0.04
Petrol Ofisi A.Ş.	Sales of petroleum products	0.02	0.04
Petrom Nadlac S.R.L.	Various services	0.01	0.01
<b>Total OMV Petrom S.A.</b>		<b>1,926.48</b>	<b>39.00</b>

\*) does not include transfer of business that is disclosed separately in Note 31d).

	<b>Nature of transaction</b>	<b>Revenues</b>	<b>Balances receivable</b>
<b>OMV Petrom Group subsidiaries</b>			
OMV Refining & Marketing GmbH	Delegation of personnel and other	4.22	0.33
OMV International Services GmbH	Other services	3.50	14.28
OMV Exploration & Production GmbH	Delegation of personnel and other	1.32	0.49
OMV Aktiengesellschaft	Delegation of personnel and other	1.09	0.20
OMV Petrom Global Solutions S.R.L.	Various services	0.59	-
Borealis AG	Various services	0.21	-
Trans Gas LPG Services S.R.L.	Various services	0.02	-
<b>Total subsidiaries</b>		<b>10.95</b>	<b>15.30</b>
<b>Total OMV Petrom Group</b>		<b>1,937.43</b>	<b>54.30</b>

During 2014, OMV Petrom Group had the following interest income and interest expenses with related parties (including balances as of December 31, 2014 for interest payable and interest receivable).

	<b>Interest expense</b>	<b>Balances interest payable</b>
<b>OMV Petrom S.A. - parent company</b>		
OMV Petrom Global Solutions S.R.L.	1.25	0.06
<b>Total OMV Petrom S.A.</b>	<b>1.25</b>	<b>0.06</b>
<b>Total OMV Petrom Group</b>	<b>1.25</b>	<b>0.06</b>

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**29. RELATED PARTIES (continued)**

	<b>Interest income</b>	<b>Balances interest receivable</b>
<b>OMV Petrom S.A. - parent company</b>		
OMV Supply & Trading AG	1.21	-
OMV Petrom Global Solutions S.R.L.	0.13	-
<b>Total OMV Petrom S.A.</b>	<b>1.34</b>	<b>-</b>
<b>Total OMV Petrom Group</b>	<b>1.34</b>	<b>-</b>

**Loan to OMV Petrom Global Solutions S.R.L.**

A loan agreement with maturity on June 15, 2019 was signed in 2014 between OMV Petrom S.A. and OMV Petrom Global Solutions S.R.L. for a maximum limit of RON 27.00 million. There are no outstanding amounts under this facility as at December 31, 2015 and 2014. Relationship with OMV Petrom Global Solutions S.R.L. also comprises the cash pooling during 2015 and 2014, included in Note 15c).

**Loan to Petrom Nadlac S.R.L.**

During 2014, OMV Petrom S.A. granted an intercompany loan to Petrom Nadlac S.R.L. with the maximum limit of RON 1.70 million, having maturity on April 30, 2019. The outstanding amount as at December 31, 2015 was RON 1.40 million (December 31, 2014: RON 1.50 million).

***Ultimate parent***

As disclosed in Note 1, OMV Petrom S.A.'s major shareholder is OMV Aktiengesellschaft AG, being the ultimate parent of the Group, and it is based in Austria. The majority of OMV Aktiengesellschaft AG shares are held by Österreichische Industrieholding AG (ÖIAG – 31.5%) and International Petroleum Investment Company (IPIC, Abu Dhabi – 24.9%).

***Key management remuneration***

Each member of the Supervisory Board is entitled to receive a net amount of EUR 20,000 per year as remuneration for its service for the year ended December 31, 2015 (2014: same amount).

At December 31, 2015 and 2014 there are no loans or advances granted by the Group to the members of the Supervisory Board.

As at December 31, 2015 and 2014, the Group does not have any obligations regarding pension payments to former members of the Supervisory Board.

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**30. DIRECT AND INDIRECT INVESTMENTS OF OMV PETROM GROUP WITH AN INTEREST OF AT LEAST 20% AS OF DECEMBER 31, 2015**

Company Name	Share interest percentage	Consolidation treatment*	Activity	Country of incorporation
<b>Subsidiaries (&gt;50%)</b>				
Tasbulat Oil Corporation LLP	100.00%	FC	Oil exploration and production in Kazakhstan	Kazakhstan
ICS Petrom Moldova S.A.	100.00%	FC	Fuel distribution	Moldova
OMV Petrom Marketing S.R.L.	100.00%	FC	Fuel distribution	Romania
Tasbulat Oil Corporation BVI	100.00%	NC	Holding company	British Virgin Islands
Petrom Nadlac S.R.L.	100.00%	NC	Fuel distribution	Romania
OMV Petrom Wind Power S.R.L.	99.99%	FC	Wind power production	Romania
OMV Petrom Gas S.R.L.	99.99%	FC	Gas distribution	Romania
Petromed Solutions S.R.L.	99.99%	FC	Medical services	Romania
OMV Petrom Aviation S.A.	99.99%	FC	Airport fuel sales	Romania
OMV Srbija DOO	99.96%	FC	Fuel distribution	Serbia
OMV Bulgaria OOD	99.90%	FC	Fuel distribution	Bulgaria
Kom Munai LLP	95.00%	FC	Oil exploration and production in Kazakhstan	Kazakhstan
Trans Gas LPG Services S.R.L.	80.00%	NC	LPG transportation related services	Romania
Petrom Exploration & Production Limited	99.99%	FC	Exploration and production services	Isle of Man
OMV Petrom Ukraine E&P GmbH	100.00%	FC	Oil and gas exploration in Ukraine	Austria
OMV Petrom Ukraine Finance Services GmbH	100.00%	FC	Other services	Austria
<b>Associated companies (20-50%)</b>				
Franciza Petrom 2001 S.A.	40.00%	NAE	Fuel distribution	Romania
Brazi Oil & Anghelescu Prod Com S.R.L.	37.70%	NAE	Fuel distribution	Romania
OMV Petrom Global Solutions S.R.L.	25.00%	EM	Financial, IT and other services	Romania
Asociatia Romana pentru Relatia cu Investitorii	20.00%	NAE	Public representation	Romania

\*) Consolidation treatment:

FC Full consolidation

EM Accounted for at equity (associated company)

NC Not – consolidated subsidiary (companies of relative insignificance, both individually and collectively, to the consolidated financial statements)

NAE Other investment recognized at cost (associated companies of relatively little importance to the assets and earnings of the consolidated financial statements).

Non-consolidated subsidiary Petrochemicals Arges S.R.L. and non-consolidated associate Fontegas Peco Mehedinti S.A. were deregistered during 2015.

During 2015 OMV Petrom stake in fully consolidated subsidiary Petrom Exploration & Production Limited increased from 50.00% to 99.99%.

The subsidiaries which are not consolidated have very low volumes of business; the total sales, net income/losses and equity of such companies represent less than 1% of the consolidated totals.



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**31. CASH FLOW STATEMENT INFORMATION**

**a) Drawings and repayments of borrowings**

During 2015 OMV Petrom Group has drawn borrowings amounting to RON 54.20 million (2014: RON 604.36 million) and has repaid borrowings amounting to RON 188.13 million (2014: RON 179.17 million) and finance lease obligations amounting to RON 29.88 million (2014: RON 27.70 million).

**b) Investments and other financial assets**

During 2015 OMV Petrom Group, through its subsidiary OMV Petrom Marketing S.R.L., contributed by RON 0.13 million for acquiring 1.49% shares in Petrom Nadlac S.A.

During 2014 OMV Petrom Group did not acquire any subsidiary. However, a new associated entity, OMV Petrom Global Solutions S.R.L., was set-up in 2014, in which OMV Petrom S.A. holds 25.00% interest, generating cash out flow amounting to RON 45.24 million. OMV Petrom Global Solutions S.R.L. is a service center which provides multiple support services exclusively to OMV Group companies. The entity is accounted for at equity in the Group's consolidated financial statements and the Group's share in 2015 and 2014 results is presented in Note 8.

During 2014 OMV Petrom paid in cash an amount of RON 0.12 million for the increase of share capital of OMV Petrom Ukraine Finance Services GmbH. At OMV Petrom Group level, there is no net cash out impact from this transaction.

During 2014 OMV Petrom paid in cash an amount of RON 0.04 million for the increase of share capital of Solar Jiu S.R.L., before disposal.

**c) Disposal of Group companies**

**Associates**

On July 31, 2014 OMV Petrom sold its 28.59% interest in the non-core gas distribution and supply company Congaz S.A. to GDF SUEZ Energy Romania S.A.

**OMV Petrom's share in net assets of disposed associate at the date of disposal**

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Non-current assets	-	50.57
Current assets	-	15.90
Current liabilities	-	(20.69)
<b>Share in net assets disposed of</b>	<b>-</b>	<b>45.78</b>
<b>Gain / (Loss) on disposal of associate</b>		
	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Share of proceeds on disposal of associate	-	43.52
Share of net assets disposed of	-	(45.78)
<b>Loss on disposal of associate</b>	<b>-</b>	<b>(2.26)</b>

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**31. CASH FLOW STATEMENT INFORMATION (continued)**

**Net cash flow from sale of associate**

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Net consideration received	-	43.52
<b>Net cash inflow on disposal of associate</b>	<b>-</b>	<b>43.52</b>

**Subsidiaries**

During 2015 and 2014, OMV Petrom Group did not dispose of any fully consolidated subsidiary.

During 2014, The Group deregistered Solar Jiu S.R.L., non-consolidated subsidiary, generating a loss from disposal in amount of RON 0.14 million.

During 2014, OMV Petrom also collected the remaining amount of RON 15.99 million related to the sale of Petrom Distributie Gaze in 2013.

**d) Transfer of business**

In July 2014, OMV Petrom transferred its business related to IT and financial service center to the newly incorporated associated company OMV Petrom Global Solutions S.R.L.

**Net assets at the date of transfer**

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Intangible assets and property, plant and equipment	-	122.42
Prepayments	-	21.85
Other current assets	-	0.41
Provisions	-	(30.92)
Other non-current liabilities	-	(0.74)
Current liabilities	-	(9.78)
<b>Net assets</b>	<b>-</b>	<b>103.24</b>

**Gain / (Loss) on transfer of business**

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Proceeds on transfer of business	-	173.36
Unrecognized gain from transfer of business	-	(17.53)
Net assets disposed of	-	(103.24)
<b>Gain on transfer of business</b>	<b>-</b>	<b>52.59</b>

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**31. CASH FLOW STATEMENT INFORMATION (continued)**

**Net cash flow from transfer of business**

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Net consideration received	-	173.36
<b>Net cash inflow on transfer of business</b>	<b>-</b>	<b>173.36</b>

**e) Exploration cash-flows**

The amount of cash outflows in relation to exploration activities incurred by OMV Petrom Group for the year ended December 31, 2015 is of RON 1,609.01 million (2014: RON 1,018.02 million), out of which the amount of RON 174.99 million is related to operating activities (2014: RON 102.22 million) and the amount of RON 1,434.02 million represents cash outflows for exploration investing activities (2014: RON 915.80 million).

**32. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES**

Estimates of fair value at year end date, discussed below, are normally based on the market information available. The fair value of other financial assets and securities and investments is calculated primarily on the basis of quoted market prices. Where no quoted price and no present value can be established, the determination of a fair value is not feasible.

The book values of accounts receivable and other assets and cash in hand, checks and cash at bank are reasonable estimates of their fair values, as the assets in question generally have maturities of less than one year.

The fair value of financial liabilities, for which market prices are not available, was established by discounting future cash flows using the interest rates prevailing at year end date for similar liabilities with like maturities (level 2 hierarchy).

The carrying values of tax provisions and other current provisions is the same as their fair value. The fair value of non-current provisions is not considered to differ materially from their carrying value.

The carrying value of other liabilities is effectively the same as their fair value, because they are predominantly short-term. The fair value of derivative financial instruments corresponds to their market value.

The following overview presents the measurement of financial instruments (assets and liabilities) recognized at fair value.

In accordance with IFRS 13, the individual levels are defined as follows:

Level 1: Using quoted prices in active markets for identical assets or liabilities.

Level 2: Using inputs for the asset or liability, other than quoted prices, that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Using inputs for the asset or liability that are not based on observable market data such as prices, but on internal models or other valuation methods.

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**32. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)**

**Fair value hierarchy for derivative instruments as at December 31, 2015**

<b>Financial instruments on asset side</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Derivatives designated and effective as hedging instruments	-	-	-	-
Other derivatives	-	105.16	-	105.16
<b>Total</b>	<b>-</b>	<b>105.16</b>	<b>-</b>	<b>105.16</b>

<b>Financial instruments on liability side</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Liabilities on derivatives designated and effective as hedging instruments	-	-	-	-
Other derivatives	-	(102.05)	-	(102.05)
<b>Total</b>	<b>-</b>	<b>(102.05)</b>	<b>-</b>	<b>(102.05)</b>

**Fair value hierarchy for derivative instruments as at December 31, 2014**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Derivatives designated and effective as hedging instruments	-	-	-	-
Other derivatives (net asset)	-	3.24	-	3.24
<b>Total</b>	<b>-</b>	<b>3.24</b>	<b>-</b>	<b>3.24</b>

The financial liabilities whose fair values differ from their carrying amounts as at December 31, 2015 and December 31, 2014 (Level 2 – observable inputs), as well as the respective differences are presented in the table below:

**December 31, 2015**

<b>Financial liabilities</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Difference</b>
Interest-bearing debts	1,812.37	1,802.42	9.95
Finance lease liabilities	298.18	296.34	1.84
<b>Total</b>	<b>2,110.55</b>	<b>2,098.77</b>	<b>11.79</b>

**December 31, 2014**

<b>Financial liabilities</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Difference</b>
Interest-bearing debts	1,826.83	1,862.63	(35.80)
Finance lease liabilities	295.50	295.75	(0.25)
<b>Total</b>	<b>2,122.33</b>	<b>2,158.38</b>	<b>(36.05)</b>

The fair value of these financial liabilities was determined by discounting future cash flows using interest rates prevailing at reporting date for similar liabilities with similar maturities.

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**32. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)**

**Offsetting of financial instruments**

Financial assets and liabilities are offset and the net amounts are reported in the statement of financial position when the Group has a current legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. OMV Petrom enters in the normal course of business into various master netting arrangements in the form of International Swaps and Derivatives Association (ISDA) agreements or other similar arrangements.

The following table presents the carrying amounts of recognized financial assets and liabilities that are subject to various netting arrangements, amounts that meet the criteria of offsetting in the statement of financial position as at December 31, 2015 in accordance with IAS 32 and shows in the net column the amounts presented in the statement of financial position.

**Offsetting of financial assets 2015**

	<b>Gross amounts financial assets</b>	<b>Financial liabilities set-off</b>	<b>Net amounts presented in the statement of financial position</b>	<b>Financial liabilities with right of set-off (not offset)</b>	<b>Net amounts</b>
Derivative financial instruments	199.80	(97.83)	101.97 <sup>(1)</sup>	-	<b>101.97</b>
Other financial assets	64.31	(42.88)	21.44 <sup>(1)</sup>	-	<b>21.44</b>
<b>Total</b>	<b>264.11</b>	<b>(140.70)</b>	<b>123.41</b>	<b>-</b>	<b>123.41</b>

<sup>(1)</sup> included in Other financial assets of RON 257.09 million in the statement of financial position

**Offsetting of financial liabilities 2015**

	<b>Gross amounts financial liabilities</b>	<b>Financial assets set-off</b>	<b>Net amounts presented in the statement of financial position</b>	<b>Financial assets with right of set-off (not offset)</b>	<b>Net amounts</b>
Derivative financial instruments	199.80	(97.83)	101.97 <sup>(2)</sup>	-	<b>101.97</b>
Other financial liabilities	64.31	(42.88)	21.44 <sup>(2)</sup>	-	<b>21.44</b>
<b>Total</b>	<b>264.11</b>	<b>(140.70)</b>	<b>123.41</b>	<b>-</b>	<b>123.41</b>

<sup>(2)</sup> included in Other financial liabilities of RON 548.13 million in the statement of financial position

As at December 31, 2014 there were no significant offsetting financial assets and liabilities.

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**33. COMMITMENTS AND CONTINGENCIES**

**Commitments**

As at December 31, 2015 the total commitments engaged by OMV Petrom Group for investments are in amount of RON 927.51 million (2014: RON 1,412.32 million), out of which RON 806.63 million related to property, plant and equipment (2014: RON 1,284.50 million) and RON 120.88 million for intangible assets (2014: RON 127.82 million). The Group has additional commitments in relation to joint arrangements - for details please refer to Note 34.

**Litigations**

OMV Petrom Group provides for litigations that are likely to result in obligations. Management is of the opinion that litigations, to the extent not covered by provisions or insurance, will not materially affect OMV Petrom Group's financial position. The production facilities and properties of all Group companies are subject to a variety of environmental protection laws and regulations in the countries where they operate; provisions are made for probable obligations arising from environmental protection measures. The management believes that compliance with current laws and regulations, and future more stringent laws and regulations, will not have a material negative impact on consolidated results.

**Contingent liabilities**

OMV Petrom Group has contingent liabilities representing performance guarantees in amount of RON 51.31 million as at December 31, 2015 (2014: RON 25.23 million).

**34. INTERESTS IN JOINT ARRANGEMENTS**

OMV Petrom S.A. entered into a farm out arrangement with ExxonMobil Exploration and Production Romania Limited ("Exxon") with the purpose to explore and develop the Neptun Deepwater block in Black Sea and has a participating interest of 50%. Starting August 2011, ExxonMobil has been appointed as operator (previously OMV Petrom S.A. was operator).

OMV Petrom S.A. entered into a farm out arrangement with Hunt Oil Company of Romania S.R.L. ("Hunt") with the purpose to explore and develop Adjud and Urziceni East onshore blocks and has a participating interest of 50%. Starting October 2013, Hunt has been appointed as operator (previously OMV Petrom S.A. was operator).

In 2013 OMV Petrom S.A. entered into four farm out arrangements with Repsol with the purpose to explore and develop four onshore blocks (Băicoi V, Târgoviște VI, Pitești XII and Târgu Jiu XIII) for the area deeper than 2,500-3,000 m and has a participating interest of 51%. OMV Petrom S.A. has been appointed operator.

In 2012 OMV Petrom S.A. signed a transfer agreement with ExxonMobil, Sterling Resources Ltd. and Petro Ventures Europe B.V. for the purchase of hydrocarbon exploration and production rights to the deep water portion of the XV Midia Block ("Midia Deep"). Following completion of the transfer agreement in 2014, the participating interests in Midia Deep are: ExxonMobil 42.5%, OMV Petrom 42.5%, and Gas Plus 15% and ExxonMobil will be the operator of petroleum operations.

Joint activities described above are classified as joint operations according with IFRS 11.

OMV Petrom's share of the aggregate capital commitments for these joint arrangements as at December 31, 2015 is amounting RON 333.29 million (2014: RON 235.11 million), mainly in relation to off-shore drilling requirements.

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**35. RISK MANAGEMENT**

**Capital risk management**

OMV Petrom Group continuously manages its capital adequacy to ensure that its entities will be optimally capitalized, in accordance with their risk exposure, in order to maximize the return to stakeholders. The capital structure of OMV Petrom Group consists of equity attributable to stockholders of the parent (comprising share capital, reserves and revenue reserves as disclosed in the "Consolidated Statement of Changes in Equity") and debt (which includes the short and long term borrowings disclosed in Note 15). Capital risk management at OMV Petrom Group is part of the value management and it is based on permanent review of the gearing ratio of the group.

The gearing ratio of OMV Petrom Group calculated as net debt/equity\*100 was 5% as at December 31, 2015 (December 31, 2014: 3%) showing an increasing exposure to leverage risk. Net debt is calculated as interest-bearing debts including financial lease liability, less cash and cash equivalents.

OMV Petrom Group's management reviews the capital structure, as well as group risk reports regularly. As part of this review, the cost of capital and the risks associated with each class of capital are considered.

**Significant accounting policies**

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 4 to the consolidated financial statements.

**Financial risk management objectives and policies**

The objective of OMV Petrom Group's Risk Management function is to secure positive economic value added for medium term time horizon by managing the group's consolidated cash flow exposure within the risk appetite. High potential single event risks are monitored individually.

Risk Management function reports twice per year to OMV Petrom Executive Board and Supervisory Board's Audit Committee an overview of OMV Petrom Group's risk profile for midterm horizon, as well as the risk management activities and initiatives undergone for mitigating the Group's risk exposures.

**Risk exposures and responses**

OMV Petrom Risk Management function performs a central coordination of an Enterprise Wide Risk Management (EWRM) process in which it actively pursues the identification, analysis, evaluation and treatment of significant risks (market and financial, operational and strategic) in order to minimize their effects on cash flows up to an acceptable level agreed as the risk appetite.

Risk Management function monitors and manages all significant risks of OMV Petrom Group companies through and integrated process in line with ISO 31000 EWRM standard, by internal risk reports and regular assessments which analyze all significant risk exposures and their cash flow magnitude in comparison with the risk appetite.

Aside the business operational and strategic category of exposures, the market and financial risk category plays an important role in OMV Petrom Group's risk profile and is managed with special diligence – market and financial risk includes, among others, foreign exchange risk, interest rate risk, counterparty credit risk, commodity market price risk and liquidity risk.

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**35. RISK MANAGEMENT (continued)**

Response wise, any risk which increases near to its significance level or which is sensitive to the risk appetite level and it rapidly develops is monitored and alert is issued. For these situations individual and case specific treatment plans are proposed, approved and implemented accordingly in order to decrease the exposures down to acceptable levels.

**Commodity Market Price Risk**

OMV Petrom Group is naturally exposed to the market risks arising out of the price driven volatility of the cash flows generated by production, refining and marketing activities associated with crude oil, oil products, gas and electricity. The market risk has core strategic importance within OMV Petrom Group risk profile and its midterm liquidity. The market price risks of OMV Petrom Group commodities are very closely analyzed, quantified, evaluated and mitigated when required in order to secure their expected returns within OMV Petrom Group's midterm objectives.

Financial instruments may be used where appropriate to hedge the main industry risks associated with price volatility such as the highly negative impact of low oil prices on cash flow.

In 2015, in order to protect our cash flow against further potential downturns of the crude oil price, we entered into hedging arrangements (Zero Cost Collar) for 20% of our crude production with a protection floor level of USD 55/bbl for the third quarter of 2015 to the second quarter of 2016 period.

The transaction was accounted for as a cash flow hedge until the third quarter of 2015, when the Group monetized the oil price hedges for the fourth quarter of 2015 through the second quarter of 2016.

Hedges for third quarter of 2015 settled at maturity generated a positive cash result of RON 24.59 million, while the monetization of hedges for the remaining period (for the fourth quarter of 2015 to the second quarter of 2016) generated a positive cash result of RON 90.31 million, achieving a protection of 5.5 USD/bbl for the hedged volumes. The total effect in the 2015 consolidated income statement of the above transactions is in amount of RON 100.69 million and is reflected in the sales revenues line.

**Foreign exchange risk management**

Because OMV Petrom Group operates in many countries and currencies, industry specific activities and the corresponding exchange risks are analyzed. OMV Petrom Group is mostly exposed to the movement of the US dollar and Euro against Romanian Leu. Other currencies have only limited impact on cash flows and EBIT.

**Foreign currency sensitivity analysis**

The carrying amounts at the reporting date of foreign currency denominated monetary assets and liabilities of OMV Petrom Group companies, which induce sensitivity to EUR/USD exchange rate in the consolidated financial statements, are as follows:

	<b>Assets</b>		<b>Liabilities</b>	
	<b>December 31, 2015</b>	<b>December 31, 2014</b>	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Thousand USD	470,293	468,260	92,712	129,219
Thousand EUR	56,687	92,087	353,861	437,717

Translation risk arises on the consolidation of subsidiaries preparing their financial statements in other currencies than in Romanian lei, but also from the consolidation of assets and liabilities naturally denominated in foreign currency. Foreign currency assets and liabilities are those which result from transactions denominated in other currencies than the functional currencies of OMV Petrom Group companies. The largest exposures result from changes in the value of the US dollar and Euro against the Romanian leu.



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**35. RISK MANAGEMENT (continued)**

The following table details OMV Petrom Group's sensitivity to a 10% increase and decrease in the USD and EUR against the relevant foreign currencies. The sensitivity analysis includes outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% change in foreign currency rates. A positive number below indicates an increase in total comprehensive income generated by a 10% currency fluctuation and a negative number below indicates a decrease in total comprehensive income with the same value.

+10% increase in the foreign currencies rates

	<b>Thousand USD Impact (i)</b>		<b>Thousand EUR Impact (ii)</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Profit/ (Loss)	(337)	6,841	(29,717)	(34,563)
Other comprehensive income	38,095	27,063	-	-

-10% decrease in the foreign currencies rates

	<b>Thousand USD Impact (i)</b>		<b>Thousand EUR Impact (ii)</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Profit/ (Loss)	337	(6,841)	29,717	34,563
Other comprehensive income	(38,095)	(27,063)	-	-

(i) This is mainly attributable to the exposure on USD financial assets and financial liabilities.

(ii) This is mainly attributable to the exposure on EUR loans.

The above sensitivity analysis of the inherent foreign exchange risk shows the translation exposure at the end of the year; however the cash flow exposure during the year is continuously monitored and managed by OMV Petrom Group.

**Interest rate risk management**

To facilitate management of interest rate risk, OMV Petrom Group's liabilities are analyzed in terms of fixed and variable rate borrowings, currencies and maturities.

The sensitivity analyses below have been determined based on the exposure to interest rates for borrowings at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 1% increase or decrease represents management's assessment of the reasonably possible change in interest rates (with all other variables held constant).

**Analysis for change in interest rate risk**

<b>Variable rate borrowings:</b>	<b>Balance as at</b>		<b>Effect of 1% change in interest rate</b>	
	<b>December 31, 2015</b>	<b>December 31, 2014</b>	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Short term borrowings	371.41	263.15	3.71	2.63
Long term borrowings	1,437.13	1,604.91	14.37	16.05

In 2015, the internal risk analysis resulted in no need for hedging the interest rate risk, hence no financial instruments were used for interest rate hedging.

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**35. RISK MANAGEMENT (continued)**

**Counterparty Credit Risk management**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to OMV Petrom Group. The main counterparty credit risks are assessed, monitored and managed at OMV Petrom Group level using predetermined limits for specific countries, banks and business partners. On the basis of creditworthiness, all counterparties are assigned maximum permitted exposures in terms of credit limits (amounts and maturities), and the creditworthiness assessments and granted limits are reviewed on a regular basis. For all counterparties depending on their liquidity class, parts of their credit limits is secured via liquid contractual securities such as bank guarantee letters, credit insurance and other similar instruments. The credit limit monitoring procedures are governed by strict guidelines.

OMV Petrom Group does not have any significant credit risk concentration exposure to any single counterparty or any group of counterparties having similar characteristics.

**Liquidity risk management**

For the purpose of assessing liquidity risk, budgeted operating and financial cash inflows and outflows throughout OMV Petrom Group are monitored and analyzed on a monthly basis in order to establish the expected net change in liquidity. This analysis provides the basis for financing decisions and capital commitments. To ensure that OMV Petrom Group remains solvent at all the times and retains the necessary financial flexibility, liquidity reserves in form of committed credit lines are maintained. The maturity profile of the Group financial liabilities is presented in Note 16.

**36. SUBSEQUENT EVENTS**

On January 18, 2016 and February 25, 2016, Bulgarian Commission for Protection of Competition announced the initiation of several investigations about the infringement of competition rules on fuel market. OMV Bulgaria EOOD is subject to these investigations, among other major retailers on Bulgarian market. The sanctions for antitrust infringements are up to 10% of the total turnover of the company in the financial year prior to the sanctioning decision.

No request of providing information was received so far from authorities. At the date of these financial statements, we are not able to evaluate the outcome of investigations and no provision was recorded in this respect.

These financial statements, presented from page 4 to page 72, comprising the consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements, were approved on March 23, 2016.



**Mrs. Mariana Gheorghe**  
Chief Executive Officer



**Mr. Andreas Matje**  
Chief Financial Officer



**Mr. Gabriel Selischi**  
Executive Board Member Upstream



**Mrs. Lăcrămioara Diaconu-Pințea**  
Executive Board Member  
Downstream Gas



**Mr. Neil Morgan**  
Executive Board Member  
Downstream Oil



**Mrs. Irina Dobre**  
Director Finance Department



**Mr. Eduard Petrescu**  
Head of Financial Reporting