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Confirmation of your representation: The attached document is delivered to you at your request and on the basis that you have confirmed to Goldman Sachs International, Banca Comerciala Romana S.A., Erste Group Bank AG and WOOD & Company Financial Services, a.s. (the “Managers”), OMV Petrom S.A. (the “Company”) and Fondul Proprietatea S.A. (the “Selling Shareholder”) that (i) you are in Romania or (ii) you are either (a) located outside United States (as defined in Regulation S under the Securities Act), or (b) a QIB; or (iii) if you are in the UK, you are a relevant person; or (iv) if you are in any member state of the

EEA other than Romania and the UK, you are a Qualified Investor; or (v) if you are acting as a financial intermediary (as that term is used in Article 3(2) of the Prospectus Directive), the securities acquired by you as a financial intermediary in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, any person in circumstances which may give rise to an offer of any securities to the public other than their offer or resale in any member state of the EEA which has implemented the Prospectus Directive to Qualified Investors (as defined in the Prospectus Directive); or (vi) if you are outside of Romania, the United States, the UK or EEA (and the electronic mail addresses that you gave us and to which this document has been delivered are not located in such jurisdictions), you are a person into whose possession this document may lawfully be delivered in accordance with the laws of the jurisdiction in which you are located.

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The Managers are acting exclusively for the Selling Shareholder and no one else in connection with the offer. They will not regard any other person (whether or not a recipient of this document) as its client in relation to the offer and will not be responsible to anyone other than the Selling Shareholder for providing the protections afforded to its clients nor for giving advice in relation to the offer or any transaction or arrangement referred to herein.

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(A joint stock company incorporated under the laws of Romania)

**Offering of up to 3,641,100,108 existing Shares in the form of Offer Shares
and Offer Global Depositary Receipts, each GDR representing 150 Shares, by
Fondul Proprietatea S.A.**

**Maximum Price of RON 0.244 per Offer Share and
USD 9.16 per Offer Global Depositary Receipt**

This document has been approved by the Romanian Financial Supervisory Authority (the “**Romanian FSA**”), which is the Romanian competent authority for the purposes of Directive 2003/71/EC, as amended (the “**Prospectus Directive**”) and relevant implementing measures in Romania, as a prospectus (the “**Prospectus**”) in accordance with Law no. 297/2004 on capital markets (the “**Capital Markets Law**”), Regulation no. 1/2006 on issuers and operations with securities issued by the Romanian National Securities Commission and Regulation (EC) No. 809/2004 of 29 April 2004 implementing the Prospectus Directive.

This Prospectus relates to an offering (the “**Offering**”) by Fondul Proprietatea S.A. (the “**Selling Shareholder**”) of up to 3,641,100,108 existing ordinary shares in the share capital of OMV Petrom S.A. (the “**Company**”), a joint stock company incorporated under the laws of Romania, each of which is issued, fully paid with a par value of RON 0.1 and carrying one vote in a general meeting of shareholders (the “**Shares**”). The Offering comprises an offering of up to 3,641,100,108 Shares in the form of Shares (the “**Offer Shares**”) and global depositary receipts (the “**GDRs**” and, together with the Shares, the “**Securities**”) which represent the Shares (the “**Offer GDRs**” and, together with the Offer Shares, the “**Offer Securities**”) with one GDR representing an interest in 150 Shares. The GDRs are to be issued against the deposit of Shares with Citibank Europe plc, Dublin – Romania Branch, as custodian (the “**Custodian**”) for Citibank, N.A., as depositary (the “**GDR Depositary**”). The final offer price (the “**Final Offer Price**”) of the Offer Securities will not be higher than RON 0.244 per Offer Share and USD 9.16 per Offer GDR (the “**Maximum Price**”). For details on the mechanism for calculating the Final Offer Price, see “*Subscription and Sale*”.

The Shares are admitted to trading on the spot regulated market operated by Bursa de Valori Bucuresti S.A. (the “**Bucharest Stock Exchange**”) under market symbol “SNP”. Application will be made to: (1) the United Kingdom Financial Conduct Authority (the “**United Kingdom FCA**”), in its capacity as competent authority under the United Kingdom Financial Services and Markets Act 2000 (the “**FSMA**”), for up to 16,182,667 GDRs consisting of (i) the GDRs to be issued on 19 October 2016 in connection with the Offering and (ii) any additional GDRs to be issued from time to time against the deposit of Shares (to the extent permitted by law) with the Custodian, to be admitted to listing on the standard segment of the official list of the United Kingdom FCA (the “**Official List**”) and (2) the London Stock Exchange plc (the “**London Stock Exchange**”), for admission to trading of such GDRs on the London Stock Exchange’s main market for listed securities expected to take place on or around 19 October 2016 (the date of admission being the “**Closing Date**”). The Bucharest Stock Exchange and the London Stock Exchange are both regulated markets in the European Economic Area (the “**EEA**”) for the purposes of Directive 2014/65/EU, as amended (the “**Directive on Markets in Financial Instruments**”).

This Prospectus has been approved by the Romanian FSA but has not been, and will not be, approved by the United Kingdom FCA or any other competent authority of the EEA. The Selling Shareholder has requested that the Romanian FSA provide the United Kingdom FCA with a certificate of approval attesting that this Prospectus has been drawn up in accordance with the Prospectus Directive (the “**Notification**”).

Admission to the Official List and unconditional trading in the GDRs on the London Stock Exchange through the International Order Book (“**IOB**”) is expected to take place on or around the Closing Date, which will take place following the United Kingdom FCA’s receipt of the Notification from the Romanian FSA. The GDRs are expected to be traded on the London Stock Exchange under the symbol “PETR” for the Rule 144A GDRs and “PETB” for the Regulation S GDRs. The Offering may be extended at any time without cause, subject to publication of a supplement to this Prospectus in accordance with applicable law.

The Offering is structured as an offering of Offer Securities (i) in Romania to the public, (ii) in the United States to certain qualified institutional buyers (“**QIBs**”) as defined in, and in reliance on, Rule 144A (“**Rule 144A**”) under the US Securities Act of 1933, as amended (the “**Securities Act**”) and (iii) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act (“**Regulation S**”).

An investment in the Securities involves a high degree of risk. See “Risk Factors” beginning on page 28 for a discussion of certain matters that investors should consider prior to making an investment in the Securities.

THIS PROSPECTUS HAS BEEN APPROVED BY THE ROMANIAN FSA. THE APPROVAL VISA APPLIED ON THIS PROSPECTUS DOES NOT CONSTITUTE A GUARANTEE OR ANY KIND OF ASSESSMENT BY THE ROMANIAN FSA WITH REGARD TO THE OPPORTUNITY, THE ADVANTAGES OR DISADVANTAGES, THE PROFIT OR RISKS INVOLVED IN ACCEPTING THE OFFERING, THE OBJECT OF THE APPROVAL DECISION; THE APPROVAL CERTIFIES ONLY THE CONFORMITY OF THIS PROSPECTUS WITH THE LEGAL REQUIREMENTS AND THE RULES ADOPTED FOR THE APPLICATION THEREOF.

Sole Global Coordinator and Joint Bookrunner
Goldman Sachs International

Joint Bookrunners

**Banca Comerciala
Romana**

Erste Group

WOOD & Company

the Sole Global Coordinator and the Joint Bookrunners together, the “Managers”

The date of this Prospectus is 5 October 2016.

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SUMMARY

Summaries are made up of disclosure requirements known as “Elements”. These Elements are numbered in Sections A–E (A.1–E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of “not applicable”.

Section A—Introduction and warnings		
A.1	<i>Warning.</i>	This summary should be read as an introduction to the prospectus (the “ Prospectus ”); any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor; where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member states (“ Member States ”) of the European Economic Area (“ EEA ”), have to bear the costs of translating the Prospectus before the legal proceedings are initiated; and civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	<i>Consent by the issuer or person responsible for drawing up the prospectus to the use of the prospectus for subsequent resale or final placement of securities by financial intermediaries.</i>	Not applicable. OMV Petrom S.A. (the “ Company ”) has not consented to the use of the Prospectus for subsequent resale or final placement of securities by financial intermediaries.
Section B—Issuer		
B.1	<i>The legal and commercial name of the issuer.</i>	The Company’s legal name and commercial name is OMV Petrom S.A.
B.2	<i>The domicile and legal form of the issuer, the legislation under</i>	The Company is a joint stock company, registered with the Romanian Commercial Registry under number J40/8302/1997 having sole registration code 1590082. The Company’s corporate seat is in Bucharest, Romania and its business address is 22 Coralilor Street (“Petrom City”), 1 st District,

	<i>which the issuer operates and its country of incorporation.</i>	Bucharest, postal code 013329, Romania. The Company was founded in the form of a joint stock company in accordance with Emergency Government Ordinance 49/1997. The Company operates in accordance with Romanian law and the Articles of Association of the Company (the “ Articles of Association ”).
B.3	<i>A description of, and key factors relating to, the nature of the issuer’s current operations and its principal activities, stating the main categories of products sold and/or services performed and identification of the principal markets in which the issuer competes.</i>	We are the largest vertically integrated oil and gas producer in South-Eastern Europe, comprising Romania, Bulgaria, the Republic of Moldova and Serbia (“South-Eastern Europe”). With 15,237 employees as at 30 June 2016, the OMV Petrom Group is one of the leading industrial companies in Romania. We are one of Romania’s main energy suppliers, accounting for approximately 40% of oil, gas and refined products supply in Romania according to Company estimates, having produced more than 95% of Romania’s domestic supply of crude oil and natural gas liquids (“NGL”) and supplied approximately 48% of Romanian domestic natural gas consumption in 2015, based on data from the National Regulatory Authority for Energy of Romania (“ANRE”). Our core activities are conducted through three business segments: • The Upstream business segment explores for, develops and produces crude oil and natural gas in Romania, including in the Romanian part of the Black Sea, and Kazakhstan. Our Upstream business segment supplies the crude oil and natural gas required by our operations in our Downstream Oil and Downstream Gas business segments. Our total hydrocarbon production was 65.2 mn boe for the year ended 31 December 2015 and 32.1 mn boe for the six months ended 30 June 2016. As at 31 December 2015, our proved (“1P”) reserves were 646.6 mn boe (with 624.7 mn boe in Romania and 21.9 mn boe in Kazakhstan). As at 30 June 2016, our 1P reserves were 614.6 mn boe (with 594.3 mn boe in Romania and 20.3 mn boe in Kazakhstan) and our proved plus probable (“2P”) reserves were 885.0 mn boe (out of which 842.2 mn boe were in Romania). • The Downstream Oil business segment’s activities include processing and refining crude oil and delivering refined products to retail and non-retail customers. We operate the Petrobrazi refinery, with a total production capacity of 4.5 mn t/y. We sell refined products to retail consumers through our network of 784 filling stations (as at 30 June 2016) under two brands, OMV and Petrom, throughout South-Eastern Europe, as well as to approximately 16,000 business customers (including non-retail and card customers), including industrial companies, airlines and freight companies. Our total refined product sales were 5.03 mn t for the year ended 31 December 2015 and 2.27 mn t for the six months ended 30 June 2016. • The Downstream Gas business segment is active in various stages of the gas value chain and comprises our gas and power lines of

		business. We are one of the leading players in the Romanian gas market, and we focus on supplying gas to commercial and industrial customers. Our gas sales volumes were 51.39 TWh for the year ended 31 December 2015 and 24.75 TWh for the six months ended 30 June 2016. Our 860 MW gas-fired Brazi power plant and our 45 MW Dorobanțu wind park produced a combined total net electrical output of 2.7 TWh for the year ended 31 December 2015 and 0.9 TWh for the six months ended 30 June 2016. In the years ended 31 December 2013, 2014 and 2015, our total sales revenues were RON 24,185 mn, RON 21,541 mn and RON 18,145 mn, respectively. In 2015, we accounted for a loss in our EBIT of RON (530) mn, but had a positive Clean CCS EBIT of RON 2,522 mn, EBITD of RON 6,231 mn and Free Cash Flow of RON 329 mn. In the six months ended 30 June 2016, we had total sales revenues of RON 7,192 mn compared to RON 8,811 mn in the six months ended 30 June 2015. In the six months ended 30 June 2016, we had EBIT of RON 561 mn, Clean CCS EBIT of RON 638 mn, EBITD of RON 2,308 mn and Free Cash Flow of RON 12 mn, compared to EBIT of RON 1,280 mn, Clean CCS EBIT of RON 1,251 mn, EBITD of RON 3,128 mn and negative Free Cash Flow of RON 423 mn in the same period in 2015.
B.4a	<i>A description of the most significant recent trends affecting the issuer and the industries in which it operates.</i>	The price of oil declined significantly over the course of 2014 and 2015, with Brent prices falling from a peak of approximately USD 115/bbl in June 2014 to approximately USD 37/bbl at the end of 2015, with the average annual Brent crude price for 2015 declining by 47% compared to 2014. A mix of supply, demand and geopolitical factors contributed to the price decline. The rapid increase in US shale oil production, in the context of OPEC maintaining their production levels, led to an oversupply in the global markets. Weak global demand and the slowdown in China, together with the rapid strengthening of the US dollar, added further downward pressure on oil prices. As a result of this decline, our average realised price declined by 48% from 2014 to 2015, which has adversely affected the sales of the Upstream business segment in 2015, as well as our net income for the year. In the first half of 2016, Brent crude oil prices experienced increased volatility over the period, but recovered somewhat to approximately USD 50/bbl as at 30 June 2016. However, the average Brent crude oil price for the first half of 2016 remained below that of the first half of 2015. While OPEC's recent agreement to limit production has led to an increase in crude oil prices, prices continue to remain significantly lower than their 2014 peak. Liberalisation of the Romanian gas market has also been an important recent trend. The initial roadmap enforced by the Government starting in February 2013, which envisaged gradual increases in regulated domestic gas prices, has been partly implemented. The price liberalisation for non-households has been finalised, while the deadline for price liberalisation for households, according to the roadmap currently in place, is 30 June 2021.

		The fiscal regime in Romania also continues to change. In addition to corporate income taxation, we are subject to a number of taxes and royalties based on our activities, and some of these taxes have changed during the periods under review. Government officials have announced their intent to reform the royalty and tax system applicable to the upstream oil and gas industry. According to public statements of Romanian Government officials, the new tax system would be enacted in 2016 and come into effect on 1 January 2017 and should include a supplementary tax on upstream profits. Nevertheless, no draft law has been made available for public consultation as of the date of this Prospectus. As announced by Romanian Government officials, further developments are expected with respect to upstream oil and gas taxation, with consultations expected to take place before new measures are applied. In February 2013, two new temporary taxes were introduced: the tax on additional revenues from gas price liberalisation (the “Tax on Additional Gas Revenues”) and the tax on sales from exploitation of natural resources other than gas (the “Special Tax on Oil Exploitation”). The Tax on Additional Gas Revenues is computed as 60% of “supplementary” revenues minus certain qualifying expenditures and royalties corresponding to such revenues. The Special Tax on Oil Exploitation is computed as 0.5% of a revenue base assessed depending on certain factors. These taxes were initially scheduled to be applied until the end of 2014, but their application was extended until the end of 2016. In addition, a new tax was introduced on 1 January 2014 on the gross book value of constructions owned by the Company at a rate of 1.5% annually (the “Construction Tax”). The tax rate was lowered on 1 January 2015 to 1% and constructions located in the Exclusive Economic Zone beyond Romania’s borders are exempted from the application of the tax. The Construction Tax remained at 1% for 2016 and it is expected to be repealed in 2017 under the current Romanian Fiscal Code.
B.5	<i>If the issuer is part of a group, a description of the group and the issuer’s position within the group.</i>	The Company is the parent company of all companies consolidated within the OMV Petrom group (together, the “Group”). The following diagram sets forth a summary (in simplified form) of the Company’s consolidated subsidiaries as of the date of this Prospectus:

		* Owned through Tasbulat Oil Corporation BVI as holding company ** Associated company accounted for at equity
B.6	<i>In so far as is known, the name of any person who, directly or indirectly, has an interest in the issuer's capital or voting rights which is notifiable under the issuer's national law, together with the amount of each such person's interest. Whether the issuer's major shareholders have different voting rights if any. To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom and describe the nature of such control.</i>	As at the date of the Prospectus: (i) OMV Aktiengesellschaft (“OMV”) holds 28,894,467,414 Shares, equating to a 51.0105% interest; (ii) the Romanian State through the Ministry of Energy holds 11,690,694,418 Shares, equating to a 20.6389% interest; and (iii) the Selling Shareholder holds 10,758,648,186 Shares, equating to a 18.9934% interest. Following the Offering, if the Selling Shareholder sells the maximum number of shares mentioned herein, it will hold a 12.5654% interest in the Shares, equating to a holding of 7,117,548,072 Shares. There is only one class of share capital in the Company and all Shares rank equally. No shareholder has different voting rights attached to the Shares to any other shareholder. The Company is directly controlled by OMV Aktiengesellschaft, which currently owns a 51.0105% interest in the Shares of the Company.
B.7	<i>Selected historical key financial information</i>	The financial information set forth below has been extracted from the Group's audited financial statements as of and for the years ended 31 December 2013, 2014 and 2015, and the Group's interim condensed

<i>regarding the issuer, presented for each financial year of the period covered by the historical financial information, and any subsequent interim financial period accompanied by comparative data from the same period in the prior financial year except that the requirement for comparative balance sheet information is satisfied by presenting the year-end balance sheet information. This should be accompanied by a narrative description of significant change to the issuer's financial condition and operating results during or subsequent to the period covered by the historical key financial information.</i>	consolidated financial statements as of and for the six months ended 30 June 2016 included in the Prospectus.				
	Consolidated income statement				
	Year ended 31 December			Six months ended 30 June	
	2013	2014	2015	2015	2016
	(Audited)			(Unaudited)	
	<i>(RON mn, unless otherwise indicated)</i>				
Sales revenues	24,185	21,541	18,145	8,811	7,192
Direct selling expenses	(646)	(480)	(383)	(211)	(146)
Costs of sales.....	(15,485)	(15,815)	(16,403)	(6,399)	(5,883)
Gross profit.....	8,054	5,246	1,359	2,201	1,163
Other operating income.....	298	316	501	287	346
Selling expenses.....	(1,090)	(1,078)	(939)	(466)	(460)
Administrative expenses.....	(194)	(189)	(183)	(99)	(64)
Exploration expenses.....	(423)	(156)	(577)	(200)	(144)
Other operating expenses	(687)	(801)	(692)	(443)	(281)
EBIT.....	5,958	3,338	(530)	1,280	561
Income from associated companies	4	11	7	4	5
Interest income.....	206	72	235	149	84
Interest expenses	(360)	(549)	(431)	(152)	(161)
Other financial income and expenses	(109)	37	(7)	20	(14)
Net financial result	(259)	(429)	(196)	21	(86)
Profit/(loss) from ordinary activities.....	5,699	2,909	(726)	1,301	475
Taxes on income	(875)	(810)	36	(265)	(70)
Net income/(loss) for the period	4,824	2,100	(690)	1,036	405
thereof attributable to stockholders of the parent.....	4,821	2,103	(676)	1,041	408
thereof attributable to non-controlling interests.....	3	(3)	(14)	(5)	(3)
Basic and diluted earnings/(loss) per share (RON)	0.0851	0.0371	(0.0119)	0.0184	0.0072
	Consolidated statement of financial position				
	At 31 December			At 30 June	
	2013	2014	2015	2015	2016

	(Audited)		(Unaudited)	
	(RON mn)			
Assets				
Intangible assets	815	1,657	2,430	2,523
Property, plant and equipment.....	30,659	32,290	29,278	28,816
Investments in associated companies ...	43	35	41	42
Other financial assets	2,143	2,192	2,628	2,687
Other assets	22	21	80	79
Deferred tax assets	877	1,048	1,563	1,550
Non-current assets.....	34,560	37,243	36,020	35,698
Inventories.....	1,996	2,250	1,965	1,952
Trade receivables	1,429	1,424	1,318	1,288
Other financial assets	303	389	257	212
Other assets	315	537	627	611
Cash and cash equivalents.....	1,408	1,268	813	724
Current assets.....	5,451	5,868	4,980	4,787
Assets held for sale.....	36	14	119	117
Total assets.....	40,047	43,125	41,118	40,601
Equity and liabilities				
Share capital.....	5,664	5,664	5,664	5,664
Reserves	21,006	21,377	20,079	20,478
Stockholders' equity.....	26,671	27,042	25,743	26,142
Non-controlling interests.....	(29)	(36)	(55)	(57)
Total equity.....	26,642	27,005	25,688	26,085
Provisions for pensions and similar obligations.....	304	283	239	237
Interest-bearing debts	1,254	1,589	1,424	1,264
Provisions for decommissioning and restoration obligations.....	5,778	7,255	7,941	7,877
Other provisions.....	602	554	499	495
Other financial liabilities	289	279	266	239
Deferred tax liabilities.....	11	—	13	2
Non-current liabilities	8,238	9,960	10,382	10,115
Trade payables	2,958	2,899	2,318	1,980
Interest-bearing debts	189	274	379	444
Income tax liabilities	259	329	107	57
Other provisions and decommissioning	652	1,109	911	881
Other financial liabilities	319	664	548	262
Other liabilities.....	790	884	775	768
Current liabilities	5,167	6,160	5,038	4,393
Liabilities associated with assets held for sale.....	0	—	10	9
Total equity and liabilities	40,047	43,125	41,118	40,601

Summary consolidated statement of cash flows

	Year ended			Six months ended	
	31 December			30 June	
	2013	2014	2015	2015	2016
	(Audited)			(Unaudited)	
	(RON mn)				
Net cash generated from operating activities	8,048	6,830	5,283	2,450	1,771
Net cash used for investing activities	(4,895)	(5,658)	(4,953)	(2,874)	(1,759)
Net cash used for financing activities	(2,412)	(1,334)	(794)	(479)	(101)
Net increase/(decrease) in cash and cash equivalents	742	(140)	(455)	(896)	(88)
Cash and cash equivalents at beginning of period	667	1,408	1,268	1,268	813
Cash and cash equivalents at end of period	1,408	1,268	813	372	724

Other financial and operating data

	Year ended 31 December			Six months ended 30 June	
	2013	2014	2015	2015	2016
	(Audited, unless otherwise indicated)			(Unaudited)	
Group					
EBITD (RON mn, unaudited) ¹	9,313	8,145	6,231	3,128	2,308
Clean CCS EBIT (RON mn, unaudited) ²	6,015	5,202	2,522	1,251	638
Free Cash Flow (RON mn, unaudited) ³	3,153	1,172	329	(423)	12
Upstream					
Total segment sales (RON mn) ⁴	13,220	12,889	8,979	4,765	3,521
EBIT (RON mn)	5,529	3,932	(1,815)	695	71
Clean EBIT (RON mn, unaudited) ²	5,542	4,667	919	726	137
Total proved (1P) reserves (mn boe, unaudited) ⁵	728.2	690.2	646.6	671.4	614.6
Proved (1P) crude oil and NGL reserves (mn bbl, unaudited) ⁵ ...	386.6	371.7	361.2	364.7	346.5
Proved (1P) natural gas reserves (mn boe, unaudited) ⁵ ..	341.7	318.6	285.4	306.7	268.1
Total production (mn boe,	66.64	65.82	65.19	33.00	32.08

		unaudited)					
		Crude oil and NGL production (mn bbl, unaudited)	32.10	30.94	30.43	15.41	14.73
		Natural gas production (bcm, unaudited)	5.29	5.34	5.32	2.69	2.66
		Downstream Oil					
		Total segment sales ⁴ (RON mn).....	19,308	16,755	13,322	6,474	5,032
		EBIT (RON mn).....	386	(79)	1,230	847	617
		Clean CCS EBIT (RON mn, unaudited) ²	374	654	1,315	478	421
		Total refined product sales (mn t, unaudited) ⁶	5.22	4.81	5.03	2.32	2.27
		Retail sales volumes (mn t, unaudited) ⁷	2.48	2.37	2.53	1.16	1.19
		Downstream Gas					
		Total segment sales (RON mn) ⁴	4,315	4,375	4,536	2,248	2,114
		EBIT (RON mn).....	112	(818)	(216)	(81)	17
		Clean EBIT (RON mn, unaudited) ²	167	(63)	(145)	(81)	16
		Natural gas sold (TWh, unaudited)	52.70	47.70	51.39	27.26	24.75
		Notes:					
		(1) Earnings Before Interest, Taxes, Depreciation and amortisation, impairments and write-ups of fixed assets. We compute EBITD as earnings before net financial result, tax, depreciation and amortisation, impairments and write-ups of fixed assets. The table below sets forth a reconciliation of total EBITD to net income:					
			Year ended			Six months ended 30	
			31 December			June	
			2013	2014	2015	2015	2016
			(Audited, unless otherwise indicated)			(Unaudited)	
			<i>(RON mn)</i>				
		Net income/(loss) for the period	4,824	2,100	(690)	1,036	405
		<i>Add:</i>					
		Net financial result.....	259	429	196	(21)	86
		Taxes on income	875	810	(36)	265	70
		Depreciation, amortisation and impairment, including write- ups	3,355	4,806	6,761	1,847	1,747
		EBITD (unaudited)	9,313	8,145	6,231	3,128	2,308
		Upstream (unaudited)	8,018	7,201	4,099	2,167	1,445
		Downstream Oil (unaudited)	958	541	1,841	1,150	925
		Downstream Gas (unaudited).....	324	49	(4)	(21)	71

	Corporate & Other (unaudited).....	(16)	(100)	(51)	(24)	(13)
	Consolidation (unaudited)....	29	454	346	(145)	(120)
(2)	Clean CCS EBIT represents earnings before net financial result and tax adjusted for special items and current cost of supply (“CCS”) effects. Clean EBIT represents earnings before net financial result and tax adjusted for special items. Special items represent expenses and income reflected in the financial statements that are presented separately, on a net basis, in order to enable stakeholders/investors to better understand and evaluate our reported financial performance, as they are not part of underlying ordinary business operations. In the periods under review, special items mainly consisted of unscheduled depreciation (impairments) and personnel and restructuring costs. CCS is calculated monthly using data from our refinery’s supply and production systems at the level of the Downstream Oil business segment. CCS effects represent the difference between the charge to the income statement for inventory on a weighted average basis (adjusted for the change in valuation allowances related to realisable value) and the charge based on the current cost of supply. The table below sets forth a reconciliation of Clean CCS EBIT to net income/(loss):					
		Year ended 31 December			Six months ended 30 June	
		2013	2014	2015	2015	2016
		(Audited, unless otherwise indicated)			(Unaudited)	
		(RON mn, unless otherwise indicated)				
	Net income/(loss) for the period	4,824	2,100	(690)	1,036	405
	Add:					
	Net financial result.....	259	429	196	(21)	86
	Taxes on income	875	810	(36)	265	70
	Deduct:					
	Personnel and restructuring (unaudited).....	(21)	(104)	(72)	(23)	(16)
	Unscheduled depreciation (unaudited).....	(66)	(1,412)	(2,791)	(8)	(63)
	Other (unaudited).....	54	(76)	174	105	135
	Special items (unaudited)	(33)	(1,592)	(2,689)	74	56
	CCS effect (unaudited)	(24)	(272)	(364)	(44)	(133)
	Clean CCS EBIT (unaudited)	6,015	5,202	2,522	1,251	638
	Out of which:					
	Clean EBIT Upstream (unaudited)	5,542	4,667	919	726	137
	Clean CCS EBIT Downstream Oil (unaudited)	374	654	1,315	478	421
	Clean EBIT Downstream Gas (unaudited)	167	(63)	(145)	(81)	16

Clean EBIT Corporate and Other (unaudited)	(96)	(108)	(75)	(36)	(25)
Consolidation (unaudited) .	29	52	509	164	88
(3) We compute Free Cash Flow as net cash from operating activities less net cash used in investing activities. The table below sets forth a reconciliation of Free Cash Flow to EBITD:					
	Year ended 31 December			Six months ended 30 June	
	2013	2014	2015	2015	2016
	(Audited, unless otherwise indicated)			(Unaudited)	
	(RON mn)				
EBITD (unaudited)	9,313	8,145	6,231	3,128	2,308
Less:					
Tax on profit paid.....	(905)	(927)	(729)	(420)	(106)
Other ⁸	(360)	(388)	(219)	(257)	(431)
Net cash from operating activities.....	8,048	6,830	5,283	2,450	1,771
Intangible assets, property, plant and equipment, financial investments and other financial assets.....	(4,995)	(5,955)	(5,025)	(2,898)	(1,765)
Add:					
Proceeds from sale of non-current assets and businesses.....	101	297	72	25	6
Free Cash Flow (unaudited)...	3,153	1,172	329	(423)	12
(4) Includes sales to third parties and inter-segment sales.					
(5) Reserves data for all periods based on Company data. Reserves are the sum of future production from a given date forward up to the expiration of the licence or the economic life, whichever is earlier.					
(6) Includes all products sold by the Group.					
(7) Retail sales volumes include sales via our filling stations in Romania, Bulgaria, Serbia and the Republic of Moldova. Figures also reflected sales to non-retail customers in the Republic of Moldova until the end of 2015, when reporting changed. Historical figures were not adjusted accordingly (on a comparable basis, Group retail sales volumes would have increased by 5% in the first half of 2016 compared to the first half of 2015).					
(8) Includes changes in net working capital, net changes in provisions and net interest received/(paid), losses/(gains) on the disposal of non-current assets and other non-monetary adjustments. Changes in net working capital comprise movements in inventories, receivables and other assets and liabilities, excluding movements of a non-monetary nature, such as provisions for inventories and receivables, forex differences and other non-monetary items, as presented in the cash flow statement.					
Sales revenue decreased by RON 2,644 mn, or 11%, from RON 24,185 mn in 2013 to RON 21,541 mn in 2014. The decrease from 2013 to 2014 was					

		largely due to lower crude and petroleum product sales that more than offset higher sales of natural gas in 2014. Sales revenue decreased further by RON 3,396 mn, or 16%, to RON 18,145 mn in 2015. The decrease from 2014 to 2015 was largely due to lower petroleum products sales revenues, following the steep decline in oil prices, which more than offset the increase in quantities sold as a result of higher market demand and higher sales of electricity. Sales revenues decreased by RON 1,619 mn, or 18%, from RON 8,811 mn in the six months ended 30 June 2015 to RON 7,192 mn in the six months ended 30 June 2016. This decrease was mainly the result of the deteriorating crude oil price environment, in addition to lower natural gas sales, partially offset by the higher quantity of power sold. EBIT decreased by RON 2,620 mn, or 44%, from RON 5,958 mn in 2013 to RON 3,338 mn in 2014. The decrease in EBIT in 2014 as compared to 2013 was mainly due to the impact of lower selling prices for petroleum products following the decrease of international quotations and impairments in the Downstream Gas business segment and in the Upstream business segment in Kazakhstan. The introduction of the Construction Tax in Romania further negatively affected EBIT in 2014. EBIT decreased further by RON 3,868 mn to RON (530) mn in 2015. The decrease in EBIT from 2014 to 2015 was mainly due to lower sales revenues and higher impairments of producing assets in Upstream following revision of oil price assumptions for the short and long term (in the third and fourth quarters of 2015). EBIT decreased by RON 719 mn, or 56%, from RON 1,280 mn in the six months ended 30 June 2015 to RON 561 mn in the six months ended 30 June 2016. The decrease from the six months ended 30 June 2015 to the six months ended 30 June 2016 was due to the decline of international quotations, partially offset by lower exploration costs and by the favourable development of provisions for outstanding receivables in the gas business. After the date on which the interim condensed consolidated financial statements as of and for the six month period ended 30 June 2016 were approved to be issued, the final date of appeal by the counterparty in a litigation won by the Company expired. A provision is recorded in the interim condensed consolidated financial statements as of 30 June 2016 in relation to the respective litigation. The impact of the reversal of the litigation provision in the period subsequent to 30 June 2016 leads to an increase in earnings before interest and taxes and in net financial result of RON 40 mn and RON 66 mn, respectively (corresponding to a decrease in current liabilities by RON 106 mn), and an increase in taxes on income of RON 17 mn (corresponding to a decrease of the deferred tax assets of RON 17 mn), resulting in a total net impact of increasing net income for the period and equity by RON 89 mn. Except as set forth above, there has been no significant change since 30 June 2016 (which represents the end of the last financial period in relation to which financial information has been published) in the financial or trading position of the Group.
B.8	<i>Selected key pro forma financial</i>	Not applicable. The Prospectus does not include any pro forma financial information.

	<i>information, identified as such.</i> <i>The selected key pro forma financial information must clearly state the fact that because of its nature, the pro forma financial information addresses a hypothetical situation and, therefore, does not represent the company's actual financial position or results.</i>	
B.9	<i>Where a profit forecast or estimate is made, state the figure.</i>	Not applicable. The Prospectus does not include a profit forecast or estimate by the Company.
B.10	<i>A description of the nature of any qualifications in the audit report on the historical financial information.</i>	Not applicable. There are no qualifications in the audit reports on the historical financial information.
B.11	<i>If the issuer's working capital is not sufficient for the issuer's present requirements, an explanation should be included.</i>	Not applicable. The Company is of the opinion that it has sufficient working capital for its present requirements, that is, for at least the 12 months following the date of publication of this Prospectus.
B.31	<i>Information about the issuer of the underlying shares.</i>	See Elements B1, B2, B3, B4, B5, B6, B7, B9, B10 and D4.
B.32	Information about the issuer of the depositary receipts.	
	<i>Name and registered office of the issuer of the depositary receipts. Legislation under which the issuer of</i>	The GDR Depositary is Citibank, N.A., a national banking association organised under the laws of the United States. The GDR Depositary is an indirect wholly-owned subsidiary of Citigroup Inc., a Delaware corporation. The GDR Depositary was originally organised on 16 June 1812 and is now a national banking association organised under the National Bank Act of 1864 and is primarily regulated by the US Office of the Comptroller of the

	<i>the depositary receipts operates and legal form which it has adopted under the legislation.</i>	Currency. Its principal executive office is at 399 Park Avenue, New York, NY 10043, United States of America.
Section C—Securities		
C.1	<i>A description of the type and the class of the securities being offered and/or admitted to trading, including any security identification number.</i>	The offering (“Offering”) comprises an offer by the Selling Shareholder of up to 3,641,100,108 existing Shares in the form of Shares (the “Offer Shares”) and global depositary receipts (the “GDRs”, and together with the Shares, the “Securities”) which represent the Shares (the “Offer GDRs” and, together with the Offer Shares, the “Offer Securities”). The security code and identification numbers and trading symbols of the Offer Shares and Offer GDRs are expected to be as follows: Shares ISIN: ROSNPPACNOR9 Bucharest Stock Exchange Share trading symbol: SNP Regulation S GDR ISIN: US67102R3049 Regulation S GDR Common Code: 130322611 Regulation S GDR CUSIP: 67102R 304 Regulation S GDR SEDOL: BYMFGJ1 London Stock Exchange Regulation S GDR trading symbol: PETB Rule 144A GDR ISIN: US67102R2058 Rule 144A GDR Common Code: 130322751 Rule 144A GDR CUSIP: 67102R 205 Rule 144A GDR SEDOL: BYMFGL3 London Stock Exchange Rule 144A GDR trading symbol: PETR
C.2	<i>Currency of the securities issue.</i>	The currency of the Shares is RON. The currency of the GDRs is US dollars.
C.3	<i>The number of shares issued and fully paid and issued but not fully paid. The par value per share, or that the shares have no par value.</i>	As at the date of the Prospectus, the Company’s issued share capital comprises 56,644,108,335 Shares, each of which is fully paid with a par value of RON 0.1.
C.4	<i>A description of the rights attached to the securities.</i>	All holders of Shares have the same rights, with the material rights set forth below: - the pre-emptive right of the shareholders to subscribe for any issue of new shares on a pro rata basis, unless such pre-emptive right is limited by a general meeting of the Company’s shareholders (a “General Meeting of Shareholders”) in accordance with the law and the Articles of Association; - the right to vote and participate in General Meetings of Shareholders;

		• the right to receive dividends in accordance with resolutions of General Meetings of Shareholders; • the right to information (e.g., to be informed about the activities of the Company, to obtain any information regarding the exercise of voting rights and information regarding the voting results in General Meetings of Shareholders); • the right to withdraw from the Company and to request the Company to acquire their shares, in case the shareholders did not vote in favour of certain decisions in General Meetings of Shareholders approving any of the specific corporate actions mentioned by the law (such as changing the Company's main object of activity, relocating the Company's registered seat to another country, changing the Company's legal form, or the Company's merger or spin-off); • the right to challenge the decisions of General Meetings of Shareholders; and • other rights provided under the Company's Articles of Association, Law no. 31/1990 (the "Companies Law") and other laws and regulations currently in force. Each GDR represents an interest in 150 Shares on deposit with Citibank Europe plc, Dublin – Romania Branch, as custodian (the "Custodian") and registered in the name of the GDR Depositary (the "Deposited Shares"). A holder of GDRs (each, a "Holder") will have the rights set out in the terms and conditions of the GDRs, as endorsed on each GDR certificate, including the Master Regulation S Global Depositary Receipt and the Master Rule 144A Global Depositary Receipt (together, the "Master GDRs"). The GDRs are to be issued against the deposit of the Shares with the Custodian. The GDRs will be governed by English law and will be issued in registered form. The rights include: • the right to withdraw the Deposited Shares and all rights, interests and other securities, property and cash deposited with the Custodian which are attributable to the Deposited Shares; • the right to receive payment in US dollars from the GDR Depositary of an amount equal to cash dividends or other cash distributions received by the GDR Depositary from the Company in respect of the Deposited Shares, net of any applicable fees, charges and expenses of the Depositary and any taxes withheld; • the right to receive from the GDR Depositary additional GDRs representing additional Shares received by the GDR Depositary from the Company by way of free distribution (or if the issue of additional GDRs is deemed by the GDR Depositary not to be reasonably practicable or to be unlawful, the net proceeds in US dollars of the sale of such additional Shares); • the right to request the GDR Depositary to exercise subscription or similar rights made available by the Company to holders of Shares (or if such process is deemed by the GDR Depositary not to be lawful and reasonably practicable, the right to receive the net

		proceeds in US dollars of the sale of the relevant rights or the sale of the assets resulting from the exercise of such rights); - the right to instruct the GDR Depositary regarding the exercise of any voting rights notified by the Company to the GDR Depositary subject to certain conditions; and - the right to receive from the GDR Depositary copies received by the GDR Depositary of notices provided by the Company to holders of shares or other material information, in each case subject to applicable law, and the detailed terms set out in the terms and conditions of the GDRs (as endorsed on each GDR certificate, including the Master GDRs).
C.5	<i>A description of any restrictions on the free transferability of the securities.</i>	The Securities are freely transferable (subject, in the case of the Shares to the rules of the spot regulated market of Bursa de Valori Bucuresti S.A. (the “Bucharest Stock Exchange”), and clearing and settlement rules of Depozitarul Central S.A. (the “Romanian Central Depository”) and other applicable legislation, and in the case of the GDRs, to the clearing and settlement rules of The Depository Trust Company (in the case of the GDRs represented from time to time by the Master Rule 144A GDR) and Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking, société anonyme (“Clearstream, Luxembourg”) (in the case of the GDRs represented from time to time by the Master Regulation S GDR), as applicable and the terms and conditions of the GDRs) and subject to restrictions described under “<i>Selling and Transfer Restrictions</i>”) and free from all liens, subject to selling and transfer restrictions under the relevant laws in certain jurisdictions applicable to the transferor or transferee, including the United States, the United Kingdom, the EEA and Romania and contractual lock-up arrangements applicable to the Selling Shareholder, OMV and the Company.
C.6	<i>An indication as to whether the securities offered are or will be the object of an application for admission to trading on a regulated market and the identity of all the regulated markets where the securities are or are to be traded.</i>	The Shares are admitted to trading on the spot regulated market operated by the Bucharest Stock Exchange under market symbol “SNP”. Application will be made: (1) to the United Kingdom Financial Conduct Authority (the “United Kingdom FCA”), in its capacity as competent authority under the United Kingdom Financial Services and Markets Act 2000, for up to 16,182,667 GDRs consisting of (i) the GDRs to be issued on the Closing Date in connection with the Offering and (ii) any additional GDRs to be issued from time to time against the deposit of Shares (to the extent permitted by law) with the Custodian, to be admitted to listing on the official list of the United Kingdom FCA; and (2) to the London Stock Exchange plc (the “London Stock Exchange”), for admission to trading of such GDRs on the London Stock Exchange’s main market for listed securities (the “Main Market”). The Bucharest Stock Exchange and the Main Market of the London Stock Exchange are both regulated markets in the EEA for the purposes of Directive 2010/65/EU, as amended (the “Directive on Markets in Financial Instruments”).
C.7	<i>A description of dividend policy.</i>	The Company is committed to deliver a competitive shareholder return through the business cycle, including paying an attractive dividend, subject always to maintaining a strong balance sheet that will enable the Company

		to finance its investment needs and to the shareholders' approval. The Company currently targets, subject to adverse developments in the external market, a proposed dividend from the 2016 net earnings of a minimum of 30% in the case it is fully covered by free cash flows before dividends.
C.13	<i>Information about the underlying shares</i>	See Elements C.1, C.2, C.3, C.4, C.5, C.6 and C.7.
C.14	<i>Information about the depositary receipts.</i> <i>Describe the exercise of and benefit from the rights attaching to the underlying shares, in particular voting rights, the conditions on which the issuer of the depositary receipts may exercise such rights and measures envisaged to obtain the instructions of the depositary receipt holders and the right to share in profits and any liquidations surplus which are not to be passed on to the holder of the depositary receipt.</i>	Cash Distributions Whenever the GDR Depositary shall receive from the Company any cash dividend or other cash distribution on or in respect of the Deposited Shares (including any amounts received in the liquidation of the Company) or otherwise in connection with the Deposited Property (as defined in the terms and conditions of the GDRs) in a currency other than US dollars, the GDR Depositary shall, if practicable, convert or cause to be converted the same into US dollars in accordance with the deposit agreements to be entered into by the Company and the GDR Depositary on or before the Closing Date (the “Deposit Agreements”) and shall promptly distribute any such amounts to the Holders in proportion to the number of Deposited Shares represented by the GDRs so held by them respectively, subject to and in accordance with the provisions of the Deposit Agreements. Distributions of Shares Whenever the GDR Depositary shall receive from the Company any distribution in respect of Deposited Shares which consists of a dividend in, or free distribution of, Shares, the GDR Depositary shall cause to be distributed to the Holders entitled thereto, in proportion to the number of Deposited Shares represented by the GDRs held by them respectively, additional GDRs representing an aggregate number of Shares received pursuant to such dividend or distribution by an increase in the number of GDRs evidenced by the Master GDRs or by an issue of certificates in definitive registered form in respect of GDRs, according to the manner in which the Holders hold their GDRs; provided that, if and insofar as the GDR Depositary deems any such distribution to all or any Holders not to be practicable (including, without limitation, owing to the fractions which would otherwise result or to any requirement that the Company, the Custodian or the GDR Depositary withhold an amount on account of taxes or other governmental charges) or to be unlawful, the GDR Depositary shall sell such Shares so received (either by public or private sale and otherwise at its sole discretion, subject to applicable laws and regulations) and distribute the resulting net proceeds of such sale as a cash distribution pursuant to the Deposit Agreements to the Holders entitled thereto. Distribution Other Than Cash or Shares Whenever the GDR Depositary shall receive from the Company any distribution in securities (other than Shares) or in other property (other than cash) on or in respect of the Deposited Property, the GDR Depositary shall

		distribute or cause to be distributed such securities or other property to the Holders entitled thereto, in proportion to the number of Deposited Shares represented by the GDRs held by them respectively, in any manner that the GDR Depositary may deem practicable for effecting such distribution; provided that, if and insofar as the GDR Depositary deems any such distribution to all or any Holders not to be practicable (including, without limitation, due to the fractions which would otherwise result or to any requirement that the Company, the Custodian or the GDR Depositary withhold an amount on account of taxes or other governmental charges) or to be unlawful, the GDR Depositary shall deal with the securities or property so received, or any part thereof in such manner as the GDR Depositary may determine to be practicable, including, without limitation, by way of sale of the securities or property so received, or any part thereof (either by public or private sale and otherwise at its sole discretion, subject to applicable laws and regulations), and shall (in the case of a sale) distribute the resulting net proceeds of such sale as a cash distribution pursuant to the Deposit Agreements to the Holders entitled thereto. Rights Issues If and whenever the Company announces its intention to make any offer or invitation to the holders of Shares to subscribe for or to acquire Shares by way of rights, the GDR Depositary shall as soon as practicable give notice to the Holders in accordance with the terms and conditions of the GDRs of such offer or invitation specifying, if applicable, the earliest date established for acceptance thereof, the last date established for acceptance thereof and the manner by which and time during which Holders may request the GDR Depositary to exercise such rights as provided below or, if such be the case, specify details of how the GDR Depositary proposes to distribute the rights or the proceeds of any sale thereof. If, at its sole discretion, the GDR Depositary shall be satisfied that it is lawful and practicable and to the extent that it is so satisfied, the GDR Depositary shall distribute rights to the Holders entitled thereto in proportion to the number of Deposited Shares represented by the GDRs held by them respectively in such manner as the GDR Depositary may at its sole discretion determine. If and insofar as the GDR Depositary is not satisfied that any such arrangement and distribution to all or any Holders is lawful and practicable (including, without limitation, owing to the fractions which would otherwise result or to any requirement that the Company, the Custodian or the GDR Depositary withhold an amount on account of taxes or other governmental charges) or is so satisfied that it is unlawful, or if the Company requests that the rights not be made available to Holders, the GDR Depositary will, provided that Holders have not taken up rights through the GDR Depositary as provided above, sell such rights (either by public or private sale and otherwise at its sole discretion subject to applicable laws and regulations and the GDR Depositary shall, to the extent reasonably practicable, consult the Company in relation to the manner and terms of any such sale prior to

	such sale) and distribute the net proceeds of such sale as a cash distribution pursuant to the Deposit Agreements to the Holders entitled thereto except to the extent prohibited by applicable law. Voting Rights The Company will notify the GDR Depositary of any meeting at which the holders of Shares or other Deposited Property are entitled to vote, or of solicitation of consents or proxies from holders of Shares or other Deposited Property. As soon as practicable after receipt from the Company of such notice, the GDR Depositary shall fix the record date (which shall be the same date or as close as possible to the corresponding record date set by the Company) in respect of such meeting or solicitation of consent or proxy. The GDR Depositary shall, if requested by the Company in writing and not prohibited by applicable law, and at the Company's expense, mail by regular, ordinary mail delivery (or by electronic mail or as otherwise may be agreed between the Company and the GDR Depositary in writing from time to time) or otherwise, distribute to Holders as of the record date: (a) such notice of meeting or solicitation of consent or proxy and any other material provided by the Company to the Depositary in connection therewith; (b) a statement that the Holders at the close of business in New York City on the record date will be entitled, subject to any applicable law, the provisions of the Deposit Agreements, the terms and conditions of the GDRs, the Articles of Association and the provisions of or governing the Deposited Property (which provisions, if any, shall be summarised in pertinent part by the Company), to instruct the GDR Depositary as to the exercise of the voting rights, if any, pertaining to the Shares or other Deposited Property represented by such Holder's GDRs; and (c) a brief statement as to the manner in which such voting instructions may be given. Voting instructions may be given to the GDR Depositary only in respect of a number of GDRs representing an integral number of Shares or other Deposited Property in respect of which the requirements and conditions for voting as may be set forth under applicable law have been complied with by Holders. Upon the timely receipt from a Holder as of the record date of voting instructions in the manner specified by the GDR Depositary, the GDR Depositary shall endeavour, insofar as practicable and permitted under applicable law (including, but not limited to, any Romanian legal prohibitions or conditions to voting), the provisions of the terms and conditions of the GDRs, the Articles of Association and the provisions of the Deposited Property, to vote or cause the Custodian to vote the Shares and/or other Deposited Property (in person or by proxy) represented by such Holder's GDRs in accordance with such instructions.
<i>Description of the bank or other guarantee attached to the depositary receipt and intended to</i>	Not applicable. There are no bank or other guarantees attached to the GDRs.

	<i>underwrite the issuer's obligations.</i>	
Section D—Risks		
D.1	<i>Key information on the key risks that are specific to the issuer or its industry.</i>	• A decline in the prices of and/or the demand for crude oil, natural gas, petroleum products and electricity would have an adverse effect on our results of operations. Changes in expectations regarding future commodity prices may lead to impairments of our assets. • Our estimates of oil and natural gas reserves may vary significantly from the actual quantities of oil and gas reserves that may be recovered. • We must discover and/or acquire additional oil and gas reserves and redevelop our current reservoirs to sustain our current reserve and production levels. • We must make significant capital expenditures in order to maintain our production levels and improve overall efficiency. • The discovery of gas reserves in Neptun Deep may not be commercially viable. • Our investments in projects with external partners may reduce our control over costs. • We rely on the services of contractors, including a competitor and majority state-owned monopolies, the availability of which cannot always be guaranteed on commercially reasonable terms or may be impeded (for any reason, including due to insolvency). • We must obtain extensions of various phases of our licences for both onshore and offshore blocks to sustain short, medium and long-term investment plans for these blocks. • We face significant challenges in connection with our exploration and development activities due to the need to acquire rights of access to the surface of land to which we hold underground exploration and development rights. • In Romania, we are limited in our ability to export domestically produced gas by the gas transport infrastructure. • Our Downstream Gas business segment is dependent on its relationships with major customers. • Our revenues and results of operations are subject to climatic conditions and seasonal variations. • We face competition from other energy companies in all areas of our operations. • A decline in our refining margins would negatively affect our results of

		operations. • Failure to meet product quality standards may have material adverse effects on our business. • We are subject to operational risks relating to the exploration, development, production, transportation, storage, sale and trading of oil and gas, crude refining and processing and power generation, and our insurance policies may not cover all of these risks. • Ageing infrastructure in our operations and operational incidents may lead to decreased efficiency as well as accidents, spills, leaks and other contamination. • Inadequate contingency plans or crisis management may have a material adverse effect on our business. • Our refined petroleum products production relies on a single refinery and our power production largely depends on a single conventional power plant. • Government intervention and regulation may have a material adverse effect on our business. • Our activities are subject to antitrust and competition laws and regulations and we may be subject to antitrust proceedings or additional new regulations. • We are exposed to changes in the taxes, tariffs and royalties imposed on our operations in the countries in which we operate. • We are subject to frequent inspections by fiscal authorities. • We have the obligation to abide by laws on sectoral procurement. • We are subject to stringent environmental, health and safety regulations which result in costs relating to compliance and remediation. • Provisions for decommissioning costs are only estimates and may vary significantly from actual decommissioning costs; unplanned costs could divert resources from other projects. • We may not obtain reimbursement from the Romanian State for costs incurred by us for remediation of historical pollution. • Failure to execute management's business strategy may lead to higher costs and lower revenue. • Employees' or business partners' misconduct, theft or other incidents of unethical or corrupt conduct could be damaging to our reputation and have other negative effects on our business. • We have been the subject of various political debates which could have an adverse effect on our reputation. • We may experience operational and technological problems which may delay or hinder the progress of ongoing and planned projects. • Shortcomings or failures in our systems, risk management, internal controls processes or personnel could lead to disruption of our

		business. • Major disruption of our information technology systems may have a material adverse effect on our business. • We are dependent on our management and key personnel. • Increases in labour costs in Romania may reduce our profit margins. • A strike or other labour disruption may have a material adverse effect on our business. • The covenants contained in our financing arrangements may limit our financial and operating flexibility. • Movements in foreign currency exchange rates can have a material adverse effect on our results of operations and financial condition. • Default or delay by certain of our counterparties to pay amounts due may have a material adverse effect on our results of operations and financial condition. • Uncertainty about assumptions and estimates used by the Group in the preparation of financial statements could result in actual outcomes that may differ from previous estimates and may require a material adjustment to the carrying amount of the assets or liabilities affected in future periods. • Investing in developing markets, including Romania, entails certain risks, which may be greater than risks inherent in more developed markets. • The value of investments in Romania, including the value of the Securities, could be adversely affected by political and economic uncertainty. • The Romanian economy could be adversely affected by the European sovereign debt crisis and the United Kingdom's future exit from the EU. • New financing from international organisations such as the IMF or the EU could be unavailable to Romania in the future or could require implementation of certain measures, including more stringent austerity measures, which may be difficult to achieve. • Economic and political developments in South-Eastern Europe and the entrance of new competitors in the region's markets may negatively affect the development of our business. • The legal system and legislation in Romania and other countries in which we operate continue to develop and this may create an uncertain environment for investment and for business activity. • Bureaucracy, corruption, deficiencies of the legal system, and potential abuses of wide-ranging audit competencies of agencies may create an unfavourable business environment in Romania and other countries in which we operate. • We are party to labour related litigation and may face further claims by employees. Social tension, disputes regarding certain rights of our

		employees and the formalism of Romanian labour law may have a material adverse effect on our business. • We are subject to claims under real estate regulations from former land owners and other third parties with respect to land currently owned or used by us as well as subject to claims related to intellectual property rights deriving from legislation concerning reparations arising out of the former communist regime. • We are party to various litigation, arbitrations, proceedings and disputes which may negatively affect our business and financial condition. • Political instability in the Black Sea region, including in Ukraine or other neighbouring countries, may negatively affect our business. • Romania's failure to meet EU post-accession obligations may lead to the application of sanctions by the EU. • Romania's infrastructure is in poor condition, which could disrupt normal business activity. • Romania can be subject to high levels of volatility in exchange rates and inflation.
D.3	<i>Key information on the key risks that are specific to the securities.</i>	• Price volatility of the Securities and illiquidity may affect the performance of investments in the Company. • Our major shareholders will continue to have significant influence over us after the Offering, and their interests may not be aligned with those of other shareholders. • Shareholders are exposed to the risk of our failure to make dividend payments, and foreign shareholders and holders of the GDRs may be subject, in any event, to limitations or delays in repatriating their earnings from distributions made on the underlying Shares. • Future sales, or the real or perceived possibility of sales, of a significant number of the Securities in the public market could adversely affect the prevailing trading price of the Securities. • Shareholders' interests may be diluted if we issue additional shares in the future. • Voting rights with respect to the Shares represented by the GDRs will be limited by the terms of the Deposit Agreements and the relevant requirements of Romanian law. • We may be unable to obtain admission of the GDRs to trading on the London Stock Exchange. • Trading on the Bucharest Stock Exchange may be suspended. • Investors may be unable to enforce judgments obtained in US courts against us. • Exchange rate fluctuations may impair the return on an investment in the Securities. • Following the Offering, holders of Shares may not be able to deposit the Shares in our GDR facility in order to receive GDRs, and changes

		in Romanian regulatory policy with respect to the placement and circulation of the Shares outside Romania in the form of GDRs or otherwise may negatively affect the market for the Securities being offered. If we are a passive foreign investment company for US federal income tax purposes for any taxable year, US Holders of Offer Securities could be subject to materially adverse US federal income tax consequences.
D.4	Information about the underlying shares	See Element D.3.
	D.2 <i>Key information on the key risks that are specific to the issuer.</i>	See Element D.1.
D.5	Information about depositary receipts	See Element D.3.
Section E—Offer		
E.1	<i>The total net proceeds and an estimate of the total expenses of the issue/offer, including estimated expenses charged to the investor by the issuer or the offeror.</i>	The gross proceeds of the Offering to the Selling Shareholder will be approximately RON 888,428,426.35 (assuming that all the Offer Securities are sold at the Maximum Price). The total commissions, fees and expenses payable by the Selling Shareholder in connection with the Offering are expected to be between approximately RON 32.58 mn and RON 37.06 mn. The total net proceeds that the Selling Shareholder will receive from the Offering after deduction of commissions, fees and expenses will be approximately RON 851,368,426.35 (assuming that all the Offer Securities are sold at the Maximum Price). The Company will not receive any proceeds of the Offering. No commissions, fees or expenses in connection with the Offering will be charged to investors by the Company or the Selling Shareholder. The GDR Depositary will be entitled to charge certain fees to the Holders of GDRs.
E.2a	<i>Reasons for the offer, use of proceeds, estimated net amount of the proceeds.</i>	The Company will not receive any of the proceeds from the Offering from the Selling Shareholder. The Selling Shareholder will receive all the net proceeds from the sale of the Offer Securities.
E.3	<i>A description of the terms and conditions of the offer.</i>	The Offering is structured as an offering of Offer Securities: (1) in Romania to the public; (2) in the United States to certain qualified institutional buyers as defined in, and in reliance on, Rule 144A under the US Securities Act of 1933, as amended (the “ Securities Act ”); and (3) outside the United States

		in offshore transactions in reliance on Regulation S under the Securities Act. The Offering is split into three tranches (the “Offer Tranches”) as follows: (1) 10% of the Offer Securities (364,110,011 Shares (in the form of Offer Shares and Offer GDRs)) will be initially offered to any individuals or legal entities who do not meet the criteria to qualify as an Institutional Investor or Large Retail Investor (as defined below) (the “Small Retail Investors”) (the “Small Retail Tranche”); (2) 10% of the Offer Securities (364,110,011 Shares (in the form of Offer Shares and Offer GDRs)) will be initially offered to any individual or legal entity who does not meet the below criteria to qualify as an Institutional Investor and who cumulatively subscribes for at least 1,500,001 Offer Shares (the “Large Retail Investors”) (the “Large Retail Tranche”); and (3) the remaining Offer Securities (2,912,880,086 Shares (in the form of Offer Shares and Offer GDRs)) will be offered to (i) credit institutions, (ii) investment firms, (iii) undertakings for collective investments (collective investment schemes, investment companies and/or investment management companies), (iv) insurance companies, (v) pension funds and management companies of such funds, (vi) traders, (vii) trust companies, (viii) international financial institutions (IFIs), and (ix) other financial institutions, including depositary banks (the “Institutional Investors”) (the “Institutional Tranche”). The final size of each Offer Tranche will be decided by the Selling Shareholder in consultation with the Managers, based on the level of subscriptions, on the Allocation Date.
E.4	<i>A description of any interest that is material to the issue/offer including conflicting interests.</i>	Other than disclosed in B.6, there are no other interests (including conflicting interests) that are material to the Offering. Some of the Managers and/or their respective affiliates from time to time have provided in the past, and may provide in the future, investment banking, financial advisory and commercial banking services to the Group and the Selling Shareholder in the ordinary course of business for which they have received or may receive customary fees and commissions.
E.5	<i>Name of the person or entity offering to sell the security. Lock-up agreements: the parties involved; and indication of the period of the lock-up.</i>	Pursuant to the terms of the placing agreement between the Selling Shareholder and the Managers, dated on or around the date of this Prospectus (the “Placing Agreement”), the Selling Shareholder has agreed with the Managers that during the period from the date of the Placing Agreement until 360 days after the Closing Date it will not, without the prior written consent of the Managers: (a) issue, offer, sell, lend, mortgage, assign, pledge, charge, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of, directly or indirectly, any Shares or any securities convertible or exchangeable into or exercisable for, or substantially similar to, any Shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the underlying securities, including equity swaps, forward sales and options or global depositary receipts representing the right to receive any such securities; or (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of any Shares; or (c) enter into any transaction with the same economic effect as, or

		agree to, or publicly announce any intention to enter into, any transaction described above, whether any such transaction described above is to be settled by delivery of Shares, GDRs or such other securities, in cash or otherwise. Pursuant to the terms of the agreement between the Company and the Managers, dated on or around the date of this Prospectus (the “Company Agreement”), the Company has agreed with the Managers that during the period from the date of the Company Agreement until 180 days after the Closing Date it will not, without the prior written consent of the Managers (such consent not to be unreasonably withheld): (a) issue, offer, sell, lend, mortgage, assign, pledge, charge, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of (or publicly announce any such action), directly or indirectly, any Shares or any securities convertible or exchangeable into or exercisable for, or substantially similar to, any Shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the underlying securities, including equity swaps, forward sales and options or global depositary receipts representing the right to receive any such securities; or (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of any Shares; or (c) enter into any transaction with the same economic effect as, or agree to, or publicly announce any intention to enter into, any transaction described above, whether any such transaction described above is to be settled by delivery of Shares, GDRs or such other securities, in cash or otherwise. In the case of the Company, the above restrictions will not apply to any increase in the Company’s share capital undertaken in accordance with Law no. 137/2002 (regarding certain measures for accelerating privatisations) and the privatisation agreement for the Company (“Privatisation Agreement”) as a result of an in-kind contribution by the Romanian State following the issuance of the relevant certificates ascertaining ownership rights over land to the Company. The Selling Shareholder has also agreed with the Managers that in the event that the shareholders of the Selling Shareholder pass a resolution or resolutions which requires the Selling Shareholder or Franklin Templeton International Services S.À R.L., in its capacity as sole director and alternative investment fund manager of the Selling Shareholder, to engage in an act or omission which would breach the terms of the Selling Shareholder's lock-up obligation described above, then the obligation shall be waived to the extent required to comply with such resolution and neither the Selling Shareholder nor the fund manager shall bear any liability to any party for acts or omissions in compliance with the resolution, provided that the Selling Shareholder and fund manager undertake not to propose such a resolution to the shareholders of the Selling Shareholder of its own free will. Pursuant to the terms of a lock-up letter from OMV, OMV has agreed that, in relation to any Shares held or acquired by OMV, neither it nor any person

		acting on its behalf will, from the date thereof until 180 days after the date of admission to trading of the GDRs on the London Stock Exchange, without the prior written consent of the Sole Global Coordinator (not to be unreasonably withheld): (i) offer, pledge, allot, sell, contract to sell, sell any option or contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares; or (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of Shares; or (iii) enter into any transaction with the same economic effect as, or agree to, or publicly announce any intention to enter into any transaction described above, whether any such transaction described in clauses (i) to (iii) above is to be settled by delivery of Shares, GDRs or such other securities, in cash or otherwise. The foregoing restrictions will automatically terminate on 30 April 2017, at the latest. The foregoing restrictions will not apply to OMV in connection with any Share transfers, capital measures (in particular any capital increase of the Company's share capital) or other actions and transactions undertaken on the basis of or in connection with the Privatisation Agreement and/or Law no. 137/2002 regarding certain measures for accelerating privatisations.
E.6	<i>The amount and percentage of immediate dilution resulting from the offer. In the case of a subscription offer to existing equity holders, the amount and percentage of immediate dilution if they do not subscribe to the new offer.</i>	Not applicable. No dilution of the existing shareholders will result from the Offering.
E.7	<i>Estimated expenses charged to the investor by the issuer or offeror.</i>	Not applicable. No commissions, fees or expenses in connection with the Offering will be charged to investors by the Company or the Selling Shareholder. The GDR Depositary will be entitled to charge certain fees to the Holders of GDRs.

RISK FACTORS

An investment in the Securities involves a high degree of risk. You should carefully consider the following information about these risks, together with the information contained elsewhere in this Prospectus, before deciding whether to invest in the Securities. Any of the following risks, individually or together, could have a material adverse effect on our business, financial condition and results of operations, and the trading price of the Securities, and you could lose all or part of your investment. We have described the risks and uncertainties that we believe are material, but these risks and uncertainties may not be the only ones we face. Additional risks and uncertainties, including those of which we are currently not aware or which we deem immaterial, could have the effects set forth above. Prospective investors should be aware that the value of the Securities and any income from them may fail to materialise or decline and that investors may lose all or part of their initial investment. Thus, potential investors should apply special care when assessing the risks involved and should decide, individually, if such an investment is appropriate considering these risks.

Risks Relating to Our Business and Industry

A decline in the prices of and/or the demand for crude oil, natural gas, petroleum products and electricity would have an adverse effect on our results of operations. Changes in expectations regarding future commodity prices may lead to impairments of our assets.

The demand for and prices of crude oil, natural gas, petroleum products and electricity depend on a variety of factors over which we have no control, including:

- global and regional economic and political developments, in particular in resource-producing regions such as the Middle East, including sanctions against certain oil exporting countries;
- international supply (including inventory levels) and demand;
- the level of consumer and industry demand;
- weather conditions and other environmental factors;
- the price, availability and attractiveness of alternative products;
- actions taken by governments;
- governmentally regulated supply and transmission tariffs for gas and power, storage tariffs for gas as well as transportation tariffs for crude oil;
- the impact of certain economic and political events;
- fluctuations in foreign currency exchange rates; and
- the influence of international cartels, such as the Organisation of the Petroleum Exporting Countries (“OPEC”), and oil-producing nations on production levels and prices.

Historically, international crude oil and natural gas prices have fluctuated widely. A mix of supply, demand and geopolitical factors contributed to the fluctuations. The rapid increase in US shale oil production, in the context of OPEC maintaining their production levels, led to an oversupply in the global markets, causing a price decline. Weak global demand and the slowdown in China, together with the rapid strengthening of the US dollar, added further downward pressure on oil prices. New extraction technologies have also had a major impact on the levels of supply of natural gas, particularly in the United States. There is a risk that the United States’ decision to lift the ban on natural gas exports, coupled with increased construction of liquefied natural gas (“LNG”) production facilities and export terminals and/or a proliferation of “fracking” technologies in

Europe and elsewhere could change the supply and demand balance for natural gas in Europe, and cause further declines in natural gas prices in the region. The price of oil declined significantly over the course of 2014 and 2015, with Brent prices falling from a peak of approximately USD 115/bbl in June 2014 to approximately USD 37/bbl at the end of 2015, with the average annual Brent crude price for 2015 declining by 47% compared to 2014. In the first half of 2016, Brent crude oil prices recovered somewhat to approximately USD 50/bbl as of 30 June 2016. However the average Brent crude oil price for the first half of 2016 was below that of the first half of 2015. While OPEC's recent agreement to limit production has led to an increase in crude oil prices, prices continue to remain significantly lower than their 2014 peak.

We entered into commodity hedging arrangements that partially limited our downside exposure to oil price fluctuations beginning in the third quarter of 2015 through the second quarter of 2016. We monetised at profit all outstanding collar Brent pricing hedges from the fourth quarter of 2015, through and including the second quarter of 2016, before their maturity. Currently we do not have commodity hedging arrangements in place that would limit our downside exposure to oil prices. Although we may enter into hedging arrangements in the future, depending on the evolution of oil price quotations (see *“Operating and Financial Review–Risk Management and Internal Control–Market Price Risk”*), a material decline in the price of crude oil or natural gas would have a material adverse effect on our results of operations and reserves estimates. Furthermore, lower crude oil and natural gas prices may also reduce the amount of oil and natural gas that we can produce economically or reduce the economic viability of projects that are planned or are in development.

Electricity prices, increasingly volatile in recent years, are also affected by factors that we do not control, including the level of consumer and industry demand, weather conditions, industry supply dynamics, and Romanian and EU-wide government policies, including various regulations around supply tariffs for electrical power and renewable energy policies and compensation schemes. Declines in prices of electricity could have a materially adverse effect on the viability and profitability of our electricity generating plants.

Furthermore, rapid material and/or sustained changes in oil, gas and petroleum product and electricity prices can impact the validity of the assumptions on which strategic decisions are based and, as a result, the ensuing actions derived from those decisions may no longer be appropriate. Price declines could prevent us from maintaining earnings and cash flows at a level sufficient to meet our targets and to fund our planned capital expenditure and distribute dividends, and may have a material adverse effect on our business, results of operations and financial condition.

Furthermore such changes in prices can also lead to lower estimated future cash flows and therefore to asset impairments that will adversely affect our consolidated income in the relevant period. We assess each asset or cash generating unit for each reporting period to determine whether any indication of impairment exists. When there is such an indication, 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 the value in use. The assessments require the use of different estimates and assumptions depending on the business, including planning assumptions on oil, gas, petroleum product and electricity prices. Long-term planning assumptions are critical to the valuation of assets. The decline in oil prices and market volatility in 2015 led to the review of our oil price assumptions for both the short and long term. These revised assumptions required impairments of production assets totalling RON 2,705 mn in 2015. If the market changes again, our commodity price assumptions may need to be further reduced, which could have a material adverse effect on our financial condition and may trigger further impairments of assets.

Our estimates of oil and natural gas reserves may vary significantly from the actual quantities of oil and gas reserves that may be recovered.

The standards prepared under the Petroleum Resources Management System (“PRMS”) approved by the Society of Petroleum Engineers and the World Petroleum Council, on the basis of which our own engineers

evaluated the probable reserves, take into account not only the probability that hydrocarbons are physically present in a given geological formation, but also the economic viability of recovering the reserves. The determination of economic viability includes such factors as exploration and drilling costs, ongoing production costs, transportation costs, prevailing prices for oil and natural gas and corresponding taxes and duties.

Estimating oil and natural gas reserves is a subjective process of estimating underground accumulations of oil and natural gas that cannot be measured in an exact manner. Estimates of the value and quantity of economically recoverable oil and natural gas reserves, production rates, net present value of future cash flows and the timing of development expenditures necessarily depend upon several factors, variables and assumptions, including:

- historical production from the area compared with production from other comparable producing areas;
- interpretation of geological and geophysical data regarding hydrocarbon resources;
- assumed effects of regulations adopted by governmental agencies;
- assumptions concerning future oil and natural gas prices;
- the availability and application of new technologies;
- cost of transportation and availability of transportation infrastructure;
- capital expenditures; and
- assumptions concerning future operating costs, development costs and remedial costs.

All reserves estimates are assessed in a standardised way and are audited regularly, but still contain a degree of subjective parameters. Each of the following items may differ materially from those assumed in estimating our reserves:

- the quantities and qualities of oil and natural gas that are ultimately recovered;
- the production, operating and transportation costs;
- the amount and timing of additional exploration and future development expenditures; and
- future oil and natural gas sales prices.

Actual production, revenues and expenditures with respect to reserves may vary from estimates, and the variances may be material. Many of the factors, assumptions and variables used in estimating reserves are beyond our control and may prove to be incorrect over time. Evaluations of reserves necessarily involve multiple uncertainties. The accuracy of any reserves evaluation depends on the quality of available information and oil and natural gas engineering and geological interpretation. Exploration drilling, interpretation and testing and production after the date of the estimates may require substantial upward or downward revisions in our reserves data. The estimation of reserves may also change because of acquisitions and disposals, new discoveries and extensions of existing fields as well as the application of improved recovery techniques.

Any significant shortfall in the actual quantities of oil and gas reserves that may be recovered compared to our current reserve estimates may have a material adverse effect on our business, results of operations and financial condition.

We must discover and/or acquire additional oil and gas reserves and redevelop our current reservoirs to sustain our current reserve and production levels.

Our future production is dependent on our success in finding and developing or acquiring additional proved oil and natural gas reserves, as the majority of our reserves consist of mature oil and gas fields in Romania. Our average reserve replacement ratio was 35% over the three years ended 31 December 2015.

While we continue to make significant investments in exploration and development activities, our capital expenditures decreased significantly in 2015 and 2016, as the decrease in oil prices led us to prioritise our investments. Our capital expenditures in the Upstream business segment amounted to RON 4,401 mn in 2013, RON 5,349 mn in 2014, RON 3,486 mn in 2015 and RON 1,064 mn in the six months ended 30 June 2016. As a result of the decreased investments in the Upstream business segment, we expect hydrocarbon production in 2016 to decrease by up to 4% compared to 2015 in the full-year average Group production. Decreased production, in turn, could have an impact on our integrated business model, as our operations in the Downstream Oil and Downstream Gas business segments are largely dependent on the supply of crude oil, NGL and natural gas produced by the Upstream business segment.

In addition, our exploration and development activities or efforts to purchase proved reserves may be unsuccessful, or our discoveries or purchases may continue to be insufficient to replenish our current reserves or even fail to replace them at the same rate as we have recently achieved. Increasing competition for access to opportunities globally is also contributing to the challenges of acquiring exploration licences, under which the Romanian Government grants us the right to explore, develop and extract hydrocarbons from fields in a defined area. See *“We face competition from other energy companies in all areas of our operations”*.

Our ability to replace our reserves, and, in turn, our future oil and gas production depends, in particular, on the success of large projects, such as exploring and extracting oil and gas from the deep-water sectors of the Neptun block in the Black Sea (**“Neptun Deep”**) through our partnership with ExxonMobil Exploration and Production Romania Limited (**“ExxonMobil”**), an affiliate of ExxonMobil Corporation. In connection with these projects, we face numerous challenges. These include uncertain geology and frontier conditions, as well as challenges imposed by technical, fiscal, regulatory and other requirements and conditions. Such obstacles may impair these projects and, in turn, adversely affect our ability to replace our reserves, and/or result in a higher than anticipated level of capital expenditure.

We also have a significant number of field redevelopment projects (**“FRDs”**) underway in our mature fields, which aim to improve oil and gas recovery rates and stabilise production levels in these fields. While we employ enhanced oil recovery and improved oil recovery technologies, and invest substantial capital and resources in these projects, there can be no assurance that all or any of these projects will be successful. If we fail to improve oil and gas recovery rates and stabilise production levels in our mature onshore fields, our production levels will decline at a more rapid pace than anticipated and our total recoverable reserve base may be adversely affected.

If we fail to replenish our reserves for any of the foregoing reasons, our oil and gas production will eventually decline as existing reservoirs are continuously depleted. A decline in production of oil and gas would have a material adverse effect on our business, results of operations and financial condition.

We must make significant capital expenditures in order to maintain our production levels and improve overall efficiency.

The majority of our reserves consists of mature oil and gas fields in Romania, with some of our onshore oil and gas fields in Romania having been in production for over 50 years. Accordingly, we must continuously invest in exploration and production in order to mitigate the decline in our existing commercial fields and develop new assets, particularly offshore. We invest in, among other things, FRDs, drilling and workover activities as well as exploration and appraisal activities. Although Upstream is the major focus of our capital expenditure programme, we also continue to make investments to maintain and improve the efficiency of our

operations in Downstream Oil and Downstream Gas and have significant planned capital expenditures for 2016.

We intend to fund our future capital expenditures primarily from cash flows generated by Group operations. However, there can be no assurance that we will be able to generate or, if necessary, raise sufficient additional funds to meet future capital expenditure requirements on commercially acceptable terms or at all. In response to the decline in oil prices, we reduced our capital expenditures in 2015 and 2016 through the prioritisation of investments, which we expect to contribute to a decline in production, as the reduced level of investment will not fully offset the natural decline of our mature hydrocarbon fields. Further, our capital expenditures may be higher than expected. To the extent cash flows from our operations are insufficient to fund our capital expenditure programme, our ability to fund our capital expenditures depends on many factors, including economic conditions generally, investor confidence in the crude oil and gas industry in Romania and in our business performance and regulatory developments.

Our inability to meet our capital expenditure requirements on time could result in unexpected costs and delays in relation to the implementation of our projects planned or in development, which could have a material adverse effect on our business, results of operations and financial condition.

The discovery of gas reserves in Neptun Deep may not be commercially viable.

Our long-term growth depends on our ability to discover and commercially exploit new reserves, including a promising opportunity in Neptun Deep. Our partnership with ExxonMobil completed a second exploration drilling campaign in Neptun Deep in January 2016. More detailed work is ongoing to determine if commercial development is viable. If commercial development proves to be viable, the final investment decision could be expected in approximately two years and first production could be achieved early next decade. Commercial development of gas reserves in Neptun Deep following a determination of viability would require significant investments, which would impact our cash flow and could divert resources from other projects. Commercial viability depends on a number of factors, such as the levels of reserves, the continued liberalisation of the gas market in Romania, international gas prices, the capabilities of the national transmission system (“NTS”) for gas and its interconnection with other gas transmission systems capable of bringing potential offshore gas onshore and to market, and a stable and predictable fiscal and regulatory environment. Our estimates of future natural gas demand, for example, could prove to be incorrect, which would impact the commercial viability of Neptun Deep. Failure of Neptun Deep to achieve commercial viability may have a material adverse effect on our business, results of operations and financial condition.

Our investments in projects with external partners may reduce our control over costs.

Certain projects in which we have an interest involve arrangements with external partners. For example, we act as the operator in deep onshore exploration activities in arrangements with multiple subsidiaries of the Repsol Group (“**Repsol**”). In addition, we are involved in offshore exploration activities with ExxonMobil and onshore exploration activities with Hunt Oil Company of Romania S.R.L. (“**Hunt Oil**”), with both of these partners acting as operators of the respective assets. As a result of such arrangements, we have limited ability to influence or control the operation or future development of these assets, including compliance with environmental, safety and other regulations, and the amount of capital expenditures that we will be required to contribute based on approved work programmes with respect to such properties. Moreover, we depend on our partners in such projects to fund their contractual share of capital expenditures. These limitations and our dependence on our partners in these projects could cause us to incur unexpected future costs and could have a material adverse effect on our business, results of operations and financial condition.

We rely on the services of contractors, including a competitor and majority state-owned monopolies, the availability of which cannot always be guaranteed on commercially reasonable terms or may be impeded (for any reason, including due to insolvency).

We rely on external contractors, partners and other suppliers to carry out certain of our activities. For example, our exploration activities rely on external contractors for the performance of seismic data acquisitions necessary to comply with the requirements of our licences (which in Romania are called “petroleum agreements”, under which we are granted petroleum concessions by the Romanian Government). Prospectiuni S.A. is currently the sole Romanian provider of seismic data acquisition services available to us and we depend on the availability of this provider to perform seismic surveys in our onshore exploration activities. Lack of availability or any failure in performance by this or other critical external contractors could have an adverse effect on our business, results of operations and financial condition.

In addition, we depend on third parties for the transportation, handling and storage of our oil and natural gas from the point of production to our refinery as well as to filling stations and customers. We depend on Conpet S.A. (“**Conpet**”), a majority state-owned company with a monopoly position in the market, for the transportation of our crude oil from our production fields and from the crude oil terminal at Constanta on the Black Sea to our refinery. We also rely on another majority state-owned monopoly, Oil Terminal S.A. (“**Oil Terminal**”), for handling our crude oil imports. Oil Terminal is the only Romanian company which specialises in loading and unloading of vessels and storage of crude oil and oil products at the Black Sea. Transport and handling prices are regulated by the National Agency for Mineral Resources of Romania (“**ANRM**”). However, there can be no assurance that Conpet or Oil Terminal will continue to provide oil transportation services or that the terms of such services will be commercially reasonable. Prices for natural gas and electricity are regulated by the National Regulatory Authority for Energy of Romania (“**ANRE**”).

We transport our natural gas through the NTS in Romania, which is responsible for gathering, transporting, dispatching and delivering substantially all natural gas supplies in Romania. The NTS for natural gas is operated by Transgaz S.A. (“**Transgaz**”), a majority state-owned company with a monopoly position in the market. In addition, we depend on Transelectrica S.A. (“**Transelectrica**”), which is the operator of the NTS for electricity, to transmit electricity generated at the Brazi power plant to end users. Transelectrica is also a majority state-owned company with a monopoly position in the market. There can be no assurance that the terms of our access to the NTS for natural gas or electricity will be commercially reasonable. Any action by Transgaz or Transelectrica to restrict our access to the respective NTS would likely result in a decrease in our production and sales and, consequently, could have a material adverse effect on our business, results of operations and financial condition.

We also depend on Romgaz S.A. (“**Romgaz**”), one of our competitors in the Romanian natural gas and electricity markets, for storage of our natural gas. Romgaz operates over 90% of the storage capacity in Romania. There can be no assurance that Romgaz will continue to provide us access to their storage facilities or that the terms of our access to their storage facilities will be commercially reasonable.

Although the services that Transgaz, Romgaz and Transelectrica provide are the subject of significant regulation, which, alongside the bilateral contracts we have signed with them, provides sound protection against this risk, any action by the foregoing parties to restrict our access to their transportation and storage facilities would likely result in a decrease in our production and sales and, consequently, could have a material adverse effect on our business, results of operations and financial condition.

In the Upstream business segment, we are also party to production enhancement contracts (“**PECs**”) with international companies that have expertise in unlocking the value in mature oil and gas assets. We are party to a 17-year PEC with PetroSantander Romania S.R.L. (“**PetroSantander**”) for six onshore fields in Arad, Romania (“**PEC Turnu**”) and a 15-year PEC with Expert Petroleum S.R.L. (“**Expert Petroleum**”) for 13 fields in Timiș, Romania (“**PEC Timiș**”). In addition, we were party to a 15-year PEC for seven fields in Țicleni, Romania (“**PEC Țicleni**”) with Petrofac Solutions & Facilities Support S.R.L. While we initially agreed to terminate PEC Țicleni in the first quarter of 2016, Expert Petroleum SPV SARL, a parent company of Expert Petroleum, acquired 100% of Petrofac Solutions & Facilities Support S.R.L.’s share capital in

August 2016 and will continue the extraction activities and related services under PEC Țicleni. Based on these PECs, we are the service beneficiary, sole titleholder of the licences and the owner of the production, whereas our counterparties are service providers that seek to rehabilitate, reactivate and enhance the hydrocarbons reserves within the abovementioned fields. The scope of work of PECs is the future development of the fields in order to maximise production while improving efficiency. However, there can be no assurance that our external contractors will be able to meet our objectives, and any failure to do so may have an adverse effect on our business, results of operations and financial condition.

We must obtain extensions of various phases of our licences for both onshore and offshore blocks to sustain short, medium and long-term investment plans for these blocks.

Our licences cover periods of up to 30 years, with the possibility of extending them by an additional period of up to 15 years. The extension of various phases of our licences is conditional upon fulfilment of certain requirements (including the completion of works programmes or the relinquishment of certain parts of the areas under concession, as the case may be) and must be duly justified from a technical, economic and legal perspective. In September 2014, the extension of the exploration licence for eight onshore fields and one offshore field was approved by government decision. However, there can be no assurance that other licences will be extended beyond their initial concession period (up to 30 years). Moreover, without the extension of various phases of the licences for both onshore and offshore blocks, we are not able to sustain short, medium and long-term investment plans with reference to these blocks. In addition, we may be unsuccessful in bidding for new concession periods once the initial concession period and any extension expire. Failure to obtain extensions of our licences or to win new concession periods could therefore have a material adverse effect on our business, results of operations and financial condition.

We face significant challenges in connection with our exploration and development activities due to the need to acquire rights of access to the surface of land to which we hold underground exploration and development rights.

Although we hold licences to explore and exploit oil and gas, such licences do not automatically confer rights of access to the surface of the land on which we seek to operate. Thus, we must negotiate with individual landowners in order to utilise our underground rights. In this regard, the landowner is obligated to enter into a contract. If we fail to reach an agreement with the landowner, the courts are empowered to issue an order fixing an amount of rent to be paid. The most significant difficulties we experience during this process are the lack of a well-developed central land registry in Romania, the emigration of landowners to other countries, unresolved inheritance issues regarding the land and the inability of some residents to produce evidence of legal ownership. The process is successful in most cases, but we may experience delays in our exploration, development and exploitation activities and incur costs above our estimates, which could have a material adverse effect on our business, results of operations and financial condition.

In Romania, we are limited in our ability to export domestically produced gas by the gas transport infrastructure.

Romanian gas transport infrastructure is insufficiently integrated with that of neighbouring countries, which inhibits our ability to export gas. Due to technical limitations, none of the six existing and potential interconnection points in the Romanian gas transport infrastructure permit significant exports. If the schedule in the ten-year network development plan published by Transgaz in 2015 is implemented in full, gas export capabilities would be available between 2018 and 2019. Transgaz is expected to update this plan in 2016. Nevertheless, if new capital expenditures by Transgaz increase the regulated asset base used by ANRE to determine the tariffs Transgaz is allowed to charge its customers, this may impair the competitiveness of capacity products at exit points by raising the transportation tariffs applicable at the respective point.

These circumstances, together with changing regional gas flows, declining gas consumption and required gas transport system upgrades, make conditions in the Romanian gas market unfavourable to developing significant export capability. Limited ability to export natural gas, combined with a potential excess of supply over domestic demand, may have an adverse effect on gas allocation management, portfolio optimisation, domestic gas prices and our business, results of operations and financial condition.

Our Downstream Gas business segment is dependent on its relationships with major customers.

Our Downstream Gas business segment is dependent on its relationships with major commercial and industrial customers. In particular, our sales of natural gas largely depend on the demand for gas from the Romanian power generation sector and from energy intensive industries, such as the fertilizer business.

A material reduction in our gas supplies to major customers may have a material adverse effect on our business, results of operations, financial condition and prospects if we are unable to timely secure other customers on contractual terms similar to, or more beneficial than, those currently in place with our major customers.

Concentration among our customers also affects our overall credit risk to the extent such customers are affected by changes in industry-specific economics or other more general economic conditions. The inability of one or more of our significant customers to meet their obligations to us or our inability to further diversify our customer base could have a material adverse effect on our business, results of operations, financial condition and prospects.

Our revenues and results of operations are subject to climatic conditions and seasonal variations.

Consumption of natural gas, electricity, heat and certain oil products is seasonal and is significantly affected by climatic conditions. In Romania, natural gas consumption is generally higher during the cold winter months. Electricity consumption is also generally higher during winter as a supplementary measure to produce heat and due to fewer daylight hours and the need for more artificial lighting. However, during very hot summer periods, the increased usage of air cooling systems can also significantly increase electricity consumption. Natural gas sales and electricity generation may also be significantly affected by climatic conditions in Romania, such as unusually hot or cold temperatures. Consequently, our income reflects the seasonal character of the demand for natural gas and electricity, and may be adversely affected by significant variations in climatic conditions. Further, due to certain weather conditions (e.g., cold winters) we may be required to increase gas availability, which may affect our ongoing electricity contracts for our Brazi power plant and potentially expose us to contractual penalties, cause us to lose customers if we are unable to fulfil our contractual obligations, or result in us needing to acquire gas or electricity from the spot market at higher and potentially uneconomical prices in order to fulfil the contractual obligations. Moreover, we may need to compensate for a reduction in the availability of natural gas produced or electricity generated by economic means or by using other means with higher production or generation costs.

Furthermore, our operations, particularly offshore production of oil and natural gas, are exposed to extreme weather that can result in material disruption to our operations and consequent loss or damage of properties and facilities, which may not be entirely covered by insurance. Accordingly, changing or adverse weather conditions may have a material adverse effect on our business, results of operations and financial condition.

We face competition from other energy companies in all areas of our operations.

We are under competitive pressure in virtually all parts of our business. Our competitors include multinational, well-established oil and gas companies with significantly greater financial resources and international operating experience than we have. These companies may be able to pay more for exploration prospects, licences, productive oil and gas properties and retail and non-retail assets, and to generally make larger investments than we can.

In the Upstream business segment, we face competition with regard to obtaining exploration and development licences and obtaining rights to properties. In the Downstream Oil business segment, our refining operations compete with other domestic refineries, such as those owned by Rompetrol and LukOil, as well as with imported petroleum products. In our petroleum product sales channels in South-Eastern Europe, comprising Romania, Bulgaria, the Republic of Moldova and Serbia (“**South-Eastern Europe**”), we also operate in a highly competitive environment, which includes Rompetrol, Lukoil, Mol and others. In the Downstream Gas business segment, we compete primarily with Romgaz, E.ON and Engie (formerly GDF Suez Energy Romania) for the supply of gas, and with others for the production and supply of electricity. In the power market, fundamental changes have led to a difficult environment for gas-fired power plants. Due to the increase in installed renewable capacities in recent years and hydro-power production, gas-fired power plants, such as our Brazi power plant, have had difficulties entering the market. As a result, competition across all of the markets in which we operate may materially adversely affect our business, results of operations and financial condition.

A decline in our refining margins would negatively affect our results of operations.

The operating results of our refining business depend largely on the spread, or margin, between prices we can obtain in the market for our refined petroleum products and the market value of our equity crude oil and the price we pay for other feedstocks. The market value of the feedstocks and the prices at which we can ultimately sell refined products depend on a variety of factors beyond our control. Our refining margins have fluctuated, and will continue to fluctuate, due to numerous factors, including:

- changes in operating capacity of refineries in Romania and the rest of the world;
- changes in the differentials between different quality crude oil prices on international markets;
- changes in operating costs or cost of inputs, including energy;
- changes in the supply of refined petroleum products, including imports;
- variations in demand for crude oil and refined products in the markets served as well as global markets; and
- changes in environmental or other regulations, which could require us to make substantial expenditures without necessarily increasing the capacity or operating efficiency of our refinery.

Although an increase or decrease in the price of crude oil generally results in a corresponding increase or decrease in the price of the majority of refined products, changes in the prices of refined products generally lag behind upward and downward changes in crude oil prices. As a result, a rapid and significant increase in the market price for crude oil has an adverse impact on refining margins. Furthermore, the movements in the price of crude oil and refining margins may not correlate at any given time. Any decline in refining margins may have a material adverse effect on our business, results of operations and financial condition.

Failure to meet product quality standards may have material adverse effects on our business.

Our Downstream Oil operations must meet stringent regulatory standards on the quality of refined products that we produce. Accordingly, meeting these quality standards is critical to maintaining our licence to operate and our reputation in the marketplace. Failure to meet product quality standards throughout the value chain could lead to regulatory penalties, including suspension of the relevant licences or fines, could harm people and the environment and result in loss of customers, and, consequently, may have a material adverse effect on our business, results of operations and financial condition.

In addition, our ability to transport natural gas is subject to meeting specified quality standards, as Transgaz may reject natural gas with excess quantities of water and other liquids for transportation through its

pipelines. Our inability to meet the requisite technical parameters of natural gas that we produce could, therefore, have an adverse impact on our business, results of operations and financial condition.

We are subject to operational risks relating to the exploration, development, production, transportation, storage, sale and trading of oil and gas, crude refining and processing and power generation, and our insurance policies may not cover all of these risks.

Oil, gas and power activities involve significant hazards. Our assets and/or operations are subject to risks generally relating to the exploration for and production of oil and gas, including blowouts, fires, equipment failure, tanker accidents, damage or destruction of key assets and other risks that can result in personal injuries, loss of life and property and environmental damage, caused by a number of natural and man-made acts or disasters such as acts of terrorism, human error, acts of theft or vandalism, adverse weather conditions, earthquakes or other natural disasters and force majeure events. Offshore operations, in particular, are subject to a wide range of hazards, including capsizing, collision, bad weather and environmental pollution.

In addition, our operation of gas transportation and compression facilities, refinery and petrochemical complexes, oil pipeline systems, storage and loading facilities, chemical facilities and power plants subjects us to the risks generally relating to such operations. In certain circumstances, our insurance may not cover or may not be adequate to cover the consequences of such events, or insurance coverage may not be available. Moreover, we may not be able to maintain adequate insurance in the future at rates that we consider reasonable. The occurrence of any event that is not fully covered by insurance could have a material adverse effect on our business, results of operations and financial condition.

Ageing infrastructure in our operations and operational incidents may lead to decreased efficiency as well as accidents, spills, leaks and other contamination.

Much of our infrastructure is between 40 and 60 years old and we are regularly faced with issues that result from ageing infrastructure in our 13,400 km of pipelines/flowlines and more than 700 Upstream surface facilities of varying types. These facilities, equipment and infrastructure are subject to gradual deterioration over time and require regular inspection, maintenance, modernisation and redevelopment. To ensure the integrity of our surface operations, we have implemented a risk-based inspection and pipeline integrity programme to support the ongoing planned maintenance programme. However, there can be no assurance that these programmes will prove sufficient and the condition of our facilities, equipment and infrastructure may continue to deteriorate. This could, in turn, lead to lower operational efficiency, increased costs and increased rates of industrial accidents, spills, leaks and other contamination.

In particular, despite our maintenance programmes, we continue to experience a significant number of spills and leaks. Some of our real estate along with adjacent properties and rivers has been classified by the authorities as potentially contaminated and there may be other contamination of which we are currently unaware. Spills, leaks and other contamination resulting from ageing infrastructure and improper waste management may result in substantial fines, environmental decommissioning and restoration costs and could cause damage to communities and our reputation. Such incidents could also expose us to significant liability to third parties.

In addition, spills, leaks and contamination can result from operational incidents, and may be particularly severe in the case of offshore drilling, as shown by BP's Deepwater Horizon rig accident and the resulting oil spill in the Gulf of Mexico in April 2010. We have interests in various offshore drilling projects in the Black Sea, for some of which we act as the operator. Offshore resources have a high-risk, high-reward profile, and operational incidents may result in significant environmental contamination or substantial financial and reputational damages. In addition, international regulations and the cost of insurance may increase as a result of an accident, and offshore operations could become more difficult and expensive in the future. This would have a material adverse effect on our business, results of operations and financial condition.

Inadequate contingency plans or crisis management may have a material adverse effect on our business.

Although we have contingency plans in place, we may encounter unexpected disruptions. Inability to restore or replace critical capacity to the level necessary to meet our contractual obligations in a timely manner would prolong and exacerbate the impact of any disruption. Similarly, crisis management plans and capability are essential to deal with emergencies at every level of our operations and to respond in an appropriate manner to either an external or internal crisis. There can be no assurance that our contingency and crisis management plans will prove to be effective. Inadequacies in this regard could have a material adverse effect on our business, results of operations and financial condition.

Our refined petroleum products production relies on a single refinery and our power production largely depends on a single conventional power plant.

Our crude oil is processed into refined petroleum products such as gasoline, diesel and jet fuel at the Petrobrazi refinery and we generate power at the Brazi power plant. We do not have other refining facilities or power plants that would be able to compensate for reduced refining or power generation capacity in the event of a shutdown at the Petrobrazi refinery or the Brazi power plant. If we were to experience a scheduled or unscheduled shutdown of the Petrobrazi refinery or the Brazi power plant, either in whole or in part, due to maintenance, operational accident, act of terrorism or for other reasons, we would be unable to supply our own refined petroleum products to customers through our Downstream Oil business segment or power through our Downstream Gas business segment.

While we would be in a position to supply refined products supplied by third parties through our sales channels, these tend to be less profitable. Although we carry business interruption insurance in respect of the Petrobrazi refinery and the Brazi power plant and for some of the cases we can suspend our delivery obligations (such as in cases of force majeure), this may be insufficient to cover our loss. Therefore any interruption in refining operations at the Petrobrazi refinery or power generation at the Brazi power plant could have a material adverse effect on our business, results of operations and financial condition.

Government intervention and regulation may have a material adverse effect on our business.

The oil and gas industry is subject to regulation and intervention by governments, in particular, in matters such as the award of exploration and production interests, restrictions on production and exports, control over the development and abandonment of fields and installations, nationalisation or renationalisation of assets, imposition of specific drilling obligations, environmental and health and safety protection controls, and other risks relating to changes in local government regimes and policies. In addition, according to Romanian regulations, oil and gas producers are obliged by law to have certain volumes of crude and petroleum products as well as gas in storage in order to ensure the security of supply. A change in regulation or the level of intervention in the countries in which we operate or distribute our products, or our failure to comply with existing regulations, could result in substantial costs and liabilities towards third parties and governmental authorities or the environment and may have a material adverse effect on our business, results of operations and financial condition.

In Romania, the gas and power markets and their regulatory frameworks are undergoing continuous changes. The liberalisation of these markets has progressed, with that of non-households already completed. According to the official calendar, liberalisation for households is to be finalised at the end of 2017 in the power market and by June 2021 in the gas market. However, the regulated gas price increase scheduled for 1 July 2016 has been suspended. Furthermore, according to current regulations, all gas producers are legally required to sell approximately one-third of the natural gas production for the free market on Romania's centralised markets operated by Opcom S.A. ("**Opcom**"), a subsidiary of Transelectrica, and the Bucharest Commodity Exchange ("**BRM**"). This obligation should steadily decrease until the end of 2018. However, the Government is

considering amendments to Energy Law no. 123/2012, which would affect the regulated gas market and the obligation to sell gas on centralised trading platforms. According to the draft emergency ordinance amending Energy Law no. 123/2012, starting 1 October 2016 and until 31 December 2016, all gas producers are legally required to sell 5% of the gas quantities contracted during the respective period on Opcom. For the period from 1 January 2017 to 31 December 2021, the obligation is increased to 40% of the natural gas produced and supplied during each calendar year.

In 2014, we were the first company to sell natural gas on the Romanian centralised market, which demonstrates our openness to utilising this additional sales channel, particularly once its liquidity increases and prices reflect sound market fundamentals. Despite having offered significant quantities of natural gas through this channel, due to insufficient liquidity in these centralised markets we were able to sell only part of the required quantity, leading to our subsidiary, OMV Petrom Gas S.R.L., being fined RON 75,000 in April 2015, which was later reduced to RON 25,000 due to timely payment. For the same reasons, we did not fulfil this obligation in 2015 and there is a risk that we will continue to be unable to meet this requirement in the future and may incur additional fines as a result. The regulatory changes mentioned above also envisage a significant increase in the fines, ranging from 1% to 3% of the annual turnover of the company failing to meet the obligation.

In addition, we have to comply with conditions stipulated in licences, such as operating permits. For example, we hold a licence for the commercial operation of power production facilities. Breach of our obligations under the licence could result in suspension or, if the breach is not remedied, withdrawal of the licence. Our failure to comply with material conditions might lead to governmental intervention. Any violations of material conditions may therefore have a material adverse effect on our business, results of operations and financial condition.

Our activities are subject to antitrust and competition laws and regulations and we may be subject to antitrust proceedings or additional new regulations.

As the largest vertically integrated oil and gas producer in South-Eastern Europe, our activities are subject to antitrust and competition laws and regulations in the countries in which we operate. Antitrust and competition proceedings, if determined adversely, generally lead to significant fines, penalties or other adverse consequences. Furthermore, based on the findings of antitrust proceedings, plaintiffs could seek compensation for any damages as a result of alleged anticompetitive business practices on our part.

For example, in 2011, fines of RON 367 mn and RON 137 mn, respectively, were imposed on us and our wholly-owned subsidiary, OMV Petrom Marketing S.R.L., by the Romanian Competition Council (the “**Competition Council**”) for participating in an agreement together with other oil companies to withdraw Eco premium gasoline from the market in 2008. We and OMV Petrom Marketing S.R.L. have already paid the fines in full. The Company challenged the decision with the Bucharest Court of Appeal, which claim was denied in November 2013. Thereafter, the Company filed a recourse (second degree appeal). The High Court of Cassation and Justice admitted our recourse (second degree appeal) on 21 April 2016 and decided to partially annul the Competition Council decision, reducing the fine applied to us from RON 367 mn to RON 298 mn. The decision is final.

OMV Petrom Marketing S.R.L. challenged the decision with the Bucharest Court of Appeal, which claim was denied in September 2013. Thereafter, OMV Petrom Marketing S.R.L. filed recourse (second degree appeal). On 23 March 2016, the High Court of Cassation and Justice admitted OMV Petrom Marketing S.R.L.’s recourse (second degree appeal) and decided to partially annul the Competition Council decision, reducing the fine applied to OMV Petrom Marketing S.R.L. from RON 137 mn to RON 110 mn. This decision is also final.

On 18 January 2016 and 25 February 2016, the Bulgarian Commission for Protection of Competition announced the initiation of two investigations into the infringement of competition rules on the fuel market. OMV Bulgaria OOD, in which the Company holds a 99.90% share, is, among other major fuel retailers in the Bulgarian market, subject to these investigations. 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. Several requests for information were received from the competition authority and an unannounced inspection was carried out on 25 April 2016 at the OMV Bulgaria OOD headquarters. At the date of this Prospectus, the outcome of the investigations could not be evaluated and no provision has been recorded in this respect.

Furthermore, between 6 and 10 June 2016, officials of the European Commission carried out unannounced inspections at our premises and at the premises of several other companies active in the production and transport of natural gas in Romania. The European Commission through its press release dated 7 June 2016 has expressed concerns that the companies involved may have violated EU antitrust rules that prohibit cartels and restrictive business practices and/or the abuse of a dominant market position (Articles 101 and 102 respectively of the Treaty on the Functioning of the European Union) and that it is currently analysing potential anticompetitive practices in the transmission and supply of natural gas in Romania, in particular relating to suspected anticompetitive behaviour aimed at hindering natural gas exports from Romania to other Member States. The European Commission officials were accompanied by their counterparts from the Competition Council. During the inspection the officials requested access to certain information and documents related to our business. We have not been informed about any further developments and we are not aware of any investigation being initiated against OMV Petrom, however we will continue to provide information when and if so requested by the European Commission.

These ongoing investigations and inquiries, as well as other antitrust and competition proceedings to which we may be subject in the future, may have a material adverse effect on our business, results of operations and financial condition.

We are exposed to changes in the taxes, tariffs and royalties imposed on our operations in the countries in which we operate.

We are subject to corporate taxes, energy taxes, petroleum revenue taxes, royalties, customs surcharges and excise duties, among other obligations, in the countries in which we operate, each of which may affect our sales and earnings. In particular, we are exposed to recent changes in the royalty and tax regimes applicable to the activity of oil and gas production in Romania following the expiration in December 2014 of certain legal provisions that provided fiscal and regulatory stability. This stability was provided through, *inter alia*, the Petrom Privatisation Law no. 555/2004, the privatisation agreement for the Company (the “**Privatisation Agreement**”) and the Fiscal Code, and continues to be provided through the individual concession agreements, the Petroleum Law and Emergency Government Ordinance 160/1999.

Government officials have announced their intent to reform the royalty and tax system applicable to the upstream oil and gas industry. According to public statements of Romanian Government officials, the new taxation system would be enacted during 2016 and come into effect on 1 January 2017, which should include a supplementary tax on upstream profits. Nevertheless, no draft law has been made available for public consultation as of the date of this Prospectus. As announced by Romanian Government officials, further developments are expected with respect to upstream oil and gas taxation, with consultations expected to take place before new measures are applied.

In addition, in February 2013, two additional temporary taxes were introduced: the tax on additional revenues from gas price liberalisation (the “**Tax on Additional Gas Revenues**”) and the tax on sales from exploitation of natural resources other than gas (the “**Special Tax on Oil Exploitation**”). The Tax on Additional Gas Revenues amounts to 60% of additional revenues minus certain qualifying expenses and royalties

corresponding to such revenues. The Special Tax on Oil Exploitation amounts to 0.5% of a revenue base assessed depending on certain factors. Initially, these taxes were scheduled to be applied until the end of 2014, but their application was extended until the end of 2016. We are exposed to the risk of adverse changes in these two taxes, including their possible extension beyond 2016.

Furthermore, a new tax was introduced as of 1 January 2014 on the gross book value of constructions owned by the Company at a rate of 1.5% annually (the “**Construction Tax**”). The introduction of this new tax created uncertainty with regard to its applicability and implementation mechanism, as well as the general trend of increasing taxes and duties applicable to the energy sector. With effect from January 2015, the tax rate was lowered to 1% and constructions located in the Exclusive Economic Zone beyond Romania’s borders are exempt from the application of such tax. The Construction Tax remained at 1% for 2016 and is expected to be repealed starting 1 January 2017 under the current Romanian Fiscal Code. However, we are also exposed to the risk of adverse changes in the Construction Tax, including its possible extension beyond 2016. Changes in tax laws (such as the Tax on Additional Gas Revenues, the Special Tax on Oil Exploitation, the Construction Tax and the level of oil royalties we are required to pay) may have a material adverse effect on our business, results of operations and financial condition.

We are subject to frequent inspections by fiscal authorities.

We are among the largest tax contributors in Romania. Our business is complex and our operations are subject to a series of regulatory permits, authorizations, approvals and other clearances from a large number of authorities. Consequently, we are frequently subject to inspections by various regulatory and supervisory authorities, including tax authorities.

At the beginning of 2015, the tax authorities imposed on the Company a supplementary amount of RON 142 mn for the years 2009 – 2010 (representing less than 1% of the total amount of taxes paid by the Company for the mentioned period), plus ancillaries, representing additional amounts allegedly owed by us to the state budget as a result of the re-assessment by the tax authorities of the factual situation. In addition, the fiscal authorities determined supplementary amounts to be paid also for the period 2007, 2008, 2011 and 2012. The Company paid all the additional amounts calculated by the tax authorities for the years 2007 – 2012, in total value of RON 413 mn (including all ancillaries).

The Company challenged entirely the amounts requested for the period 2007 – 2012 following this fiscal inspection and challenged the solutions granted by the fiscal authority in the administrative appeal via two court actions which are currently pending: a court action registered under no. 3042/2/2016 at the Bucharest Court of Appeal (with first hearings in October 2016) and a court action registered under no. 8063/2/2015 at the Bucharest Court of Appeal (rejected in the first instance in July 2016).

Following media coverage around this topic, the Company provided certain information concerning this subject matter to the Romanian FSA. As of the date of this Prospectus, the Company received only an information request filed by the prosecutor’s office and did not receive any accusation or indictment related to this matter.

We may be subject to further inspections by tax authorities with potentially unpredictable consequences for us (including fines, payments, impositions of additional amounts following reassessment of various expenditures and deductions and referral of certain matters, according to the regular practice of the tax authorities, to other authorities such as the prosecutor’s office), which could have a material adverse effect on our business, results of operations and financial condition.

We have the obligation to abide by laws on sectoral procurement.

We are required to apply sectoral procurement provisions because (i) we conduct a relevant activity such as exploitation of a geographical area for the purpose of extracting oil and natural gas and (ii) the relevant

activity is conducted based on special or exclusive rights which are established in the concession agreements granted further to tenders. Thus, we have to apply sectoral procurement provisions when awarding contracts or framework agreements for the purpose of performing the relevant activity. Failure to observe applicable sectoral procurement rules could lead to fines from the competent authorities and to the risk that the contracts/framework agreements concluded without the observance of the sectoral procurement rules are held to be null and void by a court of law. In the event that any of these fines or the null and voided contracts/framework agreements are significant, this could have a material adverse effect on our business, results of operations, financial condition or prospects.

Besides the benefits resulting from increased transparency and opening of the market due to sectoral procurement procedures, the application of sectoral procurement rules, in certain instances, may restrict our ability to have stricter supplier requirements and this may have an adverse effect on our business, results of operations and financial condition.

We are subject to stringent environmental, health and safety regulations, which result in costs relating to compliance and remediation.

Our operations are subject to numerous and increasingly stringent laws and regulations relating to the protection of human health and safety and the environment, including, for example, those relating to emissions and waste treatment and disposal. In addition, we are generally required to obtain and comply with permits or licences for those operations which cause emissions or discharge of pollutants and for the handling of hazardous substances or waste treatment and disposal. Failure to comply with environmental laws could result in substantial costs and liabilities vis-à-vis third parties or governmental authorities, as well as the closure of non-compliant facilities. As environmental laws and regulations become more stringent, the amount and timing of future expenditures required to maintain substantial compliance could vary materially from their current levels and could adversely affect the availability of funds for capital expenditures and other purposes.

There is growing public concern in the European Union and globally that rising greenhouse gas (“GHG”) emissions and climate change may significantly affect the environment and have a corresponding negative social impact. Such concern could adversely affect our business by resulting, for example, in the introduction of stricter GHG emissions regulations, carbon allowance pricing or tax mechanisms that increase our operating costs, affect product sales and reduce profitability. If such regulatory measures are enacted, they could have a material adverse effect on our business, results of operations and financial condition.

We have made, and will continue to make, substantial expenditures to comply with environmental laws and regulations. To the extent that the cost of compliance increases and we cannot pass on future increases to our customers, such increases may have an adverse effect on our business, results of operations and financial condition.

Provisions for decommissioning costs are only estimates and may vary significantly from actual decommissioning costs; unplanned costs could divert resources from other projects.

Our core activities regularly give rise to dismantling and removal, asset retirement and soil remediation obligations. These decommissioning and restoration obligations are mainly of material importance in the Upstream business segment (oil and gas wells and above-ground facilities). Dismantling and removing these facilities and the associated costs are often referred to as “decommissioning”. At the time the obligation arises, it is provided for in full by recognising the present value of future decommissioning and restoration expenses as a liability. The obligation is calculated based on best estimates and is recalculated yearly. Our provisions for decommissioning and restoration obligations had a net present value of RON 8,305 mn as at 31 December 2015 and RON 8,336 mn as at 30 June 2016. Actual future 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 experiences at other production sites and changes in the discount rate assumptions. 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.

We may not obtain reimbursement from the Romanian State for costs incurred by us for remediation of historical pollution.

Under the Privatisation Agreement, OMV Aktiengesellschaft (“OMV”) is entitled to request the Romanian State to reimburse us, subject to fulfilment of certain requirements, for a part of the decommissioning and environmental costs incurred by us to restore and clean up areas pertaining to activities prior to the Company’s privatisation in 2004. As at 30 June 2016, we have recorded a receivable from the Romanian State for estimated decommissioning and environmental obligations having a net present value of RON 2,616 mn, as these existed prior to our privatisation. Furthermore, in April 2016, OMV submitted to the Romanian State a notice of dispute regarding certain notices of claims unpaid by the Romanian State in relation to certain well decommissioning and environmental restoration obligations amounting to approximately RON 153 mn. Starting with the serving of the notice of dispute, based on the Privatisation Agreement, OMV and the Romanian State have 180 days to amicably resolve this dispute. If amicable resolution fails, OMV may initiate arbitration proceedings against the Romanian State, in accordance with the ICC Rules, in Paris, France. Failure by the Romanian State to pay such costs would have a material adverse effect on our business, results of operations and financial condition. In addition, these procedures could give rise to conflicts between OMV and the Romanian State in its capacity as one of our other major shareholders, which may have an impact on our ability to take corporate actions on matters requiring shareholder approval.

Failure to execute management’s business strategy may lead to higher costs and lower revenue.

We believe that our strategy and investment projects will lead to operational cost savings and additional revenues. We have made detailed plans in order to ensure the successful implementation of our strategy and investment plan. Implementation of the proposed investment projects may be complex. There is a risk that the expected synergies and the projected operational cost savings and additional revenues will not be realised, or may be lower than have been estimated. If this occurs, it may have a material adverse effect on our business, results of operations and financial condition.

Employees’ or business partners’ misconduct, theft or other incidents of unethical or corrupt conduct could be damaging to our reputation and have other negative effects on our business.

Our reputation is critical to our ability to maintain our licences to operate and secure new resources. Our code of conduct defines our commitment to integrity, compliance with all applicable legal requirements, ethical standards and the behaviours and actions we expect of our business partners and employees. Nevertheless, we face the risk of employee misconduct, including unethical conduct or corrupt actions or non-compliance with applicable laws and regulations or our code of conduct, which could be damaging to our reputation and shareholder value.

For example, we have experienced incidences of product theft and scrap iron theft, sometimes committed by our own employees. Although these actions are subject to criminal charges, they could result in damage to our reputation, negative publicity or other negative consequences. Furthermore, misconduct by our business partners, over whom we have no control, could also damage our reputation.

Multiple events of non-compliance with codes of conduct, anti-corruption laws or other applicable laws could call into question the integrity of our operations and may have a material adverse effect on our business, results of operations and financial condition.

We have been the subject of various political debates, which could have an adverse effect on our reputation.

The energy field in which we operate is a regulated and politically sensitive area. We are therefore highly exposed to changes in the Romanian political and regulatory environment. We, and in particular the process through which we were privatised and the level of royalties we pay for our concessions in Romania, have been the subject of debates within opposing political parties. While the legality of the privatisation process has not been questioned and none of our current or former management have been involved in any investigation regarding the privatisation process, such political debates may have a detrimental effect on our reputation, which in turn could materially adversely affect our business, results of operations and financial condition.

We may experience operational and technological problems which may delay or hinder the progress of ongoing and planned projects.

We develop our business in part through investments in projects designed to improve our competitive position, such as upgrading various facilities. We or our partners may experience operational, political, technological or other problems beyond our control, which may delay or hinder the progress of our projects and lead to increased costs, and consequently may have a material adverse effect on our business, results of operations and financial condition.

Shortcomings or failures in our systems, risk management, internal controls processes or personnel could lead to disruption of our business.

In the normal course of business, we are subject to operational risk related to our treasury and trading activities. Controls over these activities are dependent on our ability to process, manage and monitor a large number of complex transactions across many markets and currencies. Shortcomings or failures in our systems, risk management, internal controls processes or personnel could lead to disruption of our business, financial loss, regulatory intervention or damage to our reputation and may have a material adverse effect on our business, results of operations and financial condition.

Major disruption of our information technology systems may have a material adverse effect on our business.

Our activities are increasingly dependent on sophisticated information technology (“IT”) systems. IT systems are vulnerable to a number of problems, such as software or hardware malfunctions, malicious hacking, physical damage to vital IT centres and computer virus infection. IT systems need regular upgrading to meet the needs of changing business and regulatory requirements and to keep pace with the requirements of our existing operations and possible expansion into new markets. We may not be able to implement necessary upgrades on a timely basis, and upgrades may fail to function as planned. Consequently, any major disruption of our existing IT systems may have a material adverse effect on our business, results of operations and financial condition.

We are dependent on our management and key personnel.

Our future success depends to a significant extent upon the leadership and performance of the members of our senior management as well as certain other key employees, particularly skilled technical personnel. We may not be able to retain our executive officers and key personnel or attract additional qualified members to our management team in the future. The loss of any members of our senior management and changes in management more generally may lead to changes in our strategy or a failure to execute our current strategic plans, which could have a material adverse effect on our business, results of operations and financial condition.

In addition, highly skilled technical employees are critical to our success because of their impact on business continuity, safety and environment, operational performance, customer delivery and corporate reputation. Highly skilled technical employees have qualified and experienced leadership, technical authority roles, and oil and gas engineers. Certain technical roles require highly skilled employees in specific technical disciplines to assure asset integrity for various technical areas. Competition in the oil and gas industry for such personnel is intense. There can be no assurance that we will be able to retain our highly skilled technical employees or replace those who chose to leave us for competitors. Even if we are able to replace employees who leave, it typically takes time and resources to train new employees and for these new employees to become effective in a new organisation. Accordingly, if we fail to retain our skilled technical employees and to otherwise manage our personnel needs, our operational efficiency and performance could suffer, which could have a material adverse effect on our business, results of operations and financial condition.

Increases in labour costs in Romania may reduce our profit margins.

Labour costs in Romania have historically been lower than labour costs in the more economically developed countries of North America and Europe for similarly skilled employees. However, if labour costs were to increase in Romania, and, in particular, if wages in the oil and gas sector were to experience sustained increases, this could result in a reduction in our profit margins and/or affect our ability to finance our capital expenditures and other expenditures. Unless we are able to increase the efficiency and productivity of our employees, sustained increases in labour costs could have a material adverse effect on our business, results of operations and financial condition.

A strike or other labour disruption may have a material adverse effect on our business.

A substantial number of our employees are represented by labour unions. Our strategy to reduce costs and improve production efficiencies may include the reduction of our workforce. In the event that agreements cannot be reached with labour unions for the method in which the workforce reduction occurs, this part of management strategy may fail, could be impaired by strikes, threats of strikes or other resistance or work stoppages, which could have a material adverse effect on our business, results of operations and financial condition.

The covenants contained in our financing arrangements may limit our financial and operating flexibility.

Our financing arrangements contain covenants, including maximum leverage ratios, minimum net worth and maximum indebtedness of the Company and/or its subsidiaries. These covenants could limit our ability to finance our future operations and capital needs and our ability to pursue certain business activities that may be in our interest.

If the Company and/or its subsidiaries that are parties to the relevant agreement breach the applicable covenants and are unable to cure the breach within the given remedy period or obtain a waiver from the lenders, we could be in default under the terms of such arrangement. A default under any single financing arrangement could result in a default under other financing arrangements and could cause lenders under such other arrangements to accelerate all amounts due under such financing arrangements. In addition, in an event of default, the lenders under our credit lines could terminate their commitments to extend credit, cease making loans, or institute foreclosure proceedings, and we could be forced into bankruptcy or liquidation. This would have an immediate material adverse effect on our liquidity and may have a material adverse effect on our business, results of operations and financial condition.

Movements in foreign currency exchange rates can have a material adverse effect on our results of operations and financial condition.

Our operations, in particular the Upstream business, the distribution of refined petroleum products, and part of our financing activities (loans) are exposed to fluctuations in currencies, in particular the USD and EUR. Certain prices of our products are linked to USD and EUR, while a significant portion of our expenses are denominated in, or linked to RON. Accordingly, adverse currency fluctuations may have a material adverse effect on our business, results of operations and financial condition.

Furthermore, currency fluctuations may require us to review and amend our planning assumptions related to foreign currency exchange rate developments. Changes of such assumptions may lead to impairments of assets. If any of these risks materialise, this may have a material adverse effect on our business, results of operations and financial condition.

Default or delay by certain of our counterparties to pay amounts due may have a material adverse effect on our results of operations and financial condition.

Credit risk consists of our exposure to losses in the event that counterparties fail to perform or pay amounts due. Credit risks arise from both commercial and financial partners. It is possible that the creditworthiness of some of our business partners is lower than in the past and/or our assessments of the creditworthiness of our counterparties become out of date rapidly. As a consequence, we may experience a higher than normal level of counterparty failure. The realisation of such counterparty risk may have a material adverse effect on our business, results of operations and financial condition.

Uncertainty about assumptions and estimates used by the Group in the preparation of financial statements could result in actual outcomes that may differ from previous estimates and may require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

The preparation of financial statements requires us to make certain accounting estimates that are characterised by a high degree of uncertainty, complexity and judgment. These estimates affect the reported amount of our assets and liabilities, as well as the reported amount of our income and expenses for a given period. Actual results could differ from such estimates due to, among other things, the following factors: uncertainty; lack or limited availability of information; the availability of new informative elements; variations in economic conditions such as prices; and the final outcome of legal, environmental or regulatory proceedings. Such differences between the accounting estimates and the final financial statements may have a material adverse effect on our business, results of operations and financial condition.

Country-Specific and Regional Risks

Investing in developing markets, including Romania, entails certain risks, which may be greater than risks inherent in more developed markets.

Approximately 97% of our hydrocarbon reserves and the majority of our refining and oil product distribution network are in Romania. The majority of our sales in the Downstream Oil and Downstream Gas business segments are also generated in Romania. In addition, we have significant assets in Kazakhstan, Bulgaria, the Republic of Moldova and Serbia. An investment in emerging markets such as Romania, which joined the EU in 2007, is subject to greater risks than an investment in a country with a more developed economy and political and legal systems. Although progress has been made in reforming Romania's economy and political and legal systems, the development of Romania's legal infrastructure and regulatory framework is still ongoing. Generally, investments in developing countries, such as Romania, are only suitable for sophisticated investors who can fully appreciate the significance of the risks involved.

In addition, international investors' reactions to events occurring in one country sometimes demonstrate a "contagion" effect, in which an entire region or class of investment is disfavoured by international investors.

Therefore, investments could be adversely affected by negative economic or financial developments in other countries in the region. Conditions resulting from crises similar to the global financial and economic crisis that started in 2008, the European sovereign debt crisis or recent political turmoil in Europe (including the United Kingdom's future exit from the EU and the ongoing refugee crisis), the Middle East and Africa could negatively affect the economic performance of, or investor confidence in, developing markets, including Romania. Such conditions could have a material adverse effect on our business, results of operations and financial condition.

The value of investments in Romania, including the value of the Securities, could be adversely affected by political and economic uncertainty.

Romania has undergone major changes during its recent history. While many political and economic reforms have taken place, certain other key reforms have not been implemented and Romania's economy still has a number of structural weaknesses. These include a reliance on industrial sector exports, an ageing population which will require greater government expenditures on social services in the future and, historically, a current account imbalance, as well as delayed absorption of EU funds. Each of these weaknesses may affect Romania's creditworthiness.

In addition, a series of political conflicts occurred from 2012 to 2015. These events included three changes of government in 2012 alone, the impeachment of the former Romanian president and the subsequent reversal thereof, the incrimination and indictment of certain former government officials, including former Prime Minister Victor Ponta, who has since resigned, various other corruption scandals and street protests.

At the date of this Prospectus, the Romanian Government, led by Prime Minister Dacian Ciolos since November 2015, is supported by the majority of the members of Parliament, including the members of the Social Democratic Party, the National Union for the Progress of Romania and the Liberal and Democratic Alliance Party. However, Parliamentary elections will take place at the end of 2016 and, given the emergence of newly established political entities (i.e., Save Romania Union, Our Alliance Romania, etc.) which may garner enough votes to pass the threshold to enter Parliament, the political structure of the Parliament may change. Given these political developments, the economic priorities of the new Government may change in the future, creating potential uncertainty.

The potential social and political uncertainty, as well as the ongoing investigations of a number of government officials could exacerbate the perception of persistent corruption in the Romanian Government and adversely affect the investment climate and the economy. If political and economic uncertainty in Romania continues or increases, it could have a material adverse effect on our business, results of operations and financial condition.

The Romanian economy could be adversely affected by the European sovereign debt crisis and the United Kingdom's future exit from the EU.

In 2010 and 2011, a sovereign financial crisis emerged in Europe, triggered by high budget deficits and rising direct and contingent sovereign debt in Greece, Ireland, Italy, Portugal, Spain and Cyprus, which created concerns about the ability of these states to continue to service their sovereign debt obligations. These concerns impacted the financial markets and resulted in high and volatile bond yields on the sovereign debt of many EU nations, indicating a reassessment of sovereign credit risks. On more than one occasion, fear arose that the European Monetary Union might be dissolved, or that individual member states might leave the single euro currency. These fears were rekindled during 2014 and 2015 when doubts as to Greece's ability to find a long-term solution to its funding needs gave rise to speculation around its potential exit from the Eurozone. There continues to be uncertainty regarding the Greek crisis and this has led to renewed concerns about potential economic stagnation in Europe more generally.

In addition, on 23 June 2016, the United Kingdom voted in a national referendum to withdraw from the EU. The result of the referendum does not legally obligate the United Kingdom to exit the EU, and it is unclear if or when the United Kingdom will formally serve notice to the European Council of its desire to withdraw, a process that is unprecedented in EU history and one that could involve months or years of negotiation to draft and approve a withdrawal agreement in accordance with Article 50 of the Treaty on European Union. Regardless of any eventual timing or terms of the United Kingdom's exit from the EU, the June referendum has created significant political, social and macroeconomic uncertainty. In addition, certain public figures in other EU member states have called for referenda in their respective countries on exiting the EU, raising concerns over a "domino" or "contagion" effect whereby multiple member states seek to exit the EU and Eurozone, eventually culminating in their collapse as political and economic institutions.

Market and economic disruptions stemming from potential new developments in the European sovereign debt crisis as well as the United Kingdom's exit from the EU have affected, and may continue to affect, *inter alia*, the inflow of investment capital, the balance of trade, consumer confidence and spending and bankruptcy rates in Romania. There can be no assurance that market disruptions in Europe, such as the economic and political effects of the migrant crisis, the effects of the United Kingdom's exit from the EU and the potential for increased funding costs for certain government institutions in the future, will not spread, nor can there be any assurance that future assistance packages will be available or, even if provided, will be sufficient to stabilise the affected countries and markets in Europe or elsewhere. The possible exit from the Eurozone of one or more European states and/or the replacement of the euro by one or more successor currencies could cause significant market dislocations and lead to adverse economic and operational impacts that are inherently difficult to predict or evaluate, and otherwise may have a potentially materially adverse effect on the Romanian economy generally or our operations in particular.

New financing from international organisations such as the IMF or the EU could be unavailable to Romania in the future or could require implementation of certain measures, including more stringent austerity measures, which may be difficult to achieve.

In the last decade, Romania entered into loan agreements and later into precautionary agreements with the International Monetary Fund ("IMF"), the World Bank and the EU for financial support. These agreements made medium-term financial assistance arrangements available to Romania in case of an emergency financial situation and signal the international community's continued support for the policies and measures currently under implementation. As of the date of this Prospectus, Romania does not have an agreement with the IMF in place.

There can be no assurance that the IMF, the EU or other supra-national or international organisations will make further similar financing programmes available to Romania in the future. At the moment, both current account and budget deficits are rising. In the event that these deficits would require the availability of further financing, Romania may need to implement additional measures, which could hamper economic growth. If indirect taxes were to be increased again, it could result in, *inter alia*, higher inflation. Lower economic growth and/or higher inflation in Romania could have a material adverse effect on our business, results of operations and financial condition.

Economic and political developments in South-Eastern Europe and the entrance of new competitors in the region's markets may negatively affect the development of our business.

Economic development in South-Eastern Europe is subject to risks common to all regions that have recently undergone, or are undergoing, political, economic and social change, including currency fluctuations, evolving regulatory environments, inflation, economic recession, local market disruption, labour unrest, changes in disposable income or gross national product, variations in interest rates, taxation policies and levels of economic growth, declines in birth rate and other similar factors. Far reaching political and

economic reforms mean that political and economic tensions could accompany the development of the new democratic and market-oriented systems. Our competitors could also significantly develop their presence in these markets, in particular in the event that subsidiaries of globally active oil and gas companies with greater financial resources than those available to us enter the market.

The countries in South-Eastern Europe in which we operate that are not EU member states are not yet as stable as EU member states and the possibility of significant changes still exists in sectors of the economy and the law, such as taxation, foreign exchange controls and property law. In particular, our operations in the Republic of Moldova are subject to the political and economic situation in that country, which, due to historical ties and geographical proximity, may be affected by the deteriorating economy of Ukraine and rising tensions with Russia. The Republic of Moldova's political outlook is also uncertain and the rising popularity of the pro-Russian socialist party may result in significant changes in law and/or government policy, which may adversely affect the Moldovan economy generally and our operations in that country, in particular.

Any of the foregoing developments may have a material adverse effect on our business, results of operations and financial condition.

The legal system and legislation in Romania and other countries in which we operate continue to develop and this may create an uncertain environment for investment and for business activity.

The uncertainties relating to the judicial systems in Romania and other countries in which we operate could have a negative effect on the economy and thus create an uncertain environment for investment and for business activity. For example, the court system in Romania is underfunded compared to more mature jurisdictions. As Romania is a civil law jurisdiction of French origin, judicial decisions under Romanian law generally have no precedential effect. For the same reason, courts are generally not bound by earlier court decisions taken under the same or similar circumstances, which can result in the inconsistent application of Romanian legislation to resolve the same or similar disputes. The Romanian judicial system has gone through several reforms to modernise and strengthen the independence of the judiciary. However, these reforms do not go far enough to effectively tackle the problem of non-unified jurisprudence. The new procedure codes introduce a new mechanism for unifying jurisprudence, but effective measures to achieve the envisaged results are still ongoing. Such uncertainties, in combination with other uncertainties in jurisdictions in which we operate, are further fuelled by repeated and frequent changes in the law, including on matters having a direct impact on us that often take effect immediately, ambiguity in the law, and inconsistent interpretation and application of norms. The uncertainties in the legal and judicial systems in Romania and other countries in which we operate, as well as the additional costs of having to adapt to changing legal requirements, could have a negative effect on our business, results of operations and financial condition.

Bureaucracy, corruption, deficiencies of the legal system, and potential abuses of wide-ranging audit competencies of agencies may create an unfavourable business environment in Romania and other countries in which we operate.

Our business operations in Romania and other countries may face a number of adverse conditions and heightened legal, economic and political risks as compared to Western European standards. The relationship between government and business may be impaired by bureaucratic inefficiency, a lack of transparency and instances of corruption. Although some progress has been made, Romania is still listed among the most corrupt EU member states, according to the 2015 Transparency International Corruption Perceptions Index. The legal and judicial systems in Romania and other countries in which we operate may not always provide the same recourse and sanctions (including against corruption) as are found in other EU member states or the United States, and enforcement may, in practice, be difficult and/or time-consuming.

There are a number of agencies that are authorised to conduct audits (controls) of companies doing business in Romania. These controls may extend not only to tax matters but to other legal and regulatory matters in which the applicable agency may be interested. The agencies conducting these controls may be subject to significantly less regulation and the company under review may have significantly lower safeguards than are customary in many countries. It is likely that we will continue to be subject to controls from time to time for violations and alleged violations of existing and new laws and regulations. Currently, the Company is subject to various ongoing controls pertaining to various aspects of its business, the outcome of which cannot be assessed in all cases. The reviews and controls by agencies and any resulting penalties could have a material adverse effect on our business, results of operations and financial condition.

We are party to labour related litigation and may face further claims by employees. Social tension, disputes regarding certain rights of our employees and the formalism of Romanian labour law may have a material adverse effect on our business.

We are party to numerous labour related claims with current and former employees based on differing interpretations of our collective bargaining agreement. The total provision for such claims was RON 314 mn as of 31 December 2015 and RON 312 mn as of 30 June 2016. In addition, we have outsourced a large number of employment relationships. Violations of Romanian labour law in connection with outsourcing agreements could lead to claims for re-employment and/or indemnities or require us to make payments in connection with the social security scheme, should the transferred employees be made redundant within a specified time period. Any actual and future labour-related litigation and disputes may have a material adverse effect on our business, results of operations and financial condition. In addition, our employees have co-determination rights, which could impede our ability to implement restructuring measures and, therefore, have a material adverse effect on our business, results of operations and financial condition.

We are subject to claims under real estate regulations from former land owners and other third parties with respect to land currently owned or used by us as well as subject to claims related to intellectual property rights deriving from legislation concerning reparations arising out of the former communist regime.

Romanian law allows former owners of land and/or buildings which were repossessed by the Romanian State during the communist regime to recover their ownership rights under certain conditions. As a general rule, under laws regarding the restitution of property confiscated during the communist regime, land which is subject to oil-related activities cannot be restored to its former owner in kind. Nevertheless, there are many cases where restitutions in kind have occurred. In many such cases, the courts have declared such restitution void. In addition, we do not have complete documentation regarding our rights (of use or ownership) for a number of real estate properties used by us for our business. The absence of such documentation may affect our ability to protect our rights (of use or ownership) against third parties that file potential claims. In the event that any litigation with former owners of the land we use is determined in a manner adverse to us, this may have an adverse effect on our business, results of operations and financial condition.

Also, Romanian law allows the right to claim damages to the persons holding an industrial property right protected by patents granted by the Romanian State, held between 6 March 1945 to 22 December 1989, in relation to which property rights have been violated by the unlawful exploitation of patents, without the consent of the owner (or any violations of such rights). In the case law of the High Court of Cassation and Justice it was decided that the liability for the unlawful exploitation of patents without the consent of the owners or any violations of industrial property rights should be determined on a case by case basis by reference also to the companies which have used/benefited from the respective rights which could lead to potentially high amounts of money to be paid as compensation by the Company, following any potentially negative outcome of intellectual property litigation, which may have an adverse effect on our business, results of operations and financial condition.

We are party to various litigation, arbitrations, proceedings and disputes that may negatively affect our business and financial condition.

We face a variety of litigation, arbitrations, proceedings and disputes referring to a wide range of subjects, such as, but without being limited to, real estate matters, fiscal matters, administrative complaints, commercial matters, labor related litigation (e.g. individual/collective dismissals), debt recovery, insolvency of contractors, criminal deeds, and contraventional matters. It is possible that unanticipated judicial outcomes might occur, which may sometimes even be contrary to the law or usual courts' practice. Therefore, we face the risk of unfavourable and/or unexpected outcomes of litigation, arbitral proceedings or other forms of dispute resolution, in many types of cases and regardless of our standing in the trial (claimant/defendant). In addition, provisions set for litigation, arbitral proceedings or other forms of dispute resolution may turn out to be insufficient to cover all liabilities under such proceedings (including related costs). Also, it might happen that we cannot recover due amounts or successfully exercise our rights. The potential negative development and outcome of litigation/legal proceedings in which we are involved may negatively affect our business, results of operations and financial condition.

Political instability in the Black Sea region, including in Ukraine or other neighbouring countries, may negatively affect our business.

Events in the Black Sea region, including in Ukraine or other neighbouring countries, such as Russia's disputed annexation of Crimea, continued political and social instability in Eastern Ukraine, and increased military activity on the border between Russia and Ukraine, as well as the imposition by the United States, the European Union and other countries of sanctions, asset freezes and travel limitations, have the potential to negatively affect our business. For example, we were part of a consortium of oil and gas companies led by ExxonMobil Exploration and Production Ukraine B.V., which was selected by the Ukrainian Government as the winner of a tender for execution of a production sharing agreement for development of the hydrocarbons within the offshore Skifska block in the Black Sea ("Skifska"). Due to political developments in Ukraine, however, negotiations for the production sharing agreement were suspended.

Romania has a significant land border with Ukraine and, as a result, ongoing instability could have a material adverse effect on Romania's economic and financial stability, either directly or indirectly, as a result of sanctions or restrictions in gas exports from Russia. Our revenues are obtained from operations primarily in Romania and are significantly influenced by the Romanian economy. As a result, continued deterioration of the political and economic environment in the Black Sea region could have a material adverse effect on our business, results of operations and financial condition.

Romania's failure to meet EU post-accession obligations may lead to the application of sanctions by the EU.

Romania joined the EU in January 2007 and is subject to certain post-accession benchmarks mandated by the EU under the Cooperation and Verification Mechanism to help Romania address certain shortcomings in various social fields such as judicial reform and the fight against corruption. On 27 January 2016, the European Commission presented a report showing that Romania has made progress towards the benchmarks. At the same time, the report noted that impediments to judicial independence and respect for court decisions continue to exist. In addition, while there have been improved steps to tackle general corruption, such measures have been insufficient to address what is widely recognised as a systemic problem. Judicial reform and the fight against corruption remain important issues for Romanian society and have resulted in large-scale public demonstrations. Further support for the consolidation of reforms is needed to ensure that progress continues.

If Romania does not adequately address the recommendations of the European Commission regarding actions to be taken by the Romanian State, the EU is entitled to apply certain sanctions against Romania, including

the suspension of EU member states' obligation to recognise and enforce, under the conditions laid down in EU law, the decisions of Romanian courts. The application of any of the sanctions referenced above may have a negative effect on the Romanian economy and investor confidence in Romania, which could have a material adverse effect on our business, results of operations and financial condition.

Romania's infrastructure is in poor condition, which could disrupt normal business activity.

Compared to Western Europe, infrastructure in Romania, particularly the transportation system, is underdeveloped. Romania currently has plans to undertake various development projects to improve infrastructure in the country. Various financing plans have been proposed and attempted to further improve infrastructure development, including the use of public-private partnerships. Romania also funds infrastructure development using EU funds. However, there can be no guarantees that infrastructure projects will be financed or constructed successfully, and that the continued poor physical infrastructure would not disrupt our normal business activity. If our business activity is disrupted due to poor infrastructure, it could have a material adverse effect on our business, results of operations and financial condition.

Romania can be subject to high levels of volatility in exchange rates and inflation.

The Romanian Leu is subject to a managed-floating exchange rate regime, whereby its value against foreign currencies is determined in the interbank foreign exchange market. The monetary policy of the National Bank of Romania ("NBR") is inflation-targeting. The managed-floating exchange rate regime is in line with using inflation targets as a nominal anchor for monetary policy and allowing for a flexible policy response to unpredicted shocks likely to affect the economy. The NBR does not target any level or range for the exchange rate. The ability of the NBR to limit volatility of the Romanian Leu is contingent on a number of economic and political factors, including the availability of foreign currency reserves and foreign direct investment inflows, as well as developments in market sentiment and investors' risk aversion.

Any further deterioration of global economic prospects may lead to further depreciation of the Romanian Leu. A significant depreciation of the Romanian Leu could adversely affect the country's economic and financial condition. Any higher than expected inflation could lead to a temporary reduction in customer purchasing power and erosion of customer confidence, which may have a material adverse effect on our business, results of operations and financial condition.

Risks relating to the Securities

Price volatility of the Securities and illiquidity may affect the performance of investments in the Company.

The share price of listed companies can be highly volatile and their shares may have limited liquidity, and shares traded on the Bucharest Stock Exchange are less liquid and more volatile than shares traded on major markets.

The market price of the Securities may also fluctuate significantly as a result of factors beyond our control, including:

- changes in research analysts' recommendations or estimates of our or the industry's earnings or financial performance, or the failure to meet the expectations of research analysts;
- fluctuations in stock market prices and volumes, and general market volatility;
- changes in laws, rules and regulations applicable to us, our operations and the operations in which we have interests, and involvement in litigation;
- general economic and political conditions, including in Romania; and

- shareholding consolidation which leads to lower free float.

Other factors, such as movements in or the outlook for interest rates and inflation rates, currency fluctuations, commodity prices, changes in investor sentiment towards particular market sectors and the demand for and supply of capital may affect equity market conditions. Trading in the Securities by other investors, such as large purchases or sales of Securities, may also affect the price of the Securities. Accordingly, the market price of the Securities may not reflect the underlying value of our investments and the price at which investors may dispose of their Securities at any point in time may be influenced by a number of factors, only some of which may pertain to us while others may be outside our control. Investors should not expect that they will necessarily be able to realise, within a period that they would regard as reasonable, their investment in the Securities. The trading price of the Securities may be adversely affected if our consolidated results and prospects from time to time are below the expectations of market analysts and investors. Potential investors are further cautioned that no stabilisation activities will be carried out in connection with the Offering, and therefore there is a greater risk of price volatility following the Offering.

In addition, after the completion of the Offering, up to 15.7852% of our share capital will be in public hands. As such, the free-float, and therefore the liquidity of the Shares and the GDRs after the Offering may be more limited compared to issuers with a higher level of free-float and/or more active trading in their shares. Liquidity of the Shares and the GDRs may also be adversely affected by other factors, including omission or exclusion from major indexes, or changes in listing tiers on the relevant stock exchanges. In particular, the Shares are listed on the regulated market of the Bucharest Stock Exchange on the Premium Tier. Any changes in the Bucharest Stock Exchange's regulations and/or our failure to comply with any of the relevant regulations could result in a change of the listing tier of the Shares, which could adversely affect their liquidity. A lack of liquidity in the Securities would adversely affect the bid-ask spreads for current and potential investors in the Securities, and their ability to trade the Securities more generally.

Our major shareholders will continue to have significant influence over us after the Offering, and their interests may not be aligned with those of other shareholders.

After the Offering, OMV, the parent company of the OMV Group, will continue to own the majority of our share capital. As a result, OMV is able to exercise a high degree of control and influence over matters requiring shareholder approval, including the election of corporate bodies, payment of dividends, long-term strategy and significant corporate transactions. Under the management of OMV's CEO Rainer Seele (effective 1 July 2015), a thorough review of OMV's strategy was presented to the capital markets in February 2016. As communicated by OMV, priorities in the coming years include safeguarding cash flow, a sustainable resource base in the Upstream business, a further increase in competitiveness in the Downstream Oil business and restructuring the Downstream Gas business. Taking into account the recent changes in market environment, as well as the strategy adjustment at OMV Group level, we are also currently looking into and re-evaluating strategic options for optimising the Upstream footprint and portfolio value in order to focus on the most profitable barrels, while maintaining the value of our integrated business model. The interests of OMV could conflict with the interests of other shareholders.

In addition, the Romanian State, through the Ministry of Energy, currently owns 20.6389% of our Shares. As a result, the Government could, in certain circumstances, exercise influence over certain matters requiring shareholder approval, including share capital increases or decreases, mergers or demergers. Failure to adopt certain decisions could lead to significant costs or may have the effect of delaying, deferring or preventing a change in control, impeding a merger, consolidation, takeover or other business combination. Past experience indicates the possibility of significant interference by the Government in the management of companies in which it holds shares.

Shareholders are exposed to the risk of our failure to make dividend payments, and foreign shareholders and holders of the GDRs may be subject, in any event, to limitations or delays in repatriating their earnings from distributions made on the underlying Shares.

Our payment of dividends, if any, to our shareholders and holders of the GDRs will depend on (in addition to applicable regulatory requirements), among other things, our future profits, financial position and capital requirements, the sufficiency of our distributable reserves, credit terms, general economic conditions and other factors that the directors and/or shareholders deem to be important from time to time. Should our shareholders decide against declaring dividends in the future, the price of the Securities may be adversely affected.

We anticipate that any dividends that we may pay in the future in respect of the Shares held by our shareholders or by the GDR Depositary or its nominee on behalf of GDR holders will be declared and paid in RON, and in the case of the GDRs will be paid to the GDR Depositary and, subject to the terms and conditions of the GDRs, will be converted into US dollars by the GDR Depositary and distributed to holders of the GDRs, net of all fees, taxes, duties, charges, cost and expenses which may become or have become payable under the deposit agreements to be entered into by the Company and the GDR Depositary on or before the Closing Date (the “**Deposit Agreements**”) or under applicable law in respect of such GDRs.

Accordingly, the value of dividends received by foreign shareholders will be subject to fluctuations in the relevant exchange rate. Similarly, the value of dividends received by holders of the GDRs will be subject to fluctuations in the exchange rate between the RON and the US dollar. Such fluctuations could have an adverse effect on the market price of the Securities.

Furthermore, even though current Romanian legislation permits distributions in RON to be converted into US dollars by the GDR Depositary without restriction, the ability to convert RON into US dollars is subject to the availability of US dollars in Romanian currency markets. Although there is an existing, albeit limited, market within Romania for the conversion of RON into US dollars, including the interbank currency exchange and over-the-counter and currency futures markets, further development of this market is uncertain. Furthermore, the NBR could also impose certain restrictions and requirements with respect to foreign currency operations carried out in Romania.

In addition, dividends that we may distribute to the GDR Depositary will be subject to applicable Romanian withholding taxes. See “*Taxation*”.

Future sales, or the real or perceived possibility of sales, of a significant number of the Securities in the public market could adversely affect the prevailing trading price of the Securities.

At any time following the Offering, our shareholders that are not subject to any lock-up (in particular the Romanian State, which owns 20.6389% of the Shares) may sell Securities in the public or private market. In addition, following the expiry of the applicable lock-up period, or earlier in the event of a waiver of the provisions of their respective lock-ups, OMV or the Selling Shareholder, who will be otherwise subject to lock-ups, may sell Securities in the public or private market, and we may undertake a public or private offering of Securities. We cannot predict the effect, if any, that future sales of Securities, or the availability of Securities for future sale, will have on the market price of the Securities, but the availability of Securities that are eligible for public sale could adversely affect the trading price of the Securities.

If our existing shareholders were to sell, or we were to issue and sell, a substantial number of Shares (including in the form of GDRs) in the public market, the market price of the Securities could be adversely affected. Sales by our existing shareholders could also make it more difficult for us to sell Securities in the future at a time and price that we deem appropriate. There can be no assurance that such parties will not carry out transactions upon the expiry of the applicable lock-up period or any earlier waiver of the provisions of the

lock-up. The sale of a significant amount of Securities in the public market, or the perception that such sales may occur, could materially affect the market price of the Securities.

Shareholders' interests may be diluted if we issue additional shares in the future.

In order to raise funding in the future, we may issue additional Shares, including in the form of GDRs. Generally, existing holders of ordinary shares in Romanian companies are entitled to pre-emptive rights on the issue of new ordinary shares in that company as described in “*Description of Share Capital and Corporate Structure*”. However, holders of the Securities in certain jurisdictions (including the United States) may not be able to exercise pre-emptive rights with respect to any new equity issuances unless the applicable securities law requirements in such jurisdiction (including, in the United States, in some circumstances the filing of a registration statement under the Securities Act) are adhered to or an exemption from such requirements is available. We are unlikely to adhere to such requirements and an exemption may not be available. Accordingly, such holders may not be able to exercise their pre-emptive rights on future issuances of the Securities, and, as a result, their percentage ownership interests would be reduced.

In addition, we expect to undertake a share capital increase in accordance with Law no. 137/2002 regarding certain measures for accelerating privatisations (“**Law No. 137/2002**”) and the Privatisation Agreement, as a result of a certain in-kind contribution by the Romanian State following the issuance of the relevant certificates ascertaining ownership rights over land to our Company, as described in “*Description of Share Capital and Corporate Structure—Share Capital—Rules regarding changes in the share capital of the Company*”. Existing shareholders (other than the Romanian State to which shares will be allotted directly in exchange of its in-kind contribution) will receive pre-emptive rights to such capital increase under terms and conditions provided in Law No. 137/2002 and implementing secondary legislation. However, the ownership level of existing shareholders in the share capital may be diluted if they do not exercise their pre-emptive rights or if the exercise of such rights is limited or waived through a resolution of the Company’s extraordinary general meeting of shareholders (“**EGM**”) pursuant to Law no. 297/2004.

According to the information publicly disclosed by OMV, on 3 August 2015 OMV delivered a notification pursuant to the Privatisation Agreement relating to a potential dispute arising out of or in connection with the abovementioned share capital increase. The matter of such potential dispute relates to the detailed implementation mechanism of the share capital increase. Since this matter has not been resolved by amicable negotiations and 180 days since the notification have elapsed, OMV could request the initiation of arbitration proceedings against the Romanian State in accordance with ICC Rules, the place of arbitration being Paris, France.

Voting rights with respect to the Shares represented by the GDRs will be limited by the terms of the Deposit Agreements and the relevant requirements of Romanian law.

The holders of the GDRs will have no direct voting rights with respect to the Shares represented by the GDRs. They will be able to exercise voting rights with respect to the Shares represented by the GDRs only in accordance with the provisions of the terms and conditions of the GDRs (the “**GDR Terms and Conditions**”) and the relevant requirements of Romanian law. See “*Terms and Conditions of the Global Depositary Receipts*”. There are, therefore, practical limitations upon the ability of the holders of the GDRs to exercise their voting rights due to the additional procedural steps involved in communicating with them.

To exercise their voting rights, the holders of the GDRs must instruct the GDR Depositary how to vote the Shares represented by the GDRs they hold. Because of this additional procedural step involving the GDR Depositary, the process for exercising voting rights may take longer for holders of the GDRs than for holders of the Shares, and we cannot assure the holders of the GDRs that they will receive voting materials in time to enable them to return voting instructions to the GDR Depositary in a timely manner. The GDRs for which the GDR Depositary does not receive timely, complete, legible and clear voting instructions will not be voted.

In addition, although Romanian securities regulations expressly permit the GDR Depositary to split the votes with respect to the Shares underlying the GDRs in accordance with instructions from GDR holders, there is no court or regulatory guidance on the application of such regulations. The holders of the GDRs may thus have significant difficulty in exercising voting rights with respect to the Shares underlying the GDRs. There can be no assurance that holders and beneficial owners of GDRs will: (i) receive notice of General Meetings of Shareholders to enable the timely return of voting instructions to the GDR Depositary, (ii) receive notice to enable the timely cancellation of GDRs with respect to shareholder actions (as discussed below) or (iii) be given the benefit of dissenting or minority shareholders' rights with respect to an event or action in which the holder or beneficial owner has voted against, abstained from voting or not given voting instructions. The GDR Depositary is responsible for informing the holders of the GDRs with respect to the documents and materials related to a General Meeting of Shareholders, as they are made available to it by the Company, and the GDR Depositary is required to execute the voting instructions of the holders of GDRs insofar as practicable and as permitted under applicable law. In practice, holders of GDRs may not be able to instruct the GDR Depositary to: (i) vote the Shares represented by their GDRs on a cumulative basis; (ii) introduce proposals for the agenda of a General Meeting of Shareholders or request that a General Meeting of Shareholders be called; or (iii) nominate candidates for the supervisory board (the "**Supervisory Board**") or certain other of our governance bodies. If holders of GDRs wish to take such actions, they should request, in a timely manner, that their GDRs be cancelled and instead take delivery of the Shares and thus become the owners of the Shares on our share register.

We may be unable to obtain admission of the GDRs to trading on the London Stock Exchange.

The admission of the GDRs to listing and trading on the Official List and London Stock Exchange, respectively, requires the approval of the United Kingdom FCA and the London Stock Exchange. Admission to listing of the GDRs to the Official List and admission to trading of the GDRs on the London Stock Exchange are subject to certain requirements. We intend to take all necessary steps to ensure that the GDRs are admitted to listing on the Official List and to trading on the London Stock Exchange. However, there can be no assurance that, should such admission conditions change, all such listing and/or trading conditions will be met. Consequently, there can be no assurance that the GDRs will be admitted to listing on the Official List or to trading on the London Stock Exchange, on the estimated date or at all.

Trading on the Bucharest Stock Exchange may be suspended.

The Romanian FSA is authorised to suspend securities from trading or to request the regulated market where the securities are traded to do so if the situation of the relevant issuer is such that the continuation of trading would negatively affect investors' interests. The Romanian FSA is authorised to request the Bucharest Stock Exchange to suspend the trading of securities of an issuer, based on the measures taken against market manipulation and transactions carried out based on inside information. The Bucharest Stock Exchange must suspend trading in securities that do not meet the requirements of the regulated market, unless such action could materially adversely affect the investors' interests or the proper functioning of the market. If the Bucharest Stock Exchange does not take such action, the Romanian FSA may request the suspension of trading in securities if this serves the proper functioning of the market and does not affect the investors' interests. Also, the operator of a regulated market is entitled to suspend from trading Shares in other circumstances, in accordance with its regulations. Any suspension could affect our Shares' trading price and would impair the transfer of the Shares.

Investors may be unable to enforce judgments obtained in US courts against us.

We are incorporated under Romanian law, the majority of our directors and executive officers are non-residents of the United States and our assets, directors and officers are located outside the United States. As a result, investors in the Securities may be unable to effect service of process on us or on these non-US resident directors and officers in the United States, and may be unable to enforce judgments against them obtained in

the United States. It is not clear whether a foreign court would accept jurisdiction and impose civil liability if proceedings were commenced in a foreign jurisdiction predicated solely upon US federal securities laws.

Exchange rate fluctuations may impair the return on an investment in the Securities.

The Shares are traded on the Bucharest Stock Exchange in RON. Investors will therefore be subject to fluctuations in the exchange rate and may be unable to recover their original investment. Furthermore, the NBR could also impose certain restrictions and requirements with respect to foreign currency operations carried out in Romania.

Following the Offering, holders of Shares may not be able to deposit the Shares in our GDR facility in order to receive GDRs, and changes in Romanian regulatory policy with respect to the placement and circulation of the Shares outside Romania in the form of GDRs or otherwise may negatively affect the market for the Securities being offered.

Whenever the GDR Depositary believes that the Shares deposited with it against issuance of GDRs represent (or, upon accepting any additional shares for deposit, would represent) a percentage exceeding any limit established by any applicable law, directive, regulation or permit, or trigger any condition for the making of any filing, application, notification or registration or for obtaining any approval, licence or permit under any applicable law, directive or regulation, or for taking any other action, the GDR Depositary may: (i) close its books to deposits of additional Shares to prevent such thresholds or limits being exceeded or conditions being satisfied or (ii) take such steps as are, in its opinion, necessary or desirable to remedy the consequences of such thresholds or limits being exceeded or conditions being satisfied and to comply with any such law, directive or regulation, including, without limitation, causing pro rata cancellation of GDRs and withdrawal of the Shares from our GDR facility to the extent necessary or desirable to so comply.

Romanian securities regulations provide that no more than two-thirds of the number of shares that are subject to the public offering of a Romanian company may be circulated in the form of GDRs, but, in any event, the number of shares circulated in the form of GDRs must not exceed one-third of the total number of shares issued by the company. The Romanian FSA may grant exemptions from this rule where necessary to ensure that the minimum necessary conditions are met for the admission to trading on a Romanian regulated market. There can be no assurance that we will be able to obtain approval for a deposit of a greater number of the Shares with the GDR Depositary under our GDR facility than we currently have approval for, and any remaining capacity may be used by our other existing shareholders. As a result, once these thresholds have been reached, it may not be possible to deposit the Shares with the GDR Depositary under our GDR facility to receive GDRs and, under certain circumstances, an investor may be required to withdraw Shares from our GDR facility, which may, in either case, affect the liquidity and the value of the Securities.

In addition, statutory and Romanian FSA regulations relating to the GDRs are not entirely clear in a number of respects, including the extent to which existing permissions are grandfathered following changes in regulations and the applicability of domestic offering requirements and limits on the percentage of shares that can be sold in the form of GDRs pursuant to follow-on offerings. Any adverse interpretation and/or application of these regulations may further limit the ability to deposit the Shares into our GDR facility.

The aforementioned restrictions have been recently enacted and may be subject to changes at any time in the future by the Romanian regulatory authorities, and there can be no assurance that changes by the authorities will not adversely affect the legality and/or size of our GDR facility, which could adversely affect the price of the Securities.

If we are a passive foreign investment company for US federal income tax purposes for any taxable year, US Holders of Offer Securities could be subject to materially adverse US federal income tax consequences.

If we are a “passive foreign investment company” for US federal income tax purposes (a “**PFIC**”) for any taxable year during which a US Holder (as defined in “*Taxation—Certain US Federal Income Tax Considerations*”) holds Offer Securities, certain materially adverse US federal income tax consequences may apply to the US Holder. We do not believe that we were a PFIC in our prior taxable year, or will be a PFIC for our current taxable year and do not expect to be a PFIC in the foreseeable future. However, PFIC status depends on the composition of a corporation’s income and assets and the fair market value of its assets (including, among others, less than 25% owned equity investments) from time to time, as well as on the application of complex and uncertain statutory and regulatory rules that are subject to potentially varying or changing interpretations. Accordingly, there can be no assurance that we will not be considered a PFIC for any taxable year.

If we are a PFIC, US Holders of Offer Securities may be subject to materially adverse US federal income tax consequences, such as taxation at the highest marginal ordinary income tax rates on capital gains and on certain actual or deemed dividends, interest charges on certain taxes treated as deferred, and additional reporting requirements. See “*Taxation—Certain US Federal Income Tax Considerations—Passive Foreign Investment Company Considerations*”.

IMPORTANT INFORMATION ABOUT THIS PROSPECTUS

This document comprises a prospectus relating to the Company, the Selling Shareholder and the Securities for the purposes of the Prospectus Directive.

The Offering does not constitute an offer to sell, or solicitation of an offer to buy, securities in any jurisdiction in which such offer or solicitation would be unlawful. The Offer Securities have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States, except to persons reasonably believed to be QIBs in reliance on Rule 144A or outside the United States in offshore transactions in reliance on Regulation S. Prospective purchasers are hereby notified that sellers of the Offer Securities may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a discussion of these and certain further restrictions on offers, sales and transfers of the Offer Securities and the distribution of this Prospectus, see *“Terms and Conditions of the Global Depositary Receipts”* and *“Selling and Transfer Restrictions”*.

The Offering may be extended at any time without cause, subject to publication of a supplement to this Prospectus in accordance with applicable law. The Offer GDRs will be issued in master global form. The Offer GDRs offered and sold in the United States (the **“Rule 144A GDRs”**) will be evidenced by a Master Rule 144A Global Depositary Receipt (the **“Master Rule 144A GDR”**) deposited with the GDR Depositary as custodian for, and registered in the name of Cede & Co. as nominee for, DTC. The Offer GDRs offered and sold outside the United States (the **“Regulation S GDRs”**) will be evidenced by a Master Regulation S Global Depositary Receipt (the **“Master Regulation S GDR”**) and, together with the Master Rule 144A GDR, the **“Master GDRs”**) registered in the name of Citivic Nominees Limited, as nominee for Citibank Europe plc, as common depositary for Euroclear Bank SA/NV (**“Euroclear”**) and Clearstream Banking, *société anonyme* (**“Clearstream, Luxembourg”**). Except as described herein, beneficial interests in the Master GDRs will be shown on, and transfers thereof will be effected only through the records of DTC with respect to the Rule 144A GDRs and Euroclear and Clearstream, Luxembourg with respect to the Regulation S GDRs. It is expected that delivery of the Offer GDRs will be made against payment therefor in US dollars in same day funds through the facilities of DTC, Euroclear and Clearstream, Luxembourg on the Closing Date.

The Company and, as the case may be, the Selling Shareholder (for any information regarding the Selling Shareholder and the Offering) accept responsibility for the information contained in this Prospectus. To the best of the Company’s knowledge and the Selling Shareholder’s knowledge (for any information regarding the Selling Shareholder and the Offering), in each case having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

No person is authorised to give any information or to make any representation in connection with the Offering or sale of the Securities other than as contained in this Prospectus, and, if given or made, such information or representation must not be relied upon as having been authorised by the Company, the Selling Shareholder or any of Goldman Sachs International, Banca Comerciala Romana S.A., Erste Group Bank AG and WOOD & Company Financial Services, a.s. (together, the **“Managers”**) or their respective affiliates. If anyone provides any investor with different or inconsistent information, such investor should not rely on it.

This Prospectus is being furnished by the Company and the Selling Shareholder for the purpose of enabling a prospective investor to consider subscribing for and purchasing the Offer Securities. This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Company, the Selling Shareholder, the GDR Depositary or any Manager that any recipient of this Prospectus should subscribe for or purchase the Offer Securities. No representation or warranty, express or implied, is made by any Manager, the GDR Depositary or any of their respective

affiliates or advisers as to the accuracy or completeness of any information contained in this Prospectus, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by any Manager or the GDR Depositary as to the past or the future. Any reproduction or distribution of this Prospectus, in whole or in part, any disclosure of its contents, except to the extent that such contents are otherwise publicly available, and any use of any information herein for any purpose other than considering an investment in the Offer Securities, is prohibited.

Each potential subscriber for or purchaser of the Offer Securities should determine for itself the relevance of the information contained in this Prospectus, and its subscription for or purchase of the Offer Securities should be based upon such investigation, as it deems necessary, including the assessment of risks involved and its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience and any other factors that may be relevant to such investor in connection with the subscription for or purchase of the Offer Securities.

Without prejudice to any obligation of the Company to publish a supplement to the Prospectus pursuant to the Capital Markets Law and Regulation no. 1/2006 on issuers and operations with securities issued by the Romanian National Securities Commission, neither the delivery of this Prospectus nor any purchase made in connection therewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since, or that information contained herein is correct as at any time subsequent to, the date of this Prospectus. Each prospective investor, by accepting delivery of this Prospectus, agrees to the foregoing.

Prospective investors should not consider any information in this Prospectus to be investment, legal or tax advice. Each prospective investor should consult its own legal counsel, financial adviser, accountant and other advisers for legal, tax, business, financial and related advice regarding subscribing for or purchasing the Offer Securities. None of the Company, the Selling Shareholder, the GDR Depositary or any of the Managers makes any representation to any offeree or purchaser of or subscriber for the Offer Securities regarding the legality of an investment in the Offer Securities by such offeree or purchaser or subscriber under appropriate investment or similar laws. The price of the Offer Securities as well as the income and dividends, if any, from them can go down as well as up.

In connection with the Offering, the Managers and any of their respective affiliates acting as an investor for its or their own account(s) may subscribe for or purchase the Securities and, in that capacity, may retain, subscribe for, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in such securities, any other securities of the Company or other related investments in connection with the Offering or otherwise. Accordingly, references in this Prospectus to the Securities being issued, offered, subscribed or otherwise dealt with should be read as including any issue or offer to, or subscription or dealing by, the Managers or any of their respective affiliates acting as an investor for its or their own account(s). The Managers do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

The Selling Shareholder and the Managers reserve the right, following the allocation procedure, to reject any offer to subscribe for or purchase the Offer Securities, in whole or in part, and to sell to any prospective investor less than the full amount of Offer Securities sought by such investor.

Except as expressly set forth herein, information on the Company's website, any website mentioned in this Prospectus or any website directly or indirectly linked to the Company's website is not incorporated by reference into this Prospectus and any decision to subscribe for or purchase the Offer Securities should not be made in reliance on such information.

The distribution of this Prospectus and the offer and sale of the Offer Securities may be restricted by law in certain jurisdictions. You must inform yourself about, and observe any such restrictions. No action has been

taken by the Company, the Selling Shareholder, the GDR Depositary or the Managers that would permit, otherwise than in Romania and the United Kingdom pursuant to the Offering, an offer of the Offer Securities, or possession or distribution of this Prospectus or any other offering material or application form relating to the Offer Securities in any jurisdiction where action for that purpose is required. This Prospectus may not be used for, or in connection with, any offer to, or solicitation by, anyone in any jurisdiction or under any circumstances in which such offer or solicitation is not authorised or is unlawful. Further information with regard to restrictions on offers and sales of the Offer Securities is set forth below and under “*Terms and Conditions of the Global Depositary Receipts*”, “*Subscription and Sale*” and “*Selling and Transfer Restrictions*”. None of the Company, the Selling Shareholder or the Managers is making an offer to sell the Offer Securities or a solicitation of an offer to buy any of the Securities to any person in any jurisdiction except where such an offer or solicitation is permitted.

The Managers are acting exclusively for the Selling Shareholder and no one else in connection with the Offering, and will not be responsible to any other person for providing the protection afforded to their clients or for providing advice in relation to the Offering. None of the Managers accepts any responsibility whatsoever for the contents of this Prospectus or for any other statement made or purported to be made by it or any of them or on its or their behalf in connection with the Company, the Selling Shareholder or the Securities. Each of the Managers accordingly disclaims, to the fullest extent permitted by applicable law, all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Prospectus or any such statement.

This Prospectus will be available on the website of Banca Comerciala Romana at www.bcr.ro and on the website of the Selling Shareholder at www.fondulproprietatea.ro and copies thereof will be provided upon request during normal business hours at the headquarters of the Selling Shareholder located at Buzesti Street 78-80, 7th floor, Bucharest 011017, Romania. The Prospectus will be available on the website of the Company at www.omvpetrom.com. The information set forth in this Prospectus is only accurate as of the date on the front cover of this Prospectus. The Company’s business and financial condition may have changed since that date.

The Articles of Association are available on the Company’s website at http://www.omvpetrom.com/portal/01/petromcom/petromcom/OMV_Petrom/Relatia_cu_investitorii/corporate-governance/Act_Constitutiv.

NOTICE TO INVESTORS IN THE UNITED STATES

The Offer Securities have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States for offer or sale as part of their distribution and, subject to certain exceptions, may not be offered or sold in the United States. The Offer GDRs are being offered and sold in the United States only to QIBs in reliance on Rule 144A of the Securities Act and outside the United States in offshore transactions in reliance on Regulation S. Prospective investors are hereby notified that any seller of the Securities may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. The Offer Securities are not transferable except in accordance with the restrictions described herein. See “*Selling and Transfer Restrictions*”.

Neither the SEC nor any state securities commission nor any non-US securities authority has approved or disapproved of the Offer Securities or determined that this Prospectus is accurate or complete. Any representation to the contrary is a criminal offence.

NOTICE TO INVESTORS IN THE EEA

This Prospectus has been prepared on the basis that all offers of the Offer Securities (other than in Romania) will be made pursuant to an exemption under Article 3.2 of the Prospectus Directive, as implemented in member states of the EEA, from the requirement to produce a prospectus for offers of the Offer Securities. Accordingly, any person making or intending to make any offer within the EEA of the Securities should only do so in circumstances in which no obligation arises for the Company, the Selling Shareholder, the Managers or any other person to produce a prospectus for such offer. The Company, the Selling Shareholder and the Managers have not authorised, nor do they authorise, the making of any offer of the Offer Securities through any financial intermediary, other than offers made by the Managers, which constitute the final placement of the Offer Securities contemplated in this Prospectus.

In relation to each member state of the EEA that has implemented the Prospectus Directive (each, a **“Relevant Member State”**), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, the offer of any Offer Securities which are the subject of the Offering contemplated by this Prospectus is not being made and will not be made to the public in that Relevant Member State (other than in Romania), other than: (a) to any legal entity which is a qualified investor as defined in Article 2(1)(e) of the Prospectus Directive (**“Qualified Investor”**); (b) to fewer than 150 natural or legal persons (other than Qualified Investors as defined in the Prospectus Directive) in any Relevant Member State; or (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive; **provided that** no such offer of the Securities shall require the Company or the Selling Shareholder to publish a prospectus pursuant to Article 3 of the Prospectus or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this notice to investors, the expression an **“offer of the Offer Securities”** in relation to the Offer Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Offer Securities to be offered so as to enable an investor to decide to subscribe for or purchase the Offer Securities, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

Each subscriber for or purchaser of Offer Securities in the Offering located within a member state of the EEA (other than in Romania) will be deemed to have represented, acknowledged and agreed that it is a Qualified Investor. The Company, the Selling Shareholder, the Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgment and agreement.

For the purposes of this Prospectus, the expression **“Prospectus Directive”** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, and includes any relevant implementing measure in each Relevant Member State of the EEA and the expression **“2010 PD Amending Directive”** means Directive 2010/73/EU.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus are not historical facts and are **“forward-looking”** within the meaning of Section 27A of the Securities Act and Section 21E of the US Securities Exchange Act of 1934, as amended (the **“Exchange Act”**). This Prospectus includes forward-looking statements, which include, without limitation, any statements preceded by, followed by or that include the words **“may”**, **“will”**, **“would”**, **“should”**, **“expect”**, **“intend”**, **“estimate”**, **“forecast”**, **“anticipate”**, **“project”**, **“believe”**, **“seek”**, **“plan”**, **“predict”**, **“continue”**, **“commit”**, **“undertake”** and similar expressions or their negatives. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company’s control that could cause its actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company’s present and

future business strategies and the environment in which the Company will operate in the future. Among the important factors that could cause the Company's actual results, performance or achievements to differ materially from those expressed in such forward-looking statements are those in "*Operating and Financial Review*", "*Risk Factors*" and elsewhere in this Prospectus. These factors include, but are not limited to:

- The prices of and/or the demand for crude oil, natural gas, petroleum products and electricity;
- Failure to discover and/or acquire additional oil and gas reserves and redevelop our current reservoirs to sustain our current reserve and production levels;
- Capital expenditures needed in order to maintain our production levels and improve overall efficiency;
- Failure of any discovery in Neptun Deep to be commercially feasible;
- Inability to successfully compete in the bidding for new licences in the oil and natural gas industry;
- Inability to control costs associated with our investments in projects with external partners;
- Inability to obtain the services of third parties on which we rely on commercially reasonable terms;
- Failure to obtain extensions of various phases of our licences for both onshore and offshore blocks;
- Failure to acquire rights of access to the surface of land to which we hold underground exploration and development rights;
- Limited ability to export domestically produced gas;
- Unfavourable climatic conditions and seasonal variations;
- Competition from other energy companies in all areas of our operations;
- A decline in our refining margins;
- Failure to meet product quality standards;
- Possibility of operational incidents;
- Government intervention and changes in regulation;
- Changes in the taxes, tariffs and royalties imposed on our operations;
- Failure to execute management's business strategy;
- Political, legal and economic uncertainty in Romania and other developing markets;
- The European sovereign debt crisis; and
- The entrance of new competitors in South-Eastern European markets.

The above list of important factors is not exhaustive. When reviewing forward-looking statements, investors should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which the Company operates. Forward-looking statements contained in this Prospectus speak only as at the date of this Prospectus. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any of such statements are based unless required to do so by any applicable regulatory regime.

AVAILABLE INFORMATION

For so long as any Offer Securities are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, the Company will, during any period in which the Company is neither subject to Section 13 or Section 15(d) of the Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner upon the request of such holder, beneficial owner or prospective purchaser, the information required to be delivered to such person pursuant to Rule 144A(d)(4) under the Securities Act (or any successor provision thereto) to permit compliance with Rule 144A in connection with resales of Offer GDRs.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Company is incorporated under the laws of Romania. Certain members of the Company’s Executive Board, Supervisory Board and senior management are residents of Romania and certain entities referred to herein are organised under the laws of Romania. All or a substantial portion of the assets of such persons and entities are located in Romania. As a result, it may not be possible for investors to:

- effect service of process within the United States or countries other than Romania upon any of the Company’s directors and senior managers named in this Prospectus; or
- enforce, in the United States or countries other than Romania, court judgments obtained in courts of the United States or such other countries against the Company or any of its directors and senior managers named in this Prospectus in any action.

In addition, it may be difficult for investors to enforce, in original actions brought in courts in jurisdictions located outside the United States, liabilities predicated upon US securities laws.

Furthermore, the United States and Romania currently do not have bilateral or other treaties between them providing for the reciprocal recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. A final and conclusive judgment for the payment of money rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon US federal securities laws, would not automatically be recognised or enforceable in Romania.

A judgment of a court of law of a non-EU member state made *in personam* for a certain sum, which is not impeachable as void or voidable under the internal laws of the foreign jurisdiction (a “**Non-EU Judgment**”) would be recognised in Romania, **provided that**: (a) the Non-EU Judgment is final (*hotarare definitiva*) according to the law of the state where it was given; (b) the court rendering such Non-EU Judgment had, according to *lex fori*, jurisdiction to try the relevant litigation, but without relying exclusively on the presence in that jurisdiction of the defendant or of some of its assets which are not directly connected with that litigation; (c) there is reciprocity regarding the effects of foreign judgments between Romania and the foreign jurisdiction which rendered the Non-EU Judgment whose recognition is sought; (d) when given in default of appearance, the party who lost the trial was served in due course with the summoning for appearance for the hearing where the court tried the merits of the case and with the document which instituted the proceedings, was given the possibility to defend itself and was given the possibility to challenge the Non-EU Judgment. The recognition of a Non-EU Judgment may be rejected in any of the following cases: (a) the Non-EU Judgment is manifestly inconsistent with or contrary to public order of Romanian international private law; (b) the Non-EU Judgment is rendered in an area of law where persons cannot dispose freely of their rights and it was obtained exclusively for the purpose of withholding the matter from the incidence of the law that would otherwise be applicable pursuant to Romanian conflict of law rules; (c) the action or proceeding involving the same parties resulted in a judgment (even if not final) of the Romanian courts or is pending before Romanian

courts as at the date the action or proceeding commenced before the foreign court which rendered the Non-EU Judgment; (d) the Non-EU Judgment is irreconcilable with a prior foreign judgment which may be recognised in Romania; (e) Romanian courts had exclusive jurisdiction to try the subject matter of the Non-EU Judgment pursuant to Romanian civil procedure laws; (f) the right of defence was breached; and (g) the Non-EU Judgment may be challenged in any other manner in the state where it was rendered. The application for recognition before Romanian courts should be made according to Romanian procedural rules and should enclose all the documentation thereby required. Additionally, the recognition of the Non-EU Judgment may not be refused solely for the reason that the foreign court rendering the Non-EU Judgment applied another law than the law that would have been applicable according to Romanian conflict of law rules, except where the trial concerns the civil status and the capacity of a Romanian citizen and the solution adopted by the court differs from the solution that would have been reached according to the Romanian law.

A Non-EU Judgment can be enforced in Romania based on a final decision of a Romanian competent court approving the enforcement, only if: (i) the requirements mentioned above for the recognition in Romania of Non-EU Judgments are met; (ii) the Non-EU Judgment is enforceable according to the law of the jurisdiction where it was made; (iii) where the Non-EU Judgment establishes an obligation arising from a foreign fiscal law, there exists reciprocity regarding the effects of foreign judgments in the relevant fiscal matter between Romania and the foreign jurisdiction which rendered the Non-EU Judgment whose recognition and enforcement is sought; (iv) the enforcement of such Non-EU Judgment does not constitute, directly or indirectly, the enforcement of foreign penal laws; (v) the right to require enforcement is not time barred according to the statute of limitation provisions (*prescriptia dreptului de a cere executarea silita*) of the Romanian law; and (vi) the application for enforcement before Romanian courts is duly made according to the Romanian procedural rules and encloses all the documentation thereby required.

A court judgment rendered in an EU member state other than Romania (an “**EU Judgment**”) is recognised in Romania by operation of law without any special procedure. Such recognition is rejected upon the request of any interested parties in the following circumstances: (a) such recognition is manifestly contrary to public order in Romania; (b) where the EU Judgment was given in default of appearance, if the defendant was not served with the document which instituted the proceedings or with an equivalent document in sufficient time and in such a way as to enable him to arrange for his defence, unless the defendant failed to commence proceedings to challenge the judgment when it was possible for him to do so; (c) it is irreconcilable with a judgment given in a dispute between the same parties in Romania; (d) it is irreconcilable with an earlier judgment given in a EU member state (other than Romania) or in a third state involving the same cause of action and between the same parties, **provided that** the earlier judgment fulfils the conditions necessary for its recognition in Romania; and (e) the EU Judgment conflicts with the provisions of Council Regulation (EU) no. 1215/2012 of the European Parliament and of the Council on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (“**Regulation no. 1215/2012**”) in respect of jurisdiction in matters relating to insurance, jurisdiction over consumer contracts and individual employment contracts and exclusive jurisdiction.

An EU Judgment can be enforced in Romania pursuant to Regulation no. 1215/2012 without any decision of a Romanian competent court approving the enforcement being necessary only if: (i) it is enforceable in the EU member state where the EU Judgment was rendered; (ii) the Romanian competent court is provided with a copy of the EU Judgment which satisfies the conditions necessary to establish its authenticity; (iii) the Romanian competent court is provided with an original certificate issued by the relevant EU member state’s court in the form set out in Annex I of Regulation no. 1215/2012 and none of the conditions above preventing the recognition of an EU Judgment is applicable; (iv) where the EU Judgment orders a periodic payment by way of penalty, (including, but not limited to, default interest), the amount of the payment has been finally determined by the courts of the EU member state of origin; and (v) the right to enforce the final judgment is not time barred.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Incorporation of Certain Information by Reference

This Prospectus incorporates by reference, and should be read and construed in conjunction with, the following information:

Document	Pages Incorporated
OMV Petrom Group 2014 Annual Report – Business Segments.....	30-41
OMV Petrom Group 2015 Annual Report – Business Segments ¹	22-34
OMV Petrom Group 2015 Annual Report – Corporate Governance Statement	60-70
Articles of Association of the Company	1-26

Note:

- (1) As corrected with respect to refined product sales volumes split by product via an erratum to the 2015 Annual Report, published on 1 September 2016.

The information contained in each document incorporated by reference herein is given as of the date of such document. Such information shall be deemed to be incorporated in, and form part of, this Prospectus, save that any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this document to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

You may obtain the OMV Petrom 2014 Annual Report and 2015 Annual Report by visiting the Group's website at: https://www.omvpetrom.com/portal/01/petromcom/petromcom/OMV_Petrom/Annual_Report. You may obtain the Articles of Association of the Company by visiting the Group's website at: http://www.omvpetrom.com/portal/01/petromcom/petromcom/OMV_Petrom/Relatia_cu_investitorii/corporate-governance/Act_Constitutiv. Both the Annual Reports and the Articles of Association may also be obtained by writing to OMV Petrom S.A., Investor Relations Department at Str. Coralilor nr. 22 ("Petrom City"), Bucharest, postal code 013329, Romania.

Financial and Operating Information

Financial statements of the Group

The audited consolidated financial statements of the Company and its subsidiaries as of and for the years ended 31 December 2013 (the "**2013 Financial Statements**"), 31 December 2014 (the "**2014 Financial Statements**") and 31 December 2015 (the "**2015 Financial Statements**"), and together with the 2013 and 2014 Financial Statements, the "**Annual Financial Statements**") and its interim condensed consolidated financial statements as of and for the six months ended 30 June 2016, including comparative figures for the six months ended 30 June 2015 (the "**Interim Financial Statements**" and together with the Annual Financial Statements, the "**Financial Statements**") are included in this Prospectus. The Financial Statements included in this Prospectus have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"), as adopted by the European Union. The Financial Statements are presented in Romanian Leu.

Unless otherwise specified, financial information derived from the Financial Statements is presented on a consolidated basis.

Non-IFRS measures

Certain parts of this Prospectus contain references to EBIT, EBITD, Free Cash Flow and Clean CCS EBIT. We compute EBIT as earnings before net financial result and tax and EBITD as earnings before net financial result, tax, depreciation and amortisation, impairments and write-ups of fixed assets. We define Free Cash Flow as net cash generated from operating activities less net cash used in investing activities. We define Clean EBIT as earnings before net financial result and tax adjusted for special items, while Clean CCS EBIT is defined as Clean EBIT adjusted for current cost of supply (“CCS”) effects. Special items represent expenses and income reflected in the financial statements that are presented separately, on a net basis, in order to enable stakeholders/investors to better understand and evaluate our reported financial performance, as they are not part of underlying ordinary business operations. In the periods under review, special items mainly consisted of unscheduled depreciation (impairments) and personnel and restructuring costs. CCS is calculated monthly using data from our refinery’s supply and production systems at the level of the Downstream Oil business segment. CCS effects represent the difference between the charge to the income statement for inventory on a weighted average basis (adjusted for the change in valuation allowances related to realisable value) and the charge based on the current cost of supply.

EBIT, EBITD, Free Cash Flow and Clean CCS EBIT are not measures of performance under IFRS and should not be considered by prospective investors as an alternative to (a) net profit/(loss) as a measure of operating performance; (b) net cash flows from operating, investing and financing activities as a measure of our ability to meet our cash needs; or (c) any other measure of performance under IFRS. We believe that EBIT, EBITD, Free Cash Flow and Clean CCS EBIT provide a useful indication of the underlying performance of the Group’s operations because they eliminate variances caused by the effects of differences in taxation and other factors and, with respect to Free Cash Flow, provide a useful indication of the underlying cash generating capacity of the Group.

Since EBIT, EBITD, Free Cash Flow and Clean CCS EBIT are not measures of performance under IFRS, all companies may not calculate these measures on a consistent basis and our presentation of EBIT, EBITD, Free Cash Flow and Clean CCS EBIT may not be comparable to measures used by other companies under the same or similar names. Accordingly, undue reliance should not be placed on the EBIT, EBITD, Free Cash Flow and Clean CCS EBIT data contained in this Prospectus. We encourage you to evaluate these items and the limitations for purposes of analysis in excluding them. For a reconciliation of EBITD, Free Cash Flow and Clean CCS EBIT to net income, see “*Selected Financial and Operating Information*”.

Unaudited operating information

The Company’s unaudited operating information in relation to its business is derived from the following sources: (i) internal records related to production and sales of oil, natural gas, refined petroleum products and power; (ii) accounting systems (based on invoices issued and/or received); (iii) internal reporting systems supporting the preparation of financial statements; (iv) management assumptions and analyses; and (v) discussions with key operating personnel. Operating information derived from management accounts or internal reporting systems in relations to the Company’s business is to be found principally in “*Operating and Financial Review*” and “*Business*”.

Certain Reserves Information

Cautionary note to US investors

Hydrocarbon reserves data presented in this Prospectus, comprising the proved plus probable (“**2P**”) oil and natural gas reserves of certain properties in Kazakhstan and Romania in which we own interests, as of 30 June 2016, have been estimated by our own engineers, (i) in the case of 1P reserves, in accordance with the SEC standards and (ii) in the case of probable reserves, in accordance with standards prepared under the PRMS. See “*Classification of reserves*” below.

Since 2005, DeGolyer and McNaughton (“**D&M**”), as independent professional engineers, have prepared an independent evaluation of our reserves every two years. Most recently, D&M evaluated our reserves as of 31 December 2015 as part of its evaluation for OMV Group. This most recent evaluation has been updated for the Company as of 30 June 2016. However, due to restrictions on access to hydrocarbon reserves data under Romanian law (see “*Information subject to classification and confidentiality obligations under Romanian law*”) no independent reserves report has been included in this Prospectus. The last independent reserves audit conducted by D&M as of 30 June 2016 did not find any differences at Group level (in excess of 5%) between the total 1P and total 2P reserve estimates prepared by our own engineers and D&M’s estimates.

The information on reserves in this Prospectus is based on economic assumptions that may prove to be incorrect. The Romanian economy is more unstable and subject to more significant and sudden changes than the economies of many developed countries and, therefore, economic assumptions in Romania are subject to a high degree of uncertainty. Prospective investors should not place undue reliance on the forward-looking statements in the estimates, on the ability of the estimates to predict actual reserves or on comparisons of similar reports concerning companies established in countries with more mature economic systems.

Classification of reserves

The estimation of reserves of natural gas, gas condensate and crude oil can be determined based on the estimate of two components: (i) geological quantities, or those quantities of natural gas, gas condensate and crude oil contained in the subsoil and (ii) recoverable quantities, or the portion of geological quantities whose extraction from the subsoil as of the date the reserves are calculated is economically efficient given market conditions and rational use of modern extraction equipment and technologies, and taking into account compliance with the requirements of subsoil and environmental protection.

The following is a description of the principal differences between PRMS standards and SEC standards (although the description does not include all of the differences and some differences not described may be material).

PRMS Standards

Under PRMS standards, reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of the evaluation date) based on the development project(s) applied. Reserves are further categorised in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterised by development and production status.

1P reserves are those quantities of petroleum which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate.

Probable Reserves are those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than 1P reserves but more certain to be recovered than possible reserves. It is

equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated 2P reserves. In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate.

Possible Reserves are those additional reserves which analysis of geoscience and engineering data suggest are less likely to be recoverable than probable reserves. The total quantities ultimately recovered from the project have a low probability to exceed the sum of proved plus probable plus possible reserves (“**3P**”), which is equivalent to the high estimate scenario. In this context, when probabilistic methods are used, there should be at least a 10% probability that the actual quantities recovered will equal or exceed the 3P estimate. We have not historically disclosed possible reserves of the Group.

An evaluation of proved, probable and possible reserves naturally involves multiple uncertainties. The accuracy of any reserves evaluation depends on the quality of available information and engineering and geological interpretation. Based on the results of drilling, testing and production after the appraisal date, reserves may be significantly restated upwards or downwards. Changes in the price of natural gas, gas condensate or crude oil may also affect the proved, probable and possible reserves estimates, as well as estimates of its future net revenues and net present worth, because the reserves are evaluated, and the future net revenues and net present worth are estimated, based on prices and costs as of the appraisal date.

SEC Standards

SEC standards differ in certain material respects from PRMS standards. The principal differences include the following:

Duration of licence. Under PRMS standards, 1P reserves are projected to the economic production life of the evaluated fields. Under the SEC standards and guidance issued by the SEC staff in respect thereof, quantities of oil and gas deposits may be required to be limited to quantities expected to be produced during the term of the licences with respect thereto (“**SEC-LE basis**”), rather than being calculated through the economic life of the fields (the “**SEC-LOF basis**”). In this regard, the guidance is that renewals of licences should not be assumed unless the licence holder has the right to renew the licence and a demonstrated track record exists in respect of obtaining renewals. We believe that we are currently in material compliance with our licences (which in Romania are called “petroleum agreements”), and intend to request to extend them to the full economic lives of the associated fields upon the expiration of their primary terms.

Further, SEC Regulation S-X Rule 4-10 paragraph (a) defines proved reserves as follows:

Proved oil and gas reserves. Proved oil and gas reserves are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible – from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time.

- (i) The area of the reservoir considered as proved includes:
 - (A) the area identified by drilling and limited by fluid contacts, if any; and
 - (B) adjacent undrilled portions of the reservoir that can, with reasonable certainty, be judged to be continuous with it and to contain economically producible oil or gas on the basis of available geoscience and engineering data.

(ii) In the absence of data on fluid contacts, proved quantities in a reservoir are limited by the lowest known hydrocarbons as seen in a well penetration unless geoscience, engineering, or performance data and reliable technology establish a lower contact with reasonable certainty.

(iii) Where direct observation from well penetrations has defined a highest known oil elevation and the potential exists for an associated gas cap, proved oil reserves may be assigned in the structurally higher portions of the reservoir only if geoscience, engineering, or performance data and reliable technology establish the higher contact with reasonable certainty.

(iv) Reserves which can be produced economically through application of improved recovery techniques (including, but not limited to, fluid injection) are included in the proved classification when:

(A) successful testing by a pilot project in an area of the reservoir with properties no more favourable than in the reservoir as a whole, the operation of an installed programme in the reservoir or an analogous reservoir, or other evidence using reliable technology establishes the reasonable certainty of the engineering analysis on which the project or programme was based; and

(B) the project has been approved for development by all necessary parties and entities, including governmental entities.

(v) Existing economic conditions include prices and costs at which economic producibility from a reservoir is to be determined. The price shall be the average price during the 12-month period prior to the ending date of the period covered by the report, determined as an unweighted arithmetic average of the first-day-of-the-month price for each month within such period, unless prices are defined by contractual arrangements, excluding escalations based upon future conditions.

Developed oil and gas reserves. Developed oil and gas reserves are reserves of any category that can be expected to be recovered:

(i) through existing wells with existing equipment and operating methods or in which the cost of the required equipment is relatively minor compared to the cost of a new well; and

(ii) through installed extraction equipment and infrastructure operational at the time of the reserves estimate if the extraction is by means not involving a well.

Undeveloped oil and gas reserves. Undeveloped oil and gas reserves are reserves of any category that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion.

(i) Reserves on undrilled acreage shall be limited to those directly offsetting development spacing areas that are reasonably certain of production when drilled, unless evidence using reliable technology exists that establishes reasonable certainty of economic producibility at greater distances.

(ii) Undrilled locations can be classified as having undeveloped reserves only if a development plan has been adopted indicating that they are scheduled to be drilled within five years, unless the specific circumstances justify a longer time.

(iii) Under no circumstances shall estimates for undeveloped reserves be attributable to any acreage for which an application of fluid injection or other improved recovery technique is contemplated, unless such techniques have been proved effective by actual projects in the same reservoir or an analogous reservoir, as defined in section 210.4-10 (a) Definitions of Rule 4-10 of Regulation S-X promulgated under the Securities Act, or by other evidence using reliable technology establishing reasonable certainty.

Information subject to classification and confidentiality obligations under Romanian law

According to the legal framework in the petroleum field, all data and information obtained from operations conducted in relation to Romanian petroleum resources and reserves belong to the Romanian State. Such data and information may be used by the legal persons conducting petroleum operations solely in their own interest. In case there is an interest in providing to other interested parties data and information on the petroleum resources from Romania, an approval from ANRM is required. Moreover, data and information held in the archives of the legal entities are confidential and will not be disclosed without ANRM's prior written approval. No explicit exception from the principle of obtaining the prior ANRM written approval is regulated under the Petroleum Law and its methodology. In addition, certain data and information related to petroleum resources and reserves may have the status of classified information, being subject to even more restrictions in accordance with the relevant legal framework, including access restrictions on the basis of the "need to know" principle. In the past, the Company's efforts to obtain ANRM's approval for disclosing information related to petroleum resources and reserves were unsuccessful and, due to these restrictions, no independent reserves report has been included in the Prospectus. As a result, the level of information in this Prospectus or otherwise made available to our investors may be lower than the expected level of disclosure and may be different compared with the level of disclosure of matters that are not subject to classified information restrictions.

Presentation of reserves and production data

All numerical data regarding figures for production of crude oil presented in this Prospectus are presented in gross terms without any deduction for wastage or own use at the field unless otherwise stated by reference to net numerical data.

The following abbreviations have the following meanings as used in this Prospectus:

"**bbl**" means barrel(s);

"**bcm**" means billion cubic metres;

"**boe**" means barrel of oil equivalent;

"**kboe/d**" means thousand barrels of oil equivalent per day;

"**kt**" means thousand tonnes;

"**mn bbl**" means million barrels;

"**mn boe**" means million barrels of oil equivalent;

"**mn t**" means million tonnes;

"**mn t/y**" means million tonnes per year;

"**MW**" means megawatt;

"**MWh**" means megawatt hour(s); and

"**TWh**" means terawatt hour(s).

Conversion of hydrocarbon volumetric data

This Prospectus presents data relating to the Company's production, refining and marketing operations, which are expressed in barrels. As is common in the reporting of hydrocarbon production in Romania, the Group maintains its internal records regarding such data in metric tonnes.

Tonnes of crude oil produced are translated into barrels using conversion rates reflecting oil density from each of the Group's oil fields. For Romania, crude oil purchased as well as other operational indicators expressed

in barrels are translated from tonnes using a conversion rate of 7.1925 bbl per tonne. Translations of cubic metres to cubic feet are made at the rate of 35.315 cubic feet per cubic metre. Translations of barrels of crude oil into boe are made at the rate of one barrel per boe, and of cubic feet into boe at the rate of 5,400 cubic feet per boe for Romania.

General

Market information

Market data used in this Prospectus under the captions “*Summary*”, “*Risk Factors*”, “*Operating and Financial Review*”, “*The Romanian Oil, Natural Gas and Electricity Markets*” and “*Business*” have been extracted from official and industry sources and other sources the Company believes to be reliable. Sources of such information, data and statistics include ANRE, ANRM, the National Prognosis Commission of Romania (“**CNP**”), the National Institute of Statistics of Romania (“**NIS**”), the NBR, the National Regulatory Authority for Energy of the Republic of Moldova (“**ANRE of Moldova**”), the Association of Oil Companies of Serbia (“**UNKS**”), the National Statistical Institute of Bulgaria (“**NSI of Bulgaria**”), the US Energy Information Administration, Eurostat, the European Commission, the World Bank, the IMF, the BP Statistical Review of World Energy and Transelectrica. Such information, data and statistics have been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published or provided by the aforementioned sources, no facts have been omitted which would render the reproduced information, data and statistics inaccurate or misleading.

Countries

In this Prospectus, all references to “**US**” are to the United States of America, all references to “**UK**” are to the United Kingdom, all references to the “**EU**” are to the European Union and its member states as of the date of this Prospectus, and all references to the “**EEA**” are to the European Economic Area and its member states as of the date of this Prospectus.

Currencies

In this Prospectus, all references to “**RON**” and “**Leu**” are to the lawful currency of Romania, all references to “**€**”, “**EUR**” and “**euro**” are to the lawful currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro, as amended, all references to “**US\$**”, “**\$**”, “**US dollar**”, “**USD**” and “**dollar**” are to the lawful currency of the United States, all references to “**RSD**” are to the lawful currency of Serbia, all references to “**BGN**” are to the lawful currency of Bulgaria and all references to “**MDL**” are to the lawful currency of the Republic of Moldova.

Rounding

Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

References to the Company

In this Prospectus, the “**Company**” and “**OMV Petrom**” refer to OMV Petrom S.A., and the terms “**we**”, “**us**”, “**our**”, and the “**Group**” refer to OMV Petrom S.A. and its consolidated subsidiaries, taken as a whole, unless the context otherwise requires.

Legal references

Except where expressly mentioned otherwise, a reference in this Prospectus to a legal provision is considered a reference to the respective provision as it was amended and/or republished and in force as at the date of this Prospectus.

EXCHANGE RATE INFORMATION

The following tables show, for the periods indicated, information relating to the exchange rates between the Romanian Leu and the US dollar, based on information derived from the NBR. The columns titled “Average” in the tables below show the average of the daily reference rates for the respective periods.

	<u>High</u>	<u>Low</u>	<u>Average</u>	<u>Period End</u>
Years ended 31 December		<i>(RON per USD)</i>		
2013.....	3.4628	3.2033	3.3279	3.2551
2014.....	3.6885	3.1799	3.3487	3.6868
2015.....	4.2220	3.7742	4.0062	4.1477

Source: NBR, Company calculation.

	<u>High</u>	<u>Low</u>	<u>Average</u>	<u>Period End</u>
Six-month period ended 30 June		<i>(RON per USD)</i>		
2015.....	4.2107	3.7742	3.9886	3.9969
2016.....	4.2141	3.8697	4.0289	4.0624

Source: NBR, Company calculation.

	<u>High</u>	<u>Low</u>	<u>Average</u>	<u>Period End</u>
Months ended		<i>(RON per USD)</i>		
May 2016	4.0491	3.8697	3.9802	4.0491
June 2016	4.0924	3.9636	4.0257	4.0624
July 2016	4.0891	4.0203	4.0529	4.0203
August 2016	4.0206	3.9351	3.9775	3.9945

Source: NBR, Company calculation.

The following tables show, for the periods indicated, information relating to the exchange rates between the Romanian Leu and the EUR, based on information derived from the NBR. The columns titled “Average” in the tables below show the average of the daily reference rates for the respective periods.

	<u>High</u>	<u>Low</u>	<u>Average</u>	<u>Period End</u>
Years ended 31 December		<i>(RON per EUR)</i>		
2013.....	4.5535	4.3072	4.4186	4.4847
2014.....	4.5447	4.3845	4.4440	4.4821
2015.....	4.5381	4.3965	4.4446	4.5245

Source: NBR, Company calculation.

Six-month period ended 30 June	High	Low	Average	Period End
		<i>(RON per EUR)</i>		
2015.....	4.5110	4.3965	4.4471	4.4735
2016.....	4.5396	4.4569	4.4945	4.5210

Source: NBR, Company calculation.

Months ended	High	Low	Average	Period End
		<i>(RON per EUR)</i>		
May 2016	4.5194	4.4864	4.4994	4.5115
June 2016	4.5396	4.5070	4.5218	4.5210
July 2016	4.5199	4.4444	4.4858	4.4654
August 2016	4.4757	4.4488	4.4594	4.4535

Source: NBR, Company calculation.

The Company makes no representation that the Romanian Leu amounts referred to in this Prospectus could have been or could be converted into any currency at the above exchange rates, at any other rate or at all.

OVERVIEW OF THE OFFERING

The Company	OMV Petrom S.A.
The Selling Shareholder	Fondul Proprietatea S.A.
The Offering	The Offering comprises an offering by the Selling Shareholder of up to 3,641,100,108 existing Shares in the form of Offer Shares and Offer GDRs (together, the “Offer Securities”). The Offering is structured as an offering of Offer Securities (i) in Romania to the public, (ii) in the United States to certain QIBs in reliance on Rule 144A under the Securities Act and (iii) outside the United States in offshore transactions in reliance on Regulation S. No stabilisation activities will be carried out in connection with the Offering.
Sole Global Coordinator and Joint Bookrunner	Goldman Sachs International.
Joint Bookrunners	Banca Comerciala Romana S.A., Erste Group Bank AG and WOOD & Company Financial Services, a.s.
Offer Tranches	The Offering is split into three tranches (the “Offer Tranches”) as follows: (1) 10% of the Offer Securities (364,110,011 Shares (in the form of Offer Shares and Offer GDRs)) will be initially offered to any individual or legal entity who does not meet the criteria to qualify as an Institutional Investor or Large Retail Investor (as defined below) (the “Small Retail Investors”) (the “Small Retail Tranche”); (2) 10% of the Offer Securities (364,110,011 Shares (in the form of Offer Shares and Offer GDRs)) will be initially offered to any individual or legal entity who does not meet the above criteria to qualify as an Institutional Investor and who cumulatively subscribes for at least 1,500,001 Offer Shares (the “Large Retail Investors”) (the “Large Retail Tranche”); and (3) the remaining Offer Securities (2,912,880,086 Shares (in the form of Offer Shares and Offer GDRs)) will be offered to (i) credit institutions, (ii) investment firms, (iii) undertakings for collective investments (collective investment schemes, investment companies and/or investment management companies), (iv) insurance companies, (v) pension funds and management companies of such funds, (vi) traders, (vii) trust companies, (viii) international financial institutions (IFIs), and (ix) other financial institutions, including depositary banks (the “Institutional Investors”) (the “Institutional Tranche”).

	The final size of each Offer Tranche will be decided by the Selling Shareholder in consultation with the Managers, based on the level of subscriptions, on the Allocation Date.
The GDRs	Each GDR will represent 150 Shares on deposit with Citibank Europe plc, Dublin – Romania Branch (the “Custodian”), as custodian for the GDR Depositary. The GDRs will be issued by the GDR Depositary pursuant to the Deposit Agreements to be entered into between the Company and the GDR Depositary on or around the Closing Date. The Rule 144A GDRs will be evidenced initially by the Master Rule 144A GDR and the Regulation S GDRs will be evidenced initially by the Master Regulation S GDR and each such Master GDR will be issued pursuant to the relevant Deposit Agreement. See “<i>Settlement and Transfer</i>”. Following the Offering, pursuant to the Deposit Agreements, the Shares represented by the GDRs will be held by the Custodian, for the account of the GDR Depositary and for the benefit of the holders of the GDRs. From time to time the GDR Depositary may deduct per-GDR fees and other fees, charges and expenses as well as taxes and governmental charges from dividend distributions and may otherwise assess other per-GDR fees and other fees, charges and expenses to the GDR holders. See “<i>Terms and Conditions of the Global Depositary Receipts—GDR Fees and Charges</i>”. Except in the limited circumstances described herein, definitive GDR certificates will not be issued to holders in exchange for interests in the GDRs represented by the Master GDRs. Subject to the terms of the Deposit Agreements, interests in the Master Regulation S GDR may be exchanged for interests in the corresponding number of GDRs represented by the Master Rule 144A GDR, and vice versa. See “<i>Terms and Conditions of the Global Depositary Receipts</i>”. The GDRs will be governed by English law.
Offer Shares	Up to 3,641,100,108 Shares, ordinary, issued in registered (book entry) form and kept by the Romanian Central Depositary. All Shares have been created under, and conform with, Romanian law.
GDR Depositary	Citibank, N.A.
Custodian	Citibank Europe plc, Dublin – Romania Branch
Offer Period	6 (six) Business Days, from 6 October 2016 to 13 October 2016.
Allocation Date	The Business Day following the last day of the Offer Period.
Maximum Price	RON 0.244 per Offer Share and USD 9.16 per Offer GDR.
Final Offer Price	The Final Offer Price shall be announced on the Allocation Date. See “<i>Subscription and Sale</i>”.
Intermediation Method	Best efforts.

Listing and Trading

The Shares are admitted to trading on the spot regulated market of the Bucharest Stock Exchange. Application will be made: (1) to the United Kingdom FCA, in its capacity as competent authority under the FSMA, for an admission to listing of up to 16,182,667 GDRs consisting of (i) the GDRs to be issued on the Closing Date in connection with the Offering and (ii) up to any additional GDRs to be issued from time to time against the deposit of Shares (to the extent permitted by law) with the Custodian, on the standard segment of the Official List and (2) to the London Stock Exchange, for an admission to trading of such GDRs on the London Stock Exchange's main market for listed securities (the "**Main Market**"). The secondary listing of the Company on the London Stock Exchange by issuance of GDRs has been approved by EGM resolution no. 1 of 22 September 2015. The period during which the secondary listing is permitted was extended to 31 December 2017 by EGM resolution no. 1 of 26 April 2016. The Bucharest Stock Exchange and the Main Market of the London Stock Exchange are both regulated markets in the EEA for the purposes of the Directive on Markets in Financial Instruments.

Admission to the Official List and unconditional trading in the GDRs on the London Stock Exchange through its IOB is expected to take place on or around the Closing Date, which will take place following the United Kingdom FCA's receipt of Notification from the Romanian FSA.

The security identification numbers and trading symbols of the Securities are expected to be as follows:

Shares ISIN: ROSNPPACNOR9

Bucharest Stock Exchange Share trading symbol: SNP

Regulation S GDR ISIN: US67102R3049

Regulation S GDR Common Code: 130322611

Regulation S GDR CUSIP: 67102R 304

Regulation S GDR SEDOL: BYMFGJ1

London Stock Exchange Regulation S GDR trading symbol: PETB

Rule 144A GDR ISIN: US67102R2058

Rule 144A GDR Common Code: 130322751

Rule 144A GDR CUSIP: 67102R 205

Rule 144A GDR SEDOL: BYMFGL3

London Stock Exchange Rule 144A GDR trading symbol: PETR

Settlement and Transfer

Payment for the Offer Shares is expected to be made in RON through the facilities of RoClear (the Romanian Clearing Settlement, Custody, Depository and Registration System), which is administered by the Romanian Central Depository. See "*Settlement and Transfer*". Transfers of Shares within the

Offering and secondary market sales of Shares will be settled and cleared through the settlement system managed by the Romanian Central Depository, in accordance with applicable Romanian regulations.

Payment for the GDRs is expected to be made in US dollars in same-day funds through the facilities of DTC, Euroclear and Clearstream, Luxembourg on the Closing Date. The Company has applied to DTC to have the Rule 144A GDRs accepted for clearing and settlement through DTC and to Euroclear and Clearstream, Luxembourg to have the Regulation S GDRs accepted for clearing and settlement through the systems of Euroclear and Clearstream, Luxembourg. Upon acceptance by DTC, a single Master Rule 144A GDR will be issued and deposited with the GDR Depository as custodian for DTC and registered in the name of Cede & Co., as nominee for DTC. The Master Regulation S GDR will be registered in the name of Citivic Nominees Limited, as nominee for Citibank Europe plc, as common depository for Euroclear and Clearstream, Luxembourg. Except in limited circumstances described herein, investors may hold beneficial interests in the GDRs evidenced by the corresponding Master GDRs only through DTC, Euroclear or Clearstream, Luxembourg, as applicable. Transfers within DTC, Euroclear and Clearstream, Luxembourg will be in accordance with the usual rules and operating procedures of the relevant system. See *“Settlement and Transfer”*.

Lock-Up

Pursuant to the terms of the Placing Agreement, the Selling Shareholder has agreed with the Managers that during the period from the date of the Placing Agreement until 360 days after the Closing Date it will not, without the prior written consent of the Managers: (a) issue, offer, sell, lend, mortgage, assign, pledge, charge, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of, directly or indirectly, any Shares or any securities convertible or exchangeable into or exercisable for, or substantially similar to, any Shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the underlying securities, including equity swaps, forward sales and options or global depository receipts representing the right to receive any such securities; or (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of any Shares; or (c) enter into any transaction with the same economic effect as, or agree to, or publicly announce any intention to enter into, any transaction described above, whether any such transaction described above is to be settled by delivery of Shares, GDRs or such other securities, in cash or otherwise.

Pursuant to the terms of the Company Agreement, the Company has agreed with the Managers that during the period from the date of the Company Agreement until 180 days after the Closing Date it will not, without the prior written consent of the Managers (such consent not to be unreasonably withheld): (a) issue, offer, sell, lend, mortgage, assign, pledge, charge, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of (or publicly announce any such action), directly or indirectly, any Shares or any securities convertible or exchangeable into or exercisable for, or substantially similar to, any Shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the underlying securities, including equity swaps, forward sales and options or global depositary receipts representing the right to receive any such securities; or (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of any Shares; or (c) enter into any transaction with the same economic effect as, or agree to, or publicly announce any intention to enter into, any transaction described above, whether any such transaction described above is to be settled by delivery of Shares, GDRs or such other securities, in cash or otherwise.

In the case of the Company, the above restrictions will not apply to any increase of the Company's share capital undertaken in accordance with Law no. 137/2002 (regarding certain measures for accelerating privatisations) and the Privatisation Agreement as a result of an in-kind contribution by the Romanian State following the issuance of the relevant certificates ascertaining ownership rights over land to the Company. The Selling Shareholder has also agreed with the Managers that in the event that the shareholders of the Selling Shareholder pass a resolution or resolutions which requires the Selling Shareholder or Franklin Templeton International Services S.Â R.L., in its capacity as sole director and alternative investment fund manager of the Selling Shareholder, to engage in an act or omission which would breach the terms of the Selling Shareholder's lock-up obligation described above, then the obligation shall be waived to the extent required to comply with such resolution and neither the Selling Shareholder nor the fund manager shall bear any liability to any party for acts or omissions in compliance with the resolution, provided that the Selling Shareholder and fund manager undertake not to propose such a resolution to the shareholders of the Selling Shareholder of its own free will.

Pursuant to the terms of a lock-up letter from OMV, OMV has agreed that, in relation to any Shares held or acquired by OMV,

neither it nor any person acting on its behalf will, from the date thereof until 180 days after the date of admission to trading of the GDRs on the London Stock Exchange, without the prior written consent of the Sole Global Coordinator (not to be unreasonably withheld): (i) offer, pledge, allot, sell, contract to sell, sell any option or contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares; or (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of Shares; or (iii) enter into any transaction with the same economic effect as, or agree to, or publicly announce any intention to enter into any transaction described above, whether any such transaction described in clauses (i) to (iii) above is to be settled by delivery of Shares, GDRs or such other securities, in cash or otherwise. The foregoing restrictions will automatically terminate on 30 April 2017, at the latest.

The foregoing restrictions will not apply to OMV in connection with any Share transfers, capital measures (in particular any capital increase of the Company's share capital) or other actions and transactions undertaken on the basis of or in connection with the Privatisation Agreement and/or Law no. 137/2002 regarding certain measures for accelerating privatisations.

Use of Proceeds

The Company will not receive any of the proceeds from the sale of the Offer Securities by the Selling Shareholder in the Offering.

The Selling Shareholder will receive all the net proceeds from the sale of the Offer Securities.

Taxation

For a discussion of certain United States, United Kingdom and Romanian tax consequences of purchasing and holding the Securities, see "*Taxation*".

Dividend Policy

The Company is committed to deliver a competitive shareholder return, through the business cycle, including paying an attractive dividend, subject always to maintaining a strong balance sheet that will enable the Company to finance its investment needs and to the shareholders' approval. The Company currently targets, subject to adverse developments in the external market, a proposed dividend from the 2016 net earnings of a minimum of 30% in the case it is fully covered by free cash flows before dividends. See "*Dividend Policy*" and "*Description of Share Capital and Corporate Structure*".

The yearly dividend proposals of the Executive Board are subject to shareholders' approval, during the ordinary general meeting of shareholders.

Voting Rights

Each Share carries one vote for the purposes of General Meetings of Shareholders. Each GDR carries the right to exercise the voting rights of the relevant underlying Share, subject to the provisions of the Deposit Agreements and Romanian law. The Deposit Agreements will contain arrangements allowing holders of GDRs to instruct the GDR Depositary how to vote the underlying Shares in accordance with Romanian law. See “*Terms and Conditions of the Global Depositary Receipts*” and “*Description of Share Capital and Corporate Structure*”.

Selling and Transfer Restrictions

The Securities will be freely transferable (subject, in the case of the Shares, to the rules of the spot regulated market of the Bucharest Stock Exchange, and clearing and settlement rules of the Romanian Central Depository and other applicable legislation, and in the case of the GDRs, to the clearing and settlement rules of The Depository Trust Company (in the case of the GDRs represented from time to time by the Master Rule 144A GDR) and Euroclear and Clearstream, Luxembourg (in the case of the GDRs represented from time to time by the Master Regulation S GDR), as applicable and the terms and conditions of the GDRs) and subject to restrictions described under “*Selling and Transfer Restrictions*”).

Risk Factors

Investors should consider carefully certain risks discussed under “*Risk Factors*”.

USE OF PROCEEDS

The Offering by the Selling Shareholder is aimed at increasing value for its shareholders and at increasing the liquidity of the assets in its portfolio.

The gross proceeds of the Offering to the Selling Shareholder will be approximately RON 888,428,426.35 (assuming that the maximum number of Offer Securities are sold at the Maximum Price).

The total commissions, fees and expenses payable by the Selling Shareholder in connection with the Offering are expected to be between approximately RON 32.58 mn and RON 37.06 mn.

The total net proceeds that the Selling Shareholder will receive from the Offering after deduction of commissions, fees and expenses will be approximately RON 851,368,426.35 (assuming that all the Offer Securities are sold at the Maximum Price). The proceeds from the Offering will be used by the Selling Shareholder in accordance with its investment policy and articles of association. The Company will not receive any proceeds of the Offering.

No commissions, fees or expenses in connection with the Offering will be charged to investors by the Company or the Selling Shareholder. The GDR Depositary will be entitled to charge certain fees to the Holders of GDRs.

DIVIDEND POLICY

The Company is committed to deliver a competitive shareholder return, through the business cycle, including paying an attractive dividend, subject always to maintaining a strong balance sheet that will enable the Company to finance its investment needs and to the shareholders' approval. The Company currently targets, subject to adverse developments in the external market, a proposed dividend from the 2016 net earnings of a minimum of 30% in the case it is fully covered by free cash flows before dividends.

Dividends are proposed by the Executive Board each year and are subject to Supervisory Board's approval and shareholders' approval during the Ordinary General Meeting of Shareholders. The Ordinary General Meeting of Shareholders for the approval of the annual financial statements establishes the amount of gross dividend per share, as well as the payment process, based on the proposal made by the Executive Board.

Under the Companies Law and in accordance with the Articles of Association, each fully paid Share gives its owner the right to receive dividends. As of the date of this Prospectus, all Shares, other than Treasury Shares, bear equal and full rights to dividends. The Company observes the one share, one vote, one dividend principle. There are no preference shares without voting rights or shares conferring the right to more than one vote. Dividends are distributed to the shareholders on a pro rata basis proportionately to their participation in the paid-up share capital of the Company.

According to the Capital Markets Law, the Ordinary General Meeting of Shareholders approving the distribution of dividends must also set the period during which the dividends will be paid to the entitled shareholders. The beginning of the payment period shall not exceed six months from the date of the Ordinary General Meeting of Shareholders approving the distribution of dividends.

If the Ordinary General Meeting of Shareholders does not specify the dividend payment period, as described above, the dividends shall be payable within 30 days from the date the resolution of the Ordinary General Meeting of Shareholders approving payment of dividends is published in the Official Gazette of Romania, Part IV; upon expiry of such period, the Company is deemed to be in payment default by operation of law.

Payment of dividends is made only to shareholders registered on the record date set by the Ordinary General Meeting of Shareholders in the shareholders' register. The record date must be set on a date that is at least 10 business days after the Ordinary General Meeting of Shareholders approving the dividend payment takes place. Romanian law also requires that a payment date be set by the Ordinary General Meeting of Shareholders, which, in case of dividends, must be set on a business day no later than 15 business days after the record date, but not exceeding six months from the date of the Ordinary General Meeting of Shareholders approving the dividend distribution.

Under capital markets regulations, the Company must publish, before the dividend payment date, a press release in a nationwide newspaper specifying the value of the dividend per share, ex date, the record date and the dividend payment date, as approved by the Ordinary General Meeting of Shareholders, as well as the means of dividend payment and identifying information of the paying agent.

Any dividends that are not claimed within three years from the date on which their payment becomes due may be retained by the Company.

According to the Companies Law, a dividend distribution out of fictitious profits or from sources that cannot be distributed, in the absence of financial statements or contrary to the relevant data included in the financial statements, leads to criminal liability of the directors, managers, members of the executive board or of the supervisory board or the legal representatives of a company. Furthermore, if the Company registers a loss of its net assets, the share capital must be replenished or reduced before any dividend distribution. In addition, if the Company has accumulated losses, it may not pay dividends until the losses are offset.

The Company's financial period begins on 1 January and ends on 31 December. According to the Companies Law, dividends may be distributed only from profits determined according to the law, as reported in the annual financial statements, approved by the Ordinary General Meeting of Shareholders. No interim dividends may be distributed according to Romanian law. The profit of the Company after the payment of the profit tax shall be distributed according to the resolutions of the Ordinary General Meeting of Shareholders. Under the Articles of Association, the Company may decide to allocate out of net profit amounts for modernisation, research, development and repair needs of the Company, as well as for other matters established by the Ordinary General Meeting of Shareholders. Also, the Company is under an obligation to create reserves and other funds required by applicable legislation.

The Company declared and paid dividends for the financial years ended 31 December 2013 and 2014. The Company did not declare and pay dividends for the financial year ended 31 December 2015. The dividend payment for 2013 was approved by the Ordinary General Meeting of Shareholders on 29 April 2014 and payments started on 5 June 2014 and the dividend payment for 2014 was approved by the Ordinary General Meeting of Shareholders on 28 April 2015 and payments started on 12 June 2015.

The table below sets forth the actual dividend amounts declared by the Company and approved by the relevant Ordinary General Meetings of Shareholders in respect of the years ended 31 December 2013, 2014 and 2015.

	Year ended 31 December		
	2013	2014	2015
Dividends			
Dividends distributed to stockholders of the parent (RON mn)	1,745	634	–
Gross dividend per Share (RON/share)¹	0.0308	0.0112	–
Dividends distribution rate ²	36%	30%	–
Number of fully paid shares	56,644,108,335	56,644,108,335	56,644,108,335
Treasury shares	(204,776)	(204,776)	(204,776)
Weighted average number of shares (relevant for dividends distribution)	56,643,903,559	56,643,903,559	56,643,903,559
Net income for the year attributable to stockholders of the parent (RON mn)	4,821	2,103	(676)

Notes:

- (1) Gross dividend per share is the amount of dividends distributed to stockholders of the parent (before tax) divided by the total number of fully paid shares, less treasury shares.
- (2) Dividends distribution rate is calculated by dividing dividends distributed to stockholders of the parent by net income for the year attributable to stockholders of the parent.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the capitalisation and indebtedness of the Company as at 30 June 2016. The following tables should be read in conjunction with “*Selected Financial and Operating Information*”, “*Use of Proceeds*”, “*Operating and Financial Review*”, “*Business*” and the Financial Statements and the related notes thereto.

	As at 30 June 2016
	<i>(RON mn)</i>
Total interest-bearing debt, current portion	444
Guaranteed	—
Secured	—
Unguaranteed/unsecured	444
Total interest-bearing debt, non-current portion (excluding current portion of long-term debt)	1,264
Guaranteed	—
Secured	—
Unguaranteed/unsecured	1,264
Total interest-bearing debt	1,708
 Stockholders’ equity	 26,142
Share capital	5,664
Reserves	20,478
Total capitalisation	27,850

The following table sets forth the net financial indebtedness of the Company as at 30 June 2016:

	As at 30 June 2016
	<i>(RON mn)</i>
Cash and cash equivalents	(724)
Total interest-bearing debt	1,708
Obligations under finance lease	278
Net financial indebtedness	1,261

As at 30 June 2016, we did not have any contingent or indirect indebtedness. As at 30 June 2016, we had contingent liabilities representing performance guarantees in the amount of RON 64 mn. Since 30 June 2016, there has been no significant change in the capitalisation of the Company.

SELECTED FINANCIAL AND OPERATING INFORMATION

The summary historical financial and operating information as of and for the years ended 31 December 2013, 2014 and 2015 and as of and for the six months ended 30 June 2015 and 2016 has been derived from the Financial Statements included elsewhere in this Prospectus.

The summary financial and operating information should be read in conjunction with “Operating and Financial Review”, “Presentation of Financial and Other Information”, as well as with the Financial Statements including the notes thereto contained elsewhere in this Prospectus.

Consolidated income statement

	Year ended 31 December			Six months ended 30 June	
	2013	2014	2015	2015	2016
	(Audited)			(Unaudited)	
	(RON mn, unless otherwise indicated)				
Sales revenues	24,185	21,541	18,145	8,811	7,192
Direct selling expenses.....	(646)	(480)	(383)	(211)	(146)
Costs of sales.....	(15,485)	(15,815)	(16,403)	(6,399)	(5,883)
Gross profit.....	8,054	5,246	1,359	2,201	1,163
Other operating income.....	298	316	501	287	346
Selling expenses.....	(1,090)	(1,078)	(939)	(466)	(460)
Administrative expenses	(194)	(189)	(183)	(99)	(64)
Exploration expenses	(423)	(156)	(577)	(200)	(144)
Other operating expenses	(687)	(801)	(692)	(443)	(281)
EBIT	5,958	3,338	(530)	1,280	561
Income from associated companies.....	4	11	7	4	5
Interest income	206	72	235	149	84
Interest expenses	(360)	(549)	(431)	(152)	(161)
Other financial income and expenses	(109)	37	(7)	20	(14)
Net financial result	(259)	(429)	(196)	21	(86)
Profit/(loss) from ordinary activities .	5,699	2,909	(726)	1,301	475
Taxes on income.....	(875)	(810)	36	(265)	(70)
Net income/(loss) for the period	4,824	2,100	(690)	1,036	405
thereof attributable to stockholders of the parent	4,821	2,103	(676)	1,041	408
thereof attributable to non- controlling interests	3	(3)	(14)	(5)	(3)

Year ended 31 December			Six months ended 30 June	
2013	2014	2015	2015	2016
(Audited)			(Unaudited)	
(RON mn, unless otherwise indicated)				

Basic and diluted earnings/(loss) per share (RON).....	0.0851	0.0371	(0.0119)	0.0184	0.0072

Consolidated statement of financial position

	At 31 December			At 30 June
	2013	2014	2015	2016
	(Audited)			(Unaudited)
	<i>(RON mn)</i>			
Assets				
Intangible assets	815	1,657	2,430	2,523
Property, plant and equipment.....	30,659	32,290	29,278	28,816
Investments in associated companies	43	35	41	42
Other financial assets	2,143	2,192	2,628	2,687
Other assets	22	21	80	79
Deferred tax assets	877	1,048	1,563	1,550
Non-current assets	34,560	37,243	36,020	35,698
Inventories.....	1,996	2,250	1,965	1,952
Trade receivables.....	1,429	1,424	1,318	1,288
Other financial assets	303	389	257	212
Other assets	315	537	627	611
Cash and cash equivalents.....	1,408	1,268	813	724
Current assets	5,451	5,868	4,980	4,787
Assets held for sale.....	36	14	119	117
Total assets	40,047	43,125	41,118	40,601
Equity and liabilities				
Share capital	5,664	5,664	5,664	5,664
Reserves	21,006	21,377	20,079	20,478
Stockholders' equity	26,671	27,042	25,743	26,142
Non-controlling interests.....	(29)	(36)	(55)	(57)
Total equity	26,642	27,005	25,688	26,085

	At 31 December			At 30 June
	2013	2014	2015	2016
	(Audited)			(Unaudited)
	(RON mn)			
Provisions for pensions and similar obligations	304	283	239	237
Interest-bearing debts	1,254	1,589	1,424	1,264
Provisions for decommissioning and restoration obligations	5,778	7,255	7,941	7,877
Other provisions	602	554	499	495
Other financial liabilities	289	279	266	239
Deferred tax liabilities	11	—	13	2
Non-current liabilities	8,238	9,960	10,382	10,115
Trade payables	2,958	2,899	2,318	1,980
Interest-bearing debts	189	274	379	444
Income tax liabilities	259	329	107	57
Other provisions and decommissioning ..	652	1,109	911	881
Other financial liabilities	319	664	548	262
Other liabilities	790	884	775	768
Current liabilities	5,167	6,160	5,038	4,393
Liabilities associated with assets held for sale	0	—	10	9
Total equity and liabilities	40,047	43,125	41,118	40,601

Summary consolidated statement of cash flows

	Year ended			Six months ended	
	31 December			30 June	
	2013	2014	2015	2015	2016
		(Audited)		(Unaudited)	
	(RON mn)				
Net cash generated from operating activities	8,048	6,830	5,283	2,450	1,771
Net cash used for investing activities	(4,895)	(5,658)	(4,953)	(2,874)	(1,759)
Net cash used in financing activities	(2,412)	(1,334)	(794)	(479)	(101)
Net increase/(decrease) in cash and cash equivalents	742	(140)	(455)	(896)	(88)

	Year ended 31 December			Six months ended 30 June	
	2013	2014	2015	2015	2016
	(Audited)			(Unaudited)	
	(RON mn)				
Cash and cash equivalents at beginning of period	667	1,408	1,268	1,268	813
Cash and cash equivalents at end of period	1,408	1,268	813	372	724

Other financial and operating data

	Year ended 31 December			Six months ended 30 June	
	2013	2014	2015	2015	2016
	(Audited, unless otherwise indicated)			(Unaudited)	
Group					
EBITD (RON mn, unaudited) ¹	9,313	8,145	6,231	3,128	2,308
Clean CCS EBIT (RON mn, unaudited) ²	6,015	5,202	2,522	1,251	638
Free Cash Flow (RON mn, unaudited) ³ ...	3,153	1,172	329	(423)	12
Upstream					
Total segment sales (RON mn) ⁴	13,220	12,889	8,979	4,765	3,521
EBIT (RON mn)	5,529	3,932	(1,815)	695	71
Clean EBIT (RON mn, unaudited) ²	5,542	4,667	919	726	137
Total proved (1P) reserves (mn boe, unaudited) ⁵	728.2	690.2	646.6	671.4	614.6
Proved (1P) crude oil and NGL reserves (mn bbl, unaudited) ⁵	386.6	371.7	361.2	364.7	346.5
Proved (1P) natural gas reserves (mn boe, unaudited) ⁵	341.7	318.6	285.4	306.7	268.1
Total production (mn boe, unaudited)	66.64	65.82	65.19	33.00	32.08
Crude oil and NGL production (mn bbl, unaudited)	32.10	30.94	30.43	15.41	14.73
Natural gas production (bcm, unaudited)	5.29	5.34	5.32	2.69	2.66
Downstream Oil					
Total segment sales ⁴ (RON mn)	19,308	16,755	13,322	6,474	5,032
EBIT (RON mn)	386	(79)	1,230	847	617
Clean CCS EBIT (RON mn, unaudited) ²	374	654	1,315	478	421
Total refined product sales (mn t, ...	5.22	4.81	5.03	2.32	2.27

unaudited) ⁶					
Retail sales volumes (mn t) ⁷	2.48	2.37	2.53	1.16	1.19
Downstream Gas					
Total segments sales ⁴ (RON mn)	4,315	4,375	4,536	2,248	2,114
EBIT (RON mn)	112	(818)	(216)	(81)	17
Clean EBIT (RON mn, unaudited) ²	167	(63)	(145)	(81)	16
Natural gas sold (TWh, unaudited)	52.70	47.70	51.39	27.26	24.75

Notes:

- (1) Earnings Before Interest, Taxes, Depreciation and amortisation, impairments and write-ups of fixed assets. We compute EBITD as earnings before net financial result, tax, depreciation and amortisation, impairments and write-ups of fixed assets. The table below sets forth a reconciliation of total EBITD to net income:

	Year ended			Six months ended	
	31 December			30 June	
	2013	2014	2015	2015	2016
	(Audited, unless otherwise indicated)			(Unaudited)	
	(RON mn)				
Net income/(loss) for the period	4,824	2,100	(690)	1,036	405
Add:					
Net financial result	259	429	196	(21)	86
Taxes on income	875	810	(36)	265	70
Depreciation, amortisation and impairment, including write-ups	3,355	4,806	6,761	1,847	1,747
EBITD (unaudited)	9,313	8,145	6,231	3,128	2,308
Upstream (unaudited)	8,018	7,201	4,099	2,167	1,445
Downstream Oil (unaudited)	958	541	1,841	1,150	925
Downstream Gas (unaudited)	324	49	(4)	(21)	71
Corporate & Other (unaudited)	(16)	(100)	(51)	(24)	(13)
Consolidation (unaudited)	29	454	346	(145)	(120)

- (2) Clean CCS EBIT represents earnings before net financial result and tax adjusted for special items and CCS effects. Clean EBIT represents earnings before net financial result and tax adjusted for special items. Special items represent expenses and income reflected in the financial statements that are presented separately, on a net basis, in order to enable stakeholders/investors to better understand and evaluate our reported financial performance, as they are not part of underlying ordinary business operations. In the periods under review, special items mainly consisted of unscheduled depreciation (impairments) and personnel and restructuring costs. CCS is defined as current cost of supply and is calculated monthly using data from our refinery's supply and production systems at the level of the Downstream Oil business segment. CCS effects represent the difference between the charge to the income statement for inventory on a weighted average basis (adjusted for the change in valuation allowances related to realisable value) and the charge based on the current cost of supply. The table below sets forth a reconciliation of Clean CCS EBIT to net income:

	Year ended 31 December			Six months ended 30 June	
	2013	2014	2015	2015	2016
	(Audited, unless otherwise indicated)			(Unaudited)	
	(RON mn, unless otherwise indicated)				
Net income/(loss) for the period	4,824	2,100	(690)	1,036	405
Add:					
Net financial result	259	429	196	(21)	86
Taxes on income.....	875	810	(36)	265	70
Deduct:					
Personnel and restructuring (unaudited).	(21)	(104)	(72)	(23)	(16)
Unscheduled depreciation (unaudited) ..	(66)	(1,412)	(2,791)	(8)	(63)
Other (unaudited)	54	(76)	174	105	135
Special items (unaudited)	(33)	(1,592)	(2,689)	74	56
CCS effect (unaudited).....	(24)	(272)	(364)	(44)	(133)
Clean CCS EBIT (unaudited).....	6,015	5,202	2,522	1,251	638
Out of which:					
Clean EBIT Upstream (unaudited)	5,542	4,667	919	726	137
Clean CCS EBIT Downstream Oil (unaudited).....	374	654	1,315	478	421
Clean EBIT Downstream Gas (unaudited).....	167	(63)	(145)	(81)	16
Clean EBIT Corporate and other	(96)	(108)	(75)	(36)	(25)
Consolidation (unaudited)	29	52	509	164	88

- (3) We compute Free Cash Flow as net cash from operating activities less net cash used in investing activities. The table below sets forth a reconciliation of Free Cash Flow to EBITD:

	Year ended 31 December	Six months ended 30 June

	2013	2014	2015	2015	2016
	(Audited, unless otherwise indicated)			(Unaudited)	
	(RON mn)				
EBITD (unaudited)	9,313	8,145	6,231	3,128	2,308
Less:					
Tax on profit paid	(905)	(927)	(729)	(420)	(106)
Other ⁸	(360)	(388)	(219)	(257)	(431)
Net cash generated from operating activities	8,048	6,830	5,283	2,450	1,771
Intangible assets, property, plant and equipment, financial investments and other financial assets	(4,995)	(5,955)	(5,025)	(2,898)	(1,765)
Add:					
Proceeds from sale of non-current assets and businesses	101	297	72	25	6
Free Cash Flow (unaudited)	3,153	1,172	329	(423)	12

- (4) Include sales to third parties and inter-segment sales.
- (5) Reserves data for all periods based on Company data. Reserves are the sum of future production from a given date forward up to the expiration of the licence or the economic life, whichever is earlier.
- (6) Includes all products sold by the Group.
- (7) Retail sales volumes include sales via our filling stations in Romania, Bulgaria, Serbia and the Republic of Moldova. Figures also reflected sales to non-retail customers in the Republic of Moldova until the end of 2015, when reporting changed. Historical figures were not adjusted accordingly (on a comparable basis, Group retail sales volumes would have increased by 5% in the first half of 2016 compared to the first half of 2015).
- (8) Includes changes in net working capital, net changes in provisions and net interest received/(paid), losses/(gains) on the disposal of non-current assets and other non-monetary adjustments. Changes in net working capital comprise movements in inventories, receivables and other assets and liabilities, excluding movements of a non-monetary nature, such as provisions for inventories and receivables, forex differences and other non-monetary items, as presented in the cash flow statement.

OPERATING AND FINANCIAL REVIEW

The following discussion of our financial condition and results of operations as of and for the years ended 31 December 2013, 2014 and 2015, and as of and for the six-month periods ended 30 June 2015 and 2016, should be read in conjunction with the Financial Statements and the information relating to our business included elsewhere in this Prospectus. Selected financial information in this section has been derived from the Financial Statements, in each case without material adjustment, unless otherwise stated. Investors should read the whole of this Prospectus and not just rely upon summarised information.

The discussion includes forward-looking statements that reflect the current view of our management and involves risks and uncertainties. See “Risk Factors” and “Cautionary Note Regarding Forward-Looking Statements” for a discussion of important factors that could cause our actual results to differ materially from the forward-looking statements contained herein.

Overview

We are the largest vertically integrated oil and gas producer in South-Eastern Europe. With 15,237 employees as at 30 June 2016, the OMV Petrom Group is one of the leading industrial companies in Romania. We are one of Romania’s main energy suppliers, accounting for approximately 40% of oil, gas and refined products supply in Romania according to Company estimates, having produced more than 95% of Romania’s domestic supply of crude oil and NGL and supplied approximately 48% of Romanian domestic natural gas consumption in 2015, according to ANRE data.

Our core activities are conducted through three business segments:

- The Upstream business segment explores for, develops and produces crude oil and natural gas in Romania, including in the Romanian part of the Black Sea, and Kazakhstan. Our Upstream business segment supplies the crude oil and natural gas required by our operations in our Downstream Oil and Downstream Gas business segments.
- The Downstream Oil business segment’s activities include processing and refining crude oil and delivering refined products to retail and non-retail customers. We operate the Petrobrazi refinery and sell refined products to retail and non-retail consumers.
- The Downstream Gas business segment is active in various stages of the gas value chain and comprises our gas and power lines of business.

In the years ended 31 December 2013, 2014 and 2015, our total sales revenue was RON 24,185 mn, RON 21,541 mn and RON 18,145 mn, respectively. In 2015, we had EBIT of RON (530) mn, but had a positive Clean CCS EBIT of RON 2,522 mn, EBITD of RON 6,231 mn and Free Cash Flow of RON 329 mn. In the six months ended 30 June 2016, we had total sales revenues of RON 7,192 mn compared to RON 8,811 mn in the six months ended 30 June 2015. In the six months ended 30 June 2016, we had EBIT of RON 561 mn, Clean CCS EBIT of RON 638 mn, EBITD of RON 2,308 mn and Free Cash Flow of RON 12 mn, compared to EBIT of RON 1,280 mn, Clean CCS EBIT of RON 1,251 mn, EBITD of RON 3,128 mn and negative Free Cash Flow of RON 423 mn in the same period in 2015.

Key Factors Affecting Results of Operations

Price of crude oil and crude quality discount

The price for crude oil in the international markets is one of the primary factors affecting results of operations of our Upstream business segment as well as our consolidated results. The Upstream business segment sells

its entire crude oil production to the Downstream Oil business segment, where oil is processed at the Petrobrasi refinery, for further sale of refined petroleum products through our retail network and to our non-retail customers. The transfer prices for crude oil sold by the Upstream business segment to the Downstream Oil business segment are determined on the basis of Urals crude benchmark prices, with a premium/discount that accounts for the quality or grades of crude oil that we produce, and additional discounts that reflect logistics and crude inefficiency adjustments. The applicable discount to Urals crude is calculated by the Downstream Oil business segment on a monthly basis using published quotations and benchmarks for the month of delivery.

Historically, international crude oil and natural gas prices have fluctuated widely. See “*Risk Factors – A decline in the prices of and/or demand for crude oil, natural gas, petroleum products and electricity would have an adverse effect on our results of operations*”. The tables below set out the average oil prices for Brent crude and Urals crude benchmarks and our average realised crude oil price during the periods under review:

	Year ended 31 December				
	2013	2014	2015	% change 2014/2013	% change 2015/2014
		(USD/bbl)		(%)	
Average Brent crude price.....	108.66	98.95	52.39	(9)	(47)
Average Urals crude price.....	108.30	97.95	51.45	(10)	(47)
Average Group realised crude price	96.85	86.67	45.00	(11)	(48)

	Six months ended 30 June			% change
	2015	2016		
	(USD/bbl)			(%)
Average Brent crude price	57.84	39.81		(31)
Average Urals crude price	57.09	38.14		(33)
Average Group realised crude price	49.51	31.77		(36)

The price of oil declined significantly over the course of 2014 and 2015, with Brent prices falling from a peak of approximately USD 115/bbl to approximately USD 37/bbl at the end of 2015, with the average annual Brent crude price for 2015 declining by 47% compared to 2014. A mix of supply, demand and geopolitical factors contributed to the price decline. The rapid increase in US shale oil production, in the context of OPEC maintaining their production levels, led to an oversupply in the global markets. Weak global demand and the slowdown in China, together with the rapid strengthening of the US dollar, added further downward pressure on oil prices. As a result of this decline, our average realised crude price declined by 48% from 2014 to 2015, which adversely affected the sales of the Upstream business segment in 2015, as well as our net income for the year. In the six months ended 30 June 2016, the average Brent crude price decreased to USD 39.81/bbl, 31% lower compared to the six months ended 30 June 2015, with an average realised crude price of USD 31.77/bbl (compared to USD 49.51/bbl in the six months ended 30 June 2015).

The fall in oil prices had a notable impact on investment in oil and gas extraction, but it failed to push up consumption in oil import countries far enough to prevent prices falling further. The gap between Brent and

Urals oil prices decreased slightly in 2015 to USD 0.94/bbl, down from USD 1.00/bbl a year earlier. In the first half of 2016, Brent crude oil prices recovered somewhat to approximately USD 50/bbl as at 30 June 2016, but the average for the first half of 2016 remained below that of the first half of 2015. While OPEC's recent agreement to limit production has led to an increase in crude oil prices, prices continue to remain significantly lower than their 2014 peak.

To partially mitigate our exposure to oil price fluctuations beginning with the third quarter of 2015 and ending in the second quarter of 2016, we entered into hedging arrangements using zero cost collar options on Brent quotation. We monetised at profit all outstanding collar Brent pricing hedges from the fourth quarter of 2015, through and including the second quarter of 2016, before their maturity. Currently we do not have commodity hedging arrangements in place that would limit our downside exposure to oil prices. Depending on the evolution of oil price quotations, we may enter into hedging arrangements in the future. See *“Risk Factors—Risks Relating to Our Business and Industry—A decline in the prices of and/or the demand for crude oil, natural gas, petroleum products and electricity would have an adverse effect on our results of operations. Changes in expectations regarding future commodity prices may lead to impairments of our assets”* and *“—Risk Management and Internal Control—Market Price Risk”*.

Natural gas prices

In Romania, the initial Government roadmap for the gradual increase of regulated domestic gas prices has been partly implemented. The price liberalisation for non-households has been finalised, while the deadline for price liberalisation for households has been extended to 30 June 2021. The natural gas market is divided into a competitive market and a regulated market. The competitive market consists of natural gas sales through the negotiation of contracts among suppliers and between suppliers and “eligible customers” which are free to choose their supplier. The regulated market includes natural gas sales through standard form agreements at regulated prices between suppliers and households and heat producers for households. Storage and distribution of natural gas are also regulated activities. Accordingly, prices for the sale of natural gas on the competitive market with eligible customers are freely determined, on the basis of demand and supply, while prices for sale of natural gas on the regulated market as well as tariffs for storage and distribution of natural gas are set by ANRE. See also *“Regulatory Matters—Regulation of the gas sector”*.

We supply both market segments, and therefore our revenue from the sale of natural gas is driven both by the regulated prices during the period and by the competitive market prices (intra-segment sales to the Brazi power plant are at market prices, determined with reference to similarly sized industrial consumers in Romania).

In Romania, the gas and power markets and their regulatory frameworks are undergoing continuous changes. The liberalisation of these markets has progressed, with that of non-households already completed. It was announced that liberalisation for households would be finalised at the end of 2017 in the power market and by June 2021 in the gas market, according to the official calendar. However, the regulated gas price increase scheduled for 1 July 2016 has been suspended. Furthermore, according to current regulations, gas producers have the obligation to sell approximately one-third of their domestic gas quantities for the free market via Romanian centralised trading platforms, although this obligation should steadily decrease until the end of 2018. However, the Government is considering amendments to Energy Law no. 123/2012, which would affect the regulated gas market and the obligation to sell gas on centralised trading platforms. According to the draft emergency ordinance amending Energy Law no. 123/2012, starting 1 October 2016 and until 31 December 2016, all gas producers are legally required to sell 5% of the gas quantities contracted during the respective period on Opcom. For the period from 1 January 2017 to 31 December 2021, the obligation is increased to 40% of the natural gas produced and supplied during each calendar year. In addition, the gas infrastructure and interconnections are in need of significant investments in order to unlock Romania's full gas potential. We estimate the gas demand in Romania to decline compared to 2015. The gas price for the regulated market

has been frozen at RON 60/MWh until the end of March 2017, while the free market is faced with stronger competition and margin pressure, also due to increased competitiveness of import gas. In the power market, we anticipate demand for 2016 to be relatively stable, with increasing spark spreads as a result of the gas price environment.

Prices of refined products and refining margins

As all of the equity oil produced by the Upstream business segment is processed at the Petrobrazil refinery, the Downstream Oil business segment represents the largest share of our consolidated external sales. Refining profitability is primarily determined by the difference in the prices of the refined products that we sell and the cost of crude oil – also known as the refining margin.

Our indicator refining margin increased from USD (2.83)/bbl in 2013 to USD 1.89/bbl in 2014 and USD 8.71/bbl in 2015, reflecting the updated standard yield following the finalisation of the Petrobrazil refinery modernisation and lower cost of crude oil. Our indicator refining margin decreased from USD 8.59/bbl in the six months ended 30 June 2015 to USD 7.43/bbl in the six months ended 30 June 2016, mainly influenced by lower spreads for middle distillates and gasoline, partially offset by lower costs for own crude consumed.

The indicator refining margin is calculated based on the international quotations for products (FOB Med Augusta used as a reference for gasoline and diesel), on Urals crude and a standard yield set typical for the Petrobrazil refinery; as of the third quarter of 2014, the standard yield for the calculation of the indicator refining margin was updated following the finalisation of the Petrobrazil refinery modernisation programme; previously reported figures were not adjusted. Accordingly, the actual refining margins realised by us may vary from the indicator refining margin, as well as from the market margins, due to factors including a different crude slate, product yield and operating conditions.

Production and sales volumes

Our revenues and costs are directly affected by the volume of crude oil, petroleum products and gas that we produce and ultimately sell. The tables below show our key operating production and sales data by segment during the periods under review:

	Year ended 31 December				
	2013	2014	2015	% change 2014/2013	% change 2015/2014
				(%)	
<i>Upstream</i>					
Crude oil and NGL production (mn bbl).....	32.10	30.94	30.43	(4)	(2)
Natural gas production (bcm).....	5.29	5.34	5.32	1	0
Total hydrocarbon production (mn boe)	66.64	65.82	65.19	(1)	(1)
<i>Downstream Oil</i>					
Refining input (mn t) ¹	4.01	4.01	4.18	0	4
Total refined product sales (mn t) ²	5.22	4.81	5.03	(8)	5
Retail sales volumes (mn t) ³	2.48	2.37	2.53	(4)	7

	Year ended 31 December				
	2013	2014	2015	% change 2014/2013	% change 2015/2014
				(%)	
<i>Downstream Gas</i>					
Gas sales volumes (TWh) ³	52.70	47.70	51.39	(9)	8
Net electrical output (TWh)	2.9	1.3	2.7	(54)	100

	Six months ended 30 June			% change
	2015	2016		
				(%)
<i>Upstream</i>				
Crude oil and NGL production (mn bbl).....	15.41	14.73		(4)
Natural gas production (bcm).....	2.69	2.66		(1)
Total hydrocarbon production (mn boe).....	33.00	32.08		(3)
<i>Downstream Oil</i>				
Refining input (mn t) ¹	1.96	1.91		(3)
Total refined product sales (mn t) ²	2.32	2.27		(2)
Retail sales volumes (mn t) ³	1.16	1.19		2
<i>Downstream Gas</i>				
Gas sales volumes (TWh) ⁴	27.26	24.75		(9)
Net electrical output (TWh)	0.4	0.9		125

Notes:

- (1) The figure includes crude and semi-finished products, in accordance with OMV reporting standards.
- (2) Includes all products sold by the Group.
- (3) Retail sales volumes include sales via our filling stations in Romania, Bulgaria, Serbia and the Republic of Moldova. Figures also reflected sales to non-retail customers in the Republic of Moldova until the end of 2015, when reporting changed. Historical figures were not adjusted accordingly (on a comparable basis, Group retail sales volumes would have increased by 5% in the first half of 2016 compared to the first half of 2015).
- (4) Including internal transfers within the Company, such as for the Brazi power plant.

Upstream

Our total hydrocarbon production declined by 1% from 66.64 mn boe in 2013 to 65.82 mn boe in 2014. The decrease in production from 2013 to 2014 was mainly due to the fact that increased production in Romania could not fully offset the lower production in Kazakhstan. Our total hydrocarbon production in 2015 remained broadly stable compared to 2014, declining by 1% to 65.19 mn boe in 2015, despite reduced capital expenditures and upgrade operations at key wells. In the six months ended 30 June 2016, our total

hydrocarbon production amounted to 32.08 mn boe, compared to 33.00 mn boe in the six months ended 30 June 2015.

- *Crude oil and NGL production.* Crude oil and NGL production declined from 32.10 mn bbl in 2013 to 30.94 mn bbl in 2014 due to planned workovers and weather conditions. In 2015, crude oil and NGL production declined further to 30.43 mn bbl due to planned workovers and surface works (both onshore and offshore). In the first half of 2016, crude oil and NGL production decreased to 14.73 mn bbl, compared to 15.41 mn bbl in the first half of 2015, mainly due to the natural decline and the impact of bad weather.
- *Natural gas production.* Natural gas production increased from 5.29 bcm in 2013 to 5.34 bcm in 2014 due to the results of new wells in the Totea and Mamu fields and successful offshore workover campaigns. In 2015, natural gas production was 5.32 bcm, broadly in line with the 2014 level. The internal gas consumption for Upstream operations accounted for approximately 11% of total production in 2014 and 2015. Natural gas production decreased from 2.69 bcm in the first half of 2015 to 2.66 bcm in the first half of 2016 due to the decline in our main gas fields (Totea, Bulbuceni and Bustuchin), despite the successful workovers and an increased contribution from the Lebada Est NAG project.

In Romania, our daily average equivalent production was generally stable between 2013 and 2014, followed by a decline in production from 2015. Our daily average equivalent production amounted to 171.36 kboe/d in 2013, 171.41 kboe/d in 2014 and 169.6 kboe/d in 2015. In the six months ended 30 June 2016, daily average equivalent production in Romania was 167.60 kboe/d, 3% lower compared to the six months ended 30 June 2015 (173.00 kboe/d). In the six months ended 30 June 2016, crude oil production in Romania was 13.30 mn bbl, 4% lower compared to the six months ended 30 June 2015, mainly due to the natural decline and the impact of bad weather. Gas production in Romania decreased by 1% to 17.21 mn boe due to the decline in our main gas fields (Totea, Bulbuceni and Bustuchin), despite the successful workovers and an increased contribution from the Lebada Est NAG project.

In Kazakhstan, our daily average oil and gas production amounted to 11.2 kboe/d in 2013, 8.9 kboe/d in 2014, 9.0 kboe/d in 2015 and 8.7 kboe/d in the first six months of 2016 (compared to 9.3 kboe/d in the same period in 2015). The decline from 2013 to 2014 was due to the temporary suspension of production in the Turkmenoi field due to leaks in the corroded Turkmenoi pipeline, the lower performance of Tasbulat Oil Corporation (“TOC”) redevelopment wells and natural production decline. The main reasons for the slight increase in production between 2014 to 2015 were efficient workover and maintenance operations and only minor disruptions related to the TOC pipelines.

Downstream Oil

Our total refined product sales volume decreased by 8% from 5.22 mn t in 2013 to 4.81 mn t in 2014, driven by lower sales in both retail and non-retail streams. Despite increased competition in our operating region, our total refined product sales volume amounted to 5.03 mn t in 2015, 5% higher compared to 2014, driven by higher oil product demand, which was supported by lower product prices. In the six months ended 30 June 2016, our total sales volume was 2.27 mn t, representing a decrease of 2% from 2.32 mn t in the six months ended 30 June 2015.

- *Retail sales.* Retail sales volume decreased by 4% from 2.48 mn t in 2013 to 2.37 mn t in 2014, with the negative trend being reflected in all countries. Retail sales in Romania decreased by 4% from 1.95 mn t in 2013 to 1.88 mn t in 2014. Driven by higher demand, Group retail sales in 2015 were 7% higher compared to 2014, reaching 2.53 mn t, the positive trend being reflected throughout the operating region. Retail sales in Romania reached 1.99 mn t in 2015, 6% higher compared to 2014. In Romania, the average throughput per station increased to 4.45 mn litres, compared to 4.22 mn litres

per station in 2014, while at Group level the average throughput was 4.01 mn litres per station in 2015, compared to 3.76 mn litres per station in 2014. In the first half of 2016, retail sales at Group level increased by 2% compared to the first half of 2015, reaching 1.19 mn t, due to higher demand and network optimisation. Retail sales volumes include sales via our filling stations in Romania, Bulgaria, Serbia and the Republic of Moldova. Figures also reflected sales to non-retail customers in the Republic of Moldova until the end of 2015, when reporting changed. Historical figures were not adjusted accordingly. On a comparable basis, Group retail sales volumes would have increased 5% year-on-year. In Romania, the increase in retail sales was 6% compared to the first half of 2015, reaching 0.97 mn t, driven by positive development of demand influenced by the favourable product pricing environment.

- *Non-retail sales.* Non-retail sales volumes decreased by 11% from 2.74 mn t in 2013 to 2.43 mn t in 2014, with lower volumes in all products except gasoline and jet fuel. In Romania, non-retail sales volumes decreased by 7% from 2.13 mn t in 2013 to 1.99 mn t in 2014. The decrease was mainly attributable to increased competition in the market and sales in 2013 benefiting from planned shutdowns of other domestic refineries. In 2015, Group non-retail sales volume amounted to 2.50 mn t, 3% above the 2014 level, reflecting higher demand for diesel and jet fuel. In Romania, non-retail sales were 2.11 mn t, 6% above the 2014 level. Non-retail sales volume at Group level decreased by 7%, from 1.16 mn t in the first half of 2015 to 1.08 mn t in the first half of 2016, due to increased competition in the non-retail segment within the operating region and following the planned refinery turnaround from the second quarter of 2016. In Romania, non-retail volumes decreased by 1%, reaching a value of 0.97 mn t in the first half of 2016 compared with 0.99 mn t in the first half of 2015. The decrease was driven by increased competition in the operating region and the planned refinery turnaround.

Downstream Gas

Gas sales volumes decreased by 9% from 52.70 TWh in 2013 to 47.70 TWh in 2014, reflecting reduced offtake by the heat and power sector. From 2013 to 2014, there was an increase in the volume of gas injected into storage from 2.9 TWh in 2013 to 5.9 TWh in 2014, as estimated Romanian gas consumption declined 4% due to a mild winter and declining consumption by the chemical sector. In 2015, gas sales volumes increased by 8% to 51.39 TWh, supported by higher offtake by the Brazi power plant, which reflected the integrated optimisation of the gas and power portfolios. Despite the Brazi power plant's higher offtake, gas sales volumes decreased by 9% from 27.26 TWh in the six months ended 30 June 2015 to 24.75 TWh in the six months ended 30 June 2016, due to lower demand and lower volumes available in storage at the beginning of 2016 (according to our objective to minimise storage expenses). According to our internal estimates, Romania's gas demand experienced an 8% decrease compared to the six months ended 30 June 2015.

The Brazi power plant had its first full year of commercial operations in 2013, with a net electrical output of 2.7 TWh, while combined net electrical output (including the Dorobanțu wind park) amounted to 2.9 TWh. In 2014, in the context of average negative spark spreads, the Brazi power plant's net electrical output decreased by 55% to 1.2 TWh; combined net electrical output amounted to 1.3 TWh in 2014, representing a decrease of 54% compared to 2013. In 2015, benefiting from a mix of spot and forward sales, the Brazi power plant's net electrical output increased by 109% to 2.6 TWh; combined net electrical output amounted to 2.7 TWh in 2015, representing an increase of 100%. In the six months ended 30 June 2016, the Brazi power plant capitalised on its forward position by generating 0.86 TWh (compared to 0.35 TWh in the six months ended 30 June 2015), while combined net electrical output amounted to 0.9 TWh (compared to 0.4 TWh in the six months ended 30 June 2015).

Taxes and royalties

The fiscal regime in Romania continues to change. In addition to corporate income taxation, we are subject to a number of taxes and royalties based on our activities, and some of these taxes have changed during the periods under review. See “*Risk factors – We are exposed to changes in the taxes, tariffs and royalties imposed on our operations in the countries in which we operate*”.

Royalty owed by concession holders for natural gas and crude oil is based on the reference price set by ANRM or the selling/realised price (whichever of the two is higher). In our consolidated income statement, royalties are included in the costs of sales. The following table sets forth the total royalties we owed in Romania in the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2013	2014	2015	2015	2016
			(RON mn)		
Royalties	796	848	656	336	280

Government officials have announced their intent to reform the royalty and tax system applicable to the upstream oil and gas industry. According to public statements of Romanian Government officials, the new taxation would be enacted during 2016 and come into effect on 1 January 2017, which should include a supplementary tax on upstream profits. Nevertheless, no draft law has been made available for public consultation as of the date of this Prospectus. As announced by Romanian Government officials, further developments are expected with respect to upstream oil and gas taxation, with consultations expected to take place before new measures are applied.

In February 2013, two new temporary taxes were introduced: the Tax on Additional Gas Revenues and the Special Tax on Oil Exploitation. The Tax on Additional Gas Revenues, introduced by Government Ordinance 7/2013, is computed as 60% of “supplementary” revenues minus certain qualifying expenditures and royalties corresponding to such revenues.

Starting 1 April 2014, the basis for the Tax on Additional Gas Revenues was changed as follows: (1) for sales of gas quantities for non-households on competitive markets the tax basis is the actual sales prices (but not less than RON 72/MWh), less the regulated price of RON 45.71/MWh adjusted with the consumer price index for the year 2013, (2) for sales on centralised markets the tax basis is considered the actual sales prices, less the regulated price of RON 45.71/MWh adjusted with the consumer price index for the year 2013 and (3) for sales of gas quantities for households the tax basis is the regulated gas sale price less the regulated price of RON 45.71/MWh adjusted with the consumer price index for the year 2013. Adjustment of regulated price with the consumer price index for the year 2013, published in 2014, was applied starting 1 January 2014.

The Special Tax on Oil Exploitation is computed as 0.5% of a revenue base assessed depending on certain factors. The basis of computation is the quantity of crude oil (valued at ANRM reference prices) used for production of petroleum products sold during the month plus the quantity of crude oil sold (at the effective sale price). Both the Tax on Additional Gas Revenues and the Special Tax on Oil Exploitation were extended through 2016. We are exposed to the risk of adverse changes as regards these taxes, including their possible extension beyond 2016.

The Construction Tax was introduced as of 1 January 2014 on the gross book value of constructions owned by the Company at a rate of 1.5% annually. The tax rate was reduced as of 1 January 2015 to 1% and

constructions located in the Exclusive Economic Zone beyond Romania's borders are exempted from the application of such tax. Under the current Fiscal Code, this tax is expected to be repealed in January 2017.

Although the impact of the Tax on Additional Gas Revenues has been offset by higher sales revenue from increased gas prices due to liberalisation (see "*Natural gas prices*" above), the aggregate amounts of the additional taxes in the periods following their introduction in 2013 have been substantial, as shown in the table below:

	Year ended 31 December			Six months ended 30 June	
	2013	2014	2015	2015	2016
	<i>(RON mn)</i>				
Tax on Additional Gas Revenues	157	417	343	185	166
Special Tax on Oil Exploitation	46	47	30	15	8
Construction Tax	—	325	226	113	125

Specific Upstream taxes due in Romania for the year 2015 amounted to RON 1,217 mn, representing 15% of Upstream hydrocarbon revenues from Romania, and included royalties (RON 656 mn), the Tax on Additional Gas Revenues and the Special Tax on Oil Exploitation (RON 373 mn) and the Construction Tax (RON 188 mn).

Exploration activity and capital expenditures in Upstream

We have made significant investments in exploration activities during the periods under review as we believe our exploration activities will offer significant opportunities for future production. Our expenditures and investments in exploration activity during the periods under review included expenditures and investments related to three-dimensional (“3D”) seismic surveys and exploration and appraisal activity both offshore (for example, the Neptun block) and onshore. See “*Business—Upstream—Exploration*”. Even though under the current market environment we have scaled back the investment plan by prioritising projects and activities and re-phasing capital expenditure and drilling schedules, our capital expenditure programme related to exploration activities remains substantial.

Out of the Group’s total investment plan for 2016, estimated to amount to approximately EUR 0.7 bn, approximately 85% will be directed towards the Upstream business segment (including capital expenditures for exploration, development and production). Exploration expenses are a significant portion of our costs and directly influence EBIT in each period, while capital expenditures in the Upstream business segment are by far the largest component of our total capital expenditures, and have a material impact on our cash flows in each period.

Impairment

The table below sets out our net impairment losses in the periods under review:

	Year ended 31 December		
	2013	2014	2015
	<i>(RON mn)</i>		
Net impairment intangible assets and property, plant and equipment..	531	2,011	3,625

Net impairment losses booked during a period depend on economic conditions, as well as operating outcomes. For example, during 2013, impairment losses were principally attributable to the Upstream business segment, where we took impairment charges for replaced assets and unsuccessful exploration wells drilled.

Changes in economic conditions may also significantly affect the assumptions used in determining value in use of our assets. Due to the significant decline in oil prices in the second half of 2014, we considered that indications of impairment were present and conducted impairment tests in the Upstream business segment as of 31 December 2014. We took an impairment charge of RON 601 mn related to TOC in Kazakhstan, where results of the FRD were not in line with earlier expectations and resulted in a downward revision in the production profile of the field.

Taking into account the challenging power market conditions, both the Brazi power plant and the Dorobantu wind park were also tested for impairment as of 31 December 2014. Following the impairment tests performed, the Downstream Gas business segment recognised impairment losses of RON 716 mn related to the Brazi power plant and the Dorobantu wind park. Further impairment charges in 2014 were taken in relation to the retail assets in Serbia of RON 63 mn.

In 2015, the decline in oil prices and market volatility led to the review of our oil price assumptions for both the short and long term. These revised assumptions required impairments of production assets, which were recognised at the end of the third and fourth quarters of 2015 in Romania and at the end of the fourth quarter of 2015 in Kazakhstan, totalling RON 2,705 mn. Other impairments booked during 2015 in the amount of RON 920 mn related mainly to replaced assets, unsuccessful workover operations and exploration wells in Romania, while the first half of 2016 figure mainly included impairments of exploration assets and replaced assets. For a more detailed discussion of the impairment tests in 2015, please refer to Note 2 to the 2015 Financial Statements.

Upstream production cost (OPEX)

Production costs (OPEX) comprise material, services, personnel, other operating costs (including the Construction Tax), pipeline transport and insurance costs. Production costs represent a significant part of our operating expenses. The table below sets out our production costs per boe for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2013	2014	2015	2015	2016
Production cost per boe (USD).....	15.45	17.27	13.16	13.70	12.17

Our production costs in 2014 stood at USD 17.27/boe, 12% higher than in 2013, reflecting the higher production costs in Romania and lower production for sale in Kazakhstan, in spite of favourable foreign exchange rates. Production costs in Romania expressed in USD/boe were USD 16.84/boe in 2014, up 13% from 2013.

More recently, our production costs have been on a downward trend. In 2015, Group production costs stood at USD 13.16/boe, 24% lower than in 2014, mainly due to efforts made to simplify and adjust the organisation, exchange rate effects, as well as the reduction of Construction Tax in Romania from 1.5% to 1%. Production costs in Romania expressed in USD/boe were USD 12.79/boe, down 24% versus 2014, mostly due to lower services costs, personnel and materials. In the six months ended 30 June 2016, production costs in USD/boe were 11% lower than in the six months ended 30 June 2015, mainly due to lower services, personnel and material costs and positive foreign exchange development. Production costs in Romania expressed in USD terms decreased by 9% to USD 12.12/boe.

In response to the low crude price environment, we have intensified cost optimisation programmes across all business segments, measures which are expected to protect our free cash flow position.

Recent Developments and Outlook

Market, regulatory and fiscal environment

In 2016, the Brent oil price is expected to average USD 40/bbl and the Brent-Urals spread is anticipated to be wider than in recent years. We estimate gas demand in Romania to decline compared to 2015, with increased competition and margin pressure, also considering the increasing competitiveness of import gas. The gas price for the regulated market has been frozen at RON 60/MWh until the end of March 2017. In the power market, we anticipate demand in 2016 to be relatively stable, with increasing spark spreads as a result of the gas price environment.

Due to persisting overcapacity in European markets, refining margins in the second half of 2016 are projected to be below the levels of the first half of 2016. Low oil product prices, together with increased private consumption in Romania, are estimated to continue to support demand for oil products, though with increased competition.

Several amendments to the Romanian general taxation framework have been approved, scheduled to enter into force between 2016 and 2017. The Construction Tax remained at 1% for 2016, and it is expected to be eliminated starting with 2017. Consultations regarding Upstream oil and gas taxation are expected to take place in the second half of 2016. A stable, predictable and investment-friendly fiscal and regulatory framework is a key requirement for our future investments, both onshore and offshore.

OMV Petrom Group

Capital expenditures (including capitalised exploration and appraisal) for 2016 are expected to amount to approximately EUR 0.7 bn, about 20% lower than the 2015 level, with approximately 85% dedicated to the Upstream business segment. Capital expenditure in the Upstream business segment includes, among other things, drilling, workover activities and field redevelopment projects. Exploration expenditures are estimated to decrease by approximately 60% versus 2015, mainly due to the completion of drilling activities in the Neptun block. In order to achieve neutrality in free cash flow before dividends in a low oil price environment, we will continue our strict cost discipline and portfolio optimisation programmes across all business segments.

Upstream

Our full-year average production decline is estimated to remain within the 4% guidance compared with 2015, due to the low level of investments not being able to offset the natural decline. In addition, we expect full-year average production to be affected by the planned surface facilities upgrade at Totea Deep in the second half of 2016.

Our operational activities will concentrate on safe and efficient production and implementation of integrity and investment programmes. In addition, we plan to perform approximately 1,000 workovers and drill approximately 40 new wells. Operational excellence initiatives will continue, focusing on cost reduction and efficiency (e.g., reduced mean time between failures, costs per workover and rates for new wells drilled). We will review our portfolio of producing assets to optimise our well stock, which could lead to further shut-ins of uneconomical wells and/or sale of marginal fields. In Kazakhstan, workover and well intervention activities to combat natural decline in the TOC and Komsomolskoe fields will continue.

Through our partnerships, we will seek to bring new production from exploration successes on stream. We aim to start experimental production from the Padina Nord 1 exploration well (in which we and Hunt Oil each

hold a 50% interest, with Hunt Oil acting as operator) in the fourth quarter of 2016. The construction of an early production facility for treatment and delivery of gas and condensate from the Padina Nord 1 exploration well is in progress.

In Neptun Deep (in which we and ExxonMobil each hold a 50% interest, with ExxonMobil acting as operator), we completed the second exploration drilling campaign in January 2016. More detailed work is ongoing to determine if commercial development is viable. If commercial development proves to be viable, the final investment decision could be expected in approximately two years and first production could be achieved early next decade.

Downstream Oil

In Downstream Oil, we will continue to focus on improving operational performance and delivering on economic energy efficiency upgrades. In the Petrobrazî refinery, a one-month planned shutdown and turnaround was carried out in the second quarter of 2016, with the main scope related to maintenance works and reauthorisations. The refinery utilisation rate is targeted to remain at approximately 90% in 2016, as we expect to maintain the strong performance in all sales channels, supporting profitability and cash contribution from the Downstream Oil business segment.

Downstream Gas

In Downstream Gas, the declining gas demand and the increased competitiveness of import gas will challenge our operational performance. Nevertheless, we will strive to maintain our position in the gas market through improved portfolio optimisation and stronger customer orientation. The Brazi power plant will continue to play an important role within our integrated gas value chain, a significant part of our production capacity being sold forward for 2016. Additionally, we continuously strive to capture available market opportunities by capitalising on the plant's operational flexibility. Moreover, we intend to divest the Dorobanţu wind park, in line with the strategy to focus on our core business, subject to availability of competitive offers.

Explanation of Certain Income Statement Items

Sales revenues

Sales revenue comprises mainly revenues from the sale of petroleum products, gas and electricity. Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other incentives.

Direct selling expenses

Direct selling expenses comprise mainly freight costs incurred for the transfer of goods from a sales point to a customer.

Costs of sales

Costs of sales include variable and fixed production costs, as well as costs of goods and materials employed. Royalties, which are based on the value of oil and gas production, are included in the income statement under costs of sales.

Other operating income

Other operating income includes exchange gains from operating activities, gain on the transfer of business (such as the transfer in July 2014 of the business related to our IT and financial services centre to the newly incorporated associated company OMV Petrom Global Solutions S.R.L.; see Note 31d to the 2014 Financial Statements), gains on disposal of non-current assets, write-ups of tangible and intangible assets and other operating income, such as favourable litigation outcomes.

Selling expenses

Selling expenses refer to sales and distribution activities and consist mainly of the costs of our network of filling stations, including related depreciation and impairments.

Administrative expenses

Administrative expenses comprise operational expenses related to the administration of the Group that arise from planning and controlling of operational processes and are not directly related to production or marketing.

Exploration expenses

Exploration expenses comprise expenses incurred in the exploration phase for crude oil and natural gas. In the consolidated income statement, geological and geophysical (“G&G”) costs and other non-drilling costs during the exploration phase, as well as impairment losses for unsuccessful exploration wells, are disclosed as part of exploration expenses.

Other operating expenses

Other operating expenses comprise exchange losses from operating activities, losses on disposal of non-current assets, provisions for litigation and other operating expenses. Other operating expenses also include restructuring expenses.

Results of Operations

The following table sets out our consolidated income statement for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2013	2014	2015	2015	2016
	(Audited)			(Unaudited)	
	(RON mn)				
Sales revenues	24,185	21,541	18,145	8,811	7,192
Direct selling expenses.....	(646)	(480)	(383)	(211)	(146)
Costs of sales.....	(15,485)	(15,815)	(16,403)	(6,399)	(5,883)
Gross profit.....	8,054	5,246	1,359	2,201	1,163
Other operating income.....	298	316	501	287	346
Selling expenses.....	(1,090)	(1,078)	(939)	(466)	(460)
Administrative expenses	(194)	(189)	(183)	(99)	(64)
Exploration expenses	(423)	(156)	(577)	(200)	(144)
Other operating expenses	(687)	(801)	(692)	(443)	(281)
EBIT	5,958	3,338	(530)	1,280	561
Income from associated companies.....	4	11	7	4	5
Interest income.....	206	72	235	149	84
Interest expenses	(360)	(549)	(431)	(152)	(161)
Other financial income and expenses....	(109)	37	(7)	20	(14)

	Year ended 31 December			Six months ended 30 June	
	2013	2014	2015	2015	2016
	(Audited)			(Unaudited)	
	(RON mn)				
Net financial result	(259)	(429)	(196)	21	(86)
Profit/(loss) from ordinary activities	5,699	2,909	(726)	1,301	475
Taxes on income	(875)	(810)	36	(265)	(70)
Net income/(loss) for the period	4,824	2,100	(690)	1,036	405

Comparison of the years ended 31 December 2013, 2014 and 2015

Sales revenues

The following table sets out the sales revenue for each of our business segments:

	Year ended 31 December		
	2013	2014	2015
	(Audited)		
	(RON mn)		
<i>Upstream</i>			
Intersegment sales	12,113	12,028	8,297
Sales with third parties	1,108	861	682
Total sales	13,220	12,889	8,979
<i>Downstream Oil</i>			
Intersegment sales	181	153	98
Sales with third parties	19,128	16,602	13,224
Total sales	19,308	16,755	13,322
<i>Downstream Gas</i>			
Intersegment sales	436	361	331
Sales with third parties	3,880	4,014	4,206
Total sales	4,315	4,375	4,536
<i>Corporate and Other</i>			
Intersegment sales	553	393	195
Sales with third parties	70	65	34
Total sales	623	458	229
<i>Total</i>			
Intersegment sales elimination	(13,282)	(12,935)	(8,921)

	Year ended 31 December		
	2013	2014	2015
	(Audited)		
	(RON mn)		
Total sales.....	24,185	21,541	18,145

Sales revenue decreased by RON 2,644 mn, or 11%, from RON 24,185 mn in 2013 to RON 21,541 mn in 2014. The decrease was largely due to lower crude and petroleum product sales that more than offset higher sales of natural gas in 2014. Sales revenue decreased further by RON 3,396 mn, or 16%, to RON 18,145 mn in 2015, largely due to lower petroleum products sales revenues, following the steep decline in oil prices, which more than offset the increase in quantities sold as a result of higher market demand and higher sales of electricity.

Sales with third parties are split by geographical areas on the basis of where the risks and benefits are transferred to the customer. Romania and the rest of Central and Eastern Europe (“CEE”) represent our most important geographical markets. Sales in Romania were RON 18,964 mn (78% of total sales revenues) in 2013, RON 17,140 mn (80% of total sales revenues) in 2014 and RON 14,801 mn (82% of total sales revenues) in 2015. Sales in the rest of CEE were RON 4,222 mn (17% of total sales revenues) in 2013, RON 4,334 mn (20% of total sales revenues) in 2014 and RON 3,324 mn (18% of total sales revenues) in 2015. Sales revenues in the rest of the world were RON 1,000 mn (4% of total sales revenues) in 2013, RON 67 mn (less than 1% of total sales revenues) in 2014 and RON 20 mn (less than 1% of total sales revenues) in 2015.

Upstream

Upstream business segment total sales decreased by RON 331 mn, or 3%, from RON 13,220 mn in 2013 to RON 12,889 mn in 2014. The decrease in segment sales from 2013 to 2014 was largely due to lower crude oil prices, as well as a decrease in hydrocarbon production volumes, which more than offset an increase in gas prices. Upstream business segment sales further decreased by RON 3,910 mn, or 30%, to RON 8,979 mn in 2015 largely due to lower crude oil prices, as well as a decrease in hydrocarbon production volumes. After the elimination of intra-Group transactions, the contribution of the Upstream business segment to consolidated sales revenues was RON 1,108 mn (5% of total sales revenues) in 2013, RON 861 mn (4% of total sales revenues) in 2014 and RON 682 mn (4% of total sales revenues) in 2015.

Downstream Gas

Downstream Gas business segment total sales increased by RON 60 mn, or 1%, from RON 4,315 mn in 2013 to RON 4,375 mn in 2014. The increase in segment sales from 2013 to 2014 was largely due to the increases in gas prices during these periods, partly offset by lower gas volumes sold and lower electricity prices and volumes sold in 2014 versus 2013. Downstream Gas business segment total sales further increased by RON 161 mn, or 4%, from RON 4,375 mn in 2014 to RON 4,536 mn in 2015 due to increased gas sales volumes, increased power sales volumes and increased gas and electricity prices. After elimination of intra-Group sales, the Downstream Gas business segment’s contribution to consolidated sales revenues was RON 3,880 mn (16% of total sales revenues) in 2013, RON 4,014 mn (19% of total sales revenues) in 2014 and RON 4,206 mn (23% of total sales revenues) in 2015.

Downstream Oil

Downstream Oil business segment total sales decreased by RON 2,553 mn, or 13%, from RON 19,308 mn in 2013 to RON 16,755 mn in 2014. The decrease in segment sales from 2013 to 2014 was due to lower sales

volumes, driven by unfavourable market conditions, with volumes of sales declining both in retail (-4% compared to 2013) and non-retail (-11% compared to 2013).

Downstream Oil business segment total sales further decreased by RON 3,433 mn, or 20%, to RON 13,322 mn in 2015. This decline was due to decreased sales prices of refined products following developments in international quotations, which was not offset by increased sales volumes. Sales to third-party customers in the Downstream Oil business segment amounted to RON 19,128 mn (79% of total sales revenues) in 2013, RON 16,602 mn (77% of total sales revenues) in 2014 and RON 13,224 mn (73% of total sales revenues) in 2015.

Direct selling expenses

Direct selling expenses reflected the decrease in consolidated sales revenues, and decreased by RON 166 mn, or 26%, from RON 646 mn in 2013 to RON 480 mn in 2014, mainly due to lower taxes on sales in Kazakhstan following the decrease in production. Direct selling expenses further decreased by RON 97 mn, or 20%, compared to 2014, to RON 383 mn in 2015, mainly due to the decrease of sales-related taxes in Kazakhstan.

Costs of sales

Costs of sales increased by RON 330 mn, or 2%, from RON 15,485 mn in 2013 to RON 15,815 mn in 2014. The increase in costs of sales from 2013 to 2014 was largely due to higher impairments, mainly in relation to the Brazi power plant in Downstream Gas and to one of the Kazakhstan assets in Upstream, as well as higher taxes, that fully offset the lower costs of goods sold. Costs of sales further increased by RON 588 mn, or 4%, to RON 16,403 mn in 2015 due to higher impairments of producing assets in Upstream, as a result of revisions of oil price assumptions for the short and long-term.

Gross profit

As a result of the factors discussed above, gross profit decreased by RON 2,808 mn, or 35%, from RON 8,054 mn in 2013 to RON 5,246 mn in 2014 and by a further RON 3,887 mn, or 74%, to RON 1,359 mn in 2015.

Other operating income

Other operating income increased by RON 18 mn, or 6%, from RON 298 mn in 2013 to RON 316 mn in 2014. The increase from 2013 to 2014 related to the positive impact from the annual reassessment of employee retirement obligations and the gain from the transfer of assets to the newly set-up associate OMV Petrom Global Solutions in 2014. Other operating income further increased by RON 185 mn, or 59%, to RON 501 mn in 2015 mainly due to the collection of damages following the positive outcome of a litigation dispute during 2015.

Selling expenses

Selling expenses decreased by RON 13 mn, or 1%, from RON 1,090 mn in 2013 to RON 1,078 mn in 2014. The decrease in selling expenses from 2013 to 2014 was mainly due to the sale of the subsidiaries Petrom Distribuție Gaze S.R.L and Petrom LPG S.A. in 2013, partially offset by higher storage costs in 2014. Selling expenses decreased by RON 139 mn, or 13%, to RON 939 mn in 2015 due to lower storage costs for gas, whereas 2014 was affected by expenses related to the impairment of retail assets in Serbia.

Administrative expenses

Administrative expenses decreased by RON 4 mn, or 2%, from RON 194 mn in 2013 to RON 189 mn in 2014. The decrease in administrative expenses from 2013 to 2014 was mainly due to the sale of the subsidiary Petrom Distribuție Gaze S.R.L. in November 2013. Administrative expenses further decreased by RON 6 mn, or 3%, to RON 183 mn in 2015 due to cost reduction measures.

Exploration expenses

Exploration expenses decreased by RON 267 mn, or 63%, from RON 423 mn in 2013 to RON 156 mn in 2014, mostly due to less seismic survey work being performed in 2014, reflecting the completion in 2013 of the 3D seismic exploration campaign in the Romanian sector of the Black Sea, as well as lower drilling write-offs. Exploration expenses increased by RON 421 mn compared to 2014, or 269%, to RON 577 mn in 2015 mainly in relation to unsuccessful exploration wells, as well as increased seismic acquisition in partnership with Repsol.

Other operating expenses

Other operating expenses increased by RON 114 mn, or 17%, from RON 687 mn in 2013 to RON 801 mn in 2014. The increase in other operating expenses from 2013 to 2014 was largely due to higher restructuring provisions. Other operating expenses decreased by RON 109 mn, or 14%, to RON 692 mn in 2015, positively impacted by the reassessment of provisions for litigation and taxes and lower restructuring costs, partially offset by higher provisions for outstanding receivables in the gas business.

EBIT

EBIT decreased by RON 2,620 mn, or 44%, from RON 5,958 mn in 2013 to RON 3,338 mn in 2014. The decrease in EBIT from 2013 to 2014 was mainly due to the impact of lower selling prices for petroleum products following the decrease of international quotations and impairments in the Downstream Gas business segment in Romania and in the Upstream business segment in Kazakhstan. The introduction of the Construction Tax in Romania further negatively affected the EBIT in 2014.

EBIT decreased further by RON 3,868 mn to a loss of RON (530) mn in 2015 mainly due to lower sales revenues and higher impairments of producing assets in Upstream, following revision of oil price assumptions for the short and long term in the third and fourth quarters of 2015.

The following table shows our EBIT broken down by business segment:

	Year ended 31 December				
	2013	2014	2015	% change 2014/2013	% change 2015/2014
	(RON mn)			(%)	
Upstream ¹	5,529	3,932	(1,815)	(29)	n.m.
Downstream Oil	386	(79)	1,230	n.m.	n.m.
Downstream Gas	112	(818)	(216)	n.m.	74
Corporate and Other	(97)	(151)	(75)	(56)	50
Consolidation: elimination of intersegmental profits	29	454	346	n.m.	(24)
Group EBIT	5,958	3,338	(530)	(44)	n.m.

Note:

(1) Excluding intersegmental profit elimination shown in the line "Consolidation".

Upstream

EBIT from the Upstream business segment decreased by RON 1,597 mn, or 29%, from RON 5,529 mn in 2013 to RON 3,932 mn in 2014. The decrease in EBIT from the Upstream business segment from 2013 to 2014 was largely due to lower oil and NGL sales and higher one-off expenses, mainly related to impairments

in Kazakhstan triggered by unsuccessful FRD results in the TOC fields. Total hydrocarbon production in 2014 was 180.3 kboe/day or 65.82 mn boe, slightly below 2013. Total oil, gas and NGL production in Romania totalled 171.4 kboe/day or 62.57 mn boe, slightly higher compared to the previous year. Domestic crude oil production was 27.98 mn bbl, 2% below the value from 2013, due to planned workovers and weather conditions. Domestic gas production reached 34.58 mn boe, 2% higher compared to 2013. Oil and gas production in Kazakhstan decreased by 21% to 3.25 mn boe, as a consequence of technical constraints. Group sales volumes were slightly lower compared to 2013, supported by the higher gas sales in Romania.

EBIT from the Upstream business segment decreased by RON 5,747 mn from RON 3,932 mn in 2014 to a loss of RON (1,815) mn in 2015. This decrease was due to lower oil prices and higher impairments. The decline in oil prices and the market volatility led to the review of our oil price assumptions for both the short and long term. These revised assumptions required impairments, mainly to production assets, which were recognised at the end of the third and fourth quarters of 2015 in Romania and at the end of the fourth quarter of 2015 in Kazakhstan, totalling RON 2,705 mn. The 2015 results were also negatively affected by higher expenses, mainly in relation to several unsuccessful workover operations and exploration wells in Romania.

Downstream Oil

EBIT from the Downstream Oil business segment decreased from RON 386 mn in 2013 to RON (79) mn in 2014. The decrease in EBIT from 2013 to 2014 was largely due to lower international quotations which led to a significant adjustment to net realisable values of crude oil and petroleum products. This adjustment was done for segmental reporting purposes, and was released in the Consolidation line, having a positive effect, as at Group level cost of inventories is covered by realisable value. The one-off expenses related to the impairment of marketing assets in Serbia in the amount of RON 63 mn also had a negative impact on reported EBIT. The increased refining margin, improved operational performance after the refinery modernisation and better results from sales channels partially compensated the negative effects mentioned above. The indicator refining margin increased to USD 1.89/bbl, from USD (2.83)/bbl in 2013 reflecting the updated standard yield following the completion of the Petrobrazi refinery modernisation programme and lower cost of crude. The Petrobrazi refinery utilisation rate stood at 89%, reflecting the one-month planned refinery shutdown from the second quarter of 2014.

EBIT from the Downstream Oil business segment increased from RON (79) mn in 2014 to RON 1,230 mn in 2015, driven by higher refining margins, improved operational performance after the refinery modernisation and increased sales volumes of oil products. Total refined products sales volumes increased by 5%, driven by higher oil products demand, which was supported by lower products quotations. Group retail sales volumes increased by 7%, the positive trend being reflected throughout the operating region. Non-retail sales volumes advanced by 3% on the back of higher demand for diesel and jet fuel. The indicator refining margin increased to USD 8.71/bbl, from USD 1.89/bbl.

Downstream Gas

EBIT from the Downstream Gas business segment decreased from RON 112 mn in 2013 to RON (818) mn in 2014. The decrease in EBIT from 2013 to 2014 was largely due to special charges of RON 755 mn, mainly related to impairment of the Brazi power plant as a consequence of a revised long-term market perspective. The gas business contribution continued to fall compared with 2013 due to lower sales volumes and increased storage costs. The power business contribution also declined compared to 2013 as a result of average negative spark spreads triggered by higher gas prices and slightly lower average electricity prices.

EBIT from the Downstream Gas business segment increased from RON (818) mn in 2014 to RON (216) mn in 2015, as higher segment sales and lower storage related expenses were recorded versus 2014 and also due to the fact that 2014 was negatively impacted by the Brazi power plant and Dorobantu wind park impairments. However, the 2015 result was negatively affected by RON (87) mn net impact from provisions

for outstanding receivables in the gas business and by special items of RON (71) mn, mainly related to the impairment following reclassification of the Dorobanțu wind park as an asset held for sale due to its planned divestment.

Corporate and Other

EBIT from the Corporate and Other business segment decreased by RON 54 mn from RON (97) mn in 2013 to RON (151) mn in 2014. EBIT from the Corporate and Other business segment was RON (75) mn in 2015.

Interest income

Interest income decreased by RON 134 mn, or 65%, from RON 206 mn in 2013 to RON 72 mn in 2014. The decrease in interest income in 2014 was mainly due to the fact that 2013 was positively impacted by reassessment of receivables. Interest income increased by RON 163 mn, or 226%, from RON 72 mn in 2014 to RON 235 mn in 2015 mainly due to the positive outcome of a litigation dispute during 2015.

Interest expenses

Interest expenses increased by RON 189 mn, or 52%, from RON 360 mn in 2013 to RON 549 mn in 2014. The increased interest expenses in 2014 mainly related to alleged late payment interest charges following a tax review for the years 2009 and 2010 in the Company. Interest expenses decreased by RON 118 mn, or 21%, to RON 431 mn in 2015 due to the fact that 2014 was negatively impacted by the aforementioned interest charges.

Other financial income and expenses

Other net financial expenses amounted to RON 109 mn in 2013. In 2014, other net financial income amounted to RON 37 mn. This position includes foreign exchange gains and losses and the result from 2014 relates to positive impact of USD/RON exchange rate evolution on the loans granted to subsidiaries from Kazakhstan. Other net financial expenses amounted to RON 7 mn in 2015.

Net financial result

As a result of the factors discussed above, net financial loss increased by RON 170 mn, or 66%, from RON (259) mn in 2013 to RON (429) mn in 2014. Net financial loss decreased by RON 233 mn, or 54%, to RON (196) mn in 2015, mainly due to the positive outcome of a litigation dispute during 2015 and to the fact that 2014 was affected by provisions for fiscal review.

Profit/(loss) from ordinary activities

As a result of the factors discussed above, profit from ordinary activities decreased by RON 2,789 mn, or 49%, from RON 5,699 mn in 2013 to RON 2,909 mn in 2014 and decreased further to RON (726) mn in 2015.

Taxes on income

Taxes on income decreased by RON 65 mn, or 7%, from RON 875 mn in 2013 to RON 810 mn in 2014. The effective tax rate increased from 15% in 2013 to 28% in 2014, being negatively impacted by non-deductible expenses related to impairment of fixed assets in Kazakhstan and by late payment interest in relation to fiscal reviews.

Taxes on income resulted in a tax credit of RON 36 mn in 2015 due to the deferred tax revenues generated by impairments of assets in the Upstream business segment.

At the beginning of 2015, the tax authority imposed on the Company a supplementary amount of RON 142 mn for the years 2009 – 2010 (representing less than 1% of the total amount of taxes paid by the Company for the mentioned period), plus ancillaries, representing additional amounts allegedly owed by us to the state

budget as a result of the re-assessment by the tax authorities of the factual situation. In addition, the fiscal authorities determined supplementary amounts to be paid also for the period 2007, 2008, 2011 and 2012. The Company paid all the additional amounts calculated by the tax authorities for the years 2007 – 2012, in total value of RON 413 mn (including all ancillaries).

The Company challenged entirely the amounts requested for the period 2007 – 2012 following this fiscal inspection and challenged the solutions granted by the fiscal authority in the administrative appeal via two court actions which are currently pending: a court action registered under no. 3042/2/2016 at the Bucharest Court of Appeal (with first hearings in October 2016) and a court action registered under no. 8063/2/2015 at the Bucharest Court of Appeal (rejected in the first instance in July 2016). See “*Risk Factors—Risks Relating to Our Business and Industry—We are subject to frequent inspections by fiscal authorities*” and “*Business—Legal Proceedings*”.

Net income for the year

As a result of the factors discussed above, net income for the year decreased by RON 2,724 mn or 57%, from RON 4,824 mn in 2013 to RON 2,100 mn in 2014. Net loss for 2015 amounted to RON 690 mn.

Six months ended 30 June 2016 as compared to the six months ended 30 June 2015

Sales revenues

The following table sets out the sales revenue for each of our business segments:

	Six months ended 30 June	
	2015	2016
	(Unaudited)	
	<i>(RON mn)</i>	
Upstream		
Intersegment sales	4,454	3,304
Sales with third parties	311	217
Total sales	4,765	3,521
Downstream Oil		
Intersegment sales	53	37
Sales with third parties	6,421	4,995
Total sales	6,474	5,032
Downstream Gas		
Intersegment sales	180	152
Sales with third parties	2,068	1,962
Total sales	2,248	2,114
Corporate and Other		
Intersegment sales	98	84
Sales with third parties	12	18
Total sales	109	102
Total		

	Six months ended 30 June	
	2015	2016
	(Unaudited)	
	<i>(RON mn)</i>	
Intersegment sales elimination	(4,785)	(3,577)
Total sales.....	8,811	7,192

Sales revenues decreased by RON 1,619 mn, or 18%, from RON 8,811 mn in the six months ended 30 June 2015 to RON 7,192 mn in the six months ended 30 June 2016. This decrease was mainly the result of the deteriorating crude oil price environment, in addition to lower natural gas sales, partially offset by the higher quantity of power sold. The Downstream Oil business segment represented 70% of total consolidated sales, the Downstream Gas business segment represented 27% of total consolidated sales and the Upstream business segment represented 3% of total consolidated sales (sales in the Upstream business segment largely consisting of intra-group sales rather than third-party sales).

Upstream

Upstream business segment total sales decreased by RON 1,244 mn, or 26%, from RON 4,765 mn in the six months ended 30 June 2015 to RON 3,521 mn in the six months ended 30 June 2016. This decrease was largely due to lower crude oil, natural gas and NGL prices and lower sales volumes. The decline in hydrocarbon production also had a negative impact on Upstream sales.

Downstream Oil

Downstream Oil business segment sales decreased by RON 1,442 mn, or 22%, from RON 6,474 mn in the six months ended 30 June 2015 to RON 5,032 mn in the six months ended 30 June 2016. This decrease was largely due to decreased refined products sales prices following the development of international quotations and to the planned refinery turnaround in the second quarter of 2016, partially offset by improved retail demand.

Downstream Gas

Downstream Gas business segment sales decreased by RON 134 mn, or 6%, from RON 2,248 mn in the six months ended 30 June 2015 to RON 2,114 mn in the six months ended 30 June 2016. This decrease was largely due to lower demand and lower volumes in storage at the beginning of 2016 as a result of our objective to minimise storage expenses.

Direct selling expenses

Direct selling expenses decreased by RON 65 mn, or 31%, from RON 211 mn in the six months ended 30 June 2015 to RON 146 mn in the six months ended 30 June 2016. This decrease was largely due to lower sales-related taxes and duties in our subsidiaries in Kazakhstan following a reduction of the tax rate and the lower selling price of crude oil.

Costs of sales

Costs of sales decreased by RON 516 mn, or 8%, from RON 6,399 mn in the six months ended 30 June 2015 to RON 5,883 mn in the six months ended 30 June 2016. This decrease was largely due to lower production costs as a result of cost reduction measures and the lower quantity of natural gas sold.

Gross profit

As a result of the factors discussed above, gross profit decreased by RON 1,038 mn, or 47%, from RON 2,201 mn in the six months ended 30 June 2015 to RON 1,163 mn in the six months ended 30 June 2016.

Other operating income

Other operating income increased by RON 59 mn, or 21%, from RON 287 mn in the six months ended 30 June 2015 to RON 346 mn in the six months ended 30 June 2016. This increase was largely due to income from third parties in the form of penalties for non-compliance with contractual clauses.

Selling expenses

Selling expenses decreased by RON 6 mn, or 1%, from RON 466 mn in the six months ended 30 June 2015 to RON 460 mn in the six months ended 30 June 2016.

Administrative expenses

Administrative expenses decreased by RON 35 mn, or 35%, from RON 99 mn in the six months ended 30 June 2015 to RON 64 mn in the six months ended 30 June 2016, mainly following implementation of cost reduction measures.

Exploration expenses

Exploration expenses decreased by RON 56 mn, or 28%, from RON 200 mn in the six months ended 30 June 2015 to RON 144 mn in the six months ended 30 June 2016. This decrease reflected lower expenses in the Neptun block, but also lower write-offs of exploration assets.

Other operating expenses

Other operating expenses decreased by RON 162 mn, or 37%, from RON 443 mn in the six months ended 30 June 2015 to RON 281 mn in the six months ended 30 June 2016, largely as a result of favourable developments of provisions for outstanding receivables in the gas business.

EBIT

EBIT decreased by RON 719 mn, or 56%, from RON 1,280 mn in the six months ended 30 June 2015 to RON 561 mn in the six months ended 30 June 2016. This decrease was largely due to the decline of international quotations of crude and oil products, partially offset by lower exploration costs and by the favourable development of provisions for outstanding receivables in the gas business.

The table below sets out our EBIT broken down by business segment:

	Six months ended		
	30 June		
	2015	2016	% change
	(Unaudited)		
	<i>(RON mn)</i>		<i>(%)</i>
Upstream ¹	695	71	(90)
Downstream Oil	847	617	(27)
Downstream Gas	(81)	17	n.m.
Corporate and Other	(36)	(25)	31
Consolidation: elimination of intersegmental profits	(145)	(120)	17
Group EBIT	1,280	561	(56)

Note:

(1) Excluding intersegmental profit elimination shown in the line “Consolidation”.

Upstream

EBIT from the Upstream business segment decreased by RON 624 mn, or 90%, from RON 695 mn in the six months ended 30 June 2015 to RON 71 mn in the six months ended 30 June 2016. This decrease was mainly due to the lower selling prices for crude oil, NGL and natural gas and lower sales volumes, only partially offset by lower production costs, exploration expenses, royalties and depreciation (due to a diminished asset base following the impairments booked in the second half of 2015), as well as favourable foreign exchange effects as a result of the appreciation of the USD against the RON by 1%.

Downstream Oil

EBIT from the Downstream Oil business segment decreased by RON 230 mn, or 27%, from RON 847 mn in the six months ended 30 June 2015 to RON 617 mn in the six months ended 30 June 2016. This decrease was largely due to lower refining margins and the planned refinery turnaround from the second quarter of 2016, but was partially offset by improved retail demand.

Downstream Gas

EBIT from the Downstream Gas business segment increased by RON 98 mn from RON (81) mn in the six months ended 30 June 2015 to RON 17 mn in the six months ended 30 June 2016. This increase was largely due to the effect of the RON (78) mn provision for outstanding receivables booked in the gas business in the six months ended 30 June 2015 and the effect of the RON 15 mn reversal of provisions in the six months ended 30 June 2016.

Corporate and Other

EBIT from the Corporate and Other business segment improved by RON 11 mn, or 31%, from RON (36) mn in the six months ended 30 June 2015 to RON (25) mn in the six months ended 30 June 2016. This improvement was largely due to our adoption of cost reduction measures.

Interest income

Interest income decreased by RON 65 mn, or 44%, from RON 149 mn in the six months ended 30 June 2015 to RON 84 mn in the six months ended 30 June 2016. This decrease was largely due to the impact of late payment interest income from a litigation settlement in the six months ended 30 June 2015.

Interest expenses

Interest expenses increased by RON 9 mn, or 6%, from RON 152 mn in the six months ended 30 June 2015 to RON 161 mn in the six months ended 30 June 2016.

Other financial income and expenses

Other financial income and expenses decreased from RON 20 mn in the six months ended 30 June 2015 to RON (14) mn in the six months ended 30 June 2016. This decrease was largely due to the negative impact of the evolution of RON against the USD in the six months ended 30 June 2016 compared to the six months ended 30 June 2015.

Net financial result

Net financial result decreased by RON 107 mn from RON 21 mn in the six months ended 30 June 2015 to RON (86) mn in the six months ended 30 June 2016. The six months ended 30 June 2015 reflected the positive impact of late payment interest income from a litigation settlement. The evolution of RON against the

USD in the six months ended 30 June 2016 compared to the six months ended 30 June 2015 had a negative impact on net financial result.

Profit/(loss) from ordinary activities

As a result of the factors discussed above, profit from ordinary activities decreased by RON 826 mn, or 64%, from RON 1,301 mn in the six months ended 30 June 2015 to RON 475 mn in the six months ended 30 June 2016.

Taxes on income

Taxes on income decreased by RON 195 mn, or 74%, from RON 265 mn in the six months ended 30 June 2015 to RON 70 mn in the six months ended 30 June 2016. In the six months ended 30 June 2016, the current income tax charge was RON 65 mn and deferred tax expenses amounted to RON 5 mn. The effective tax rate for the six months ended 30 June 2016 was 15% (compared to 20% in six months ended 30 June 2015). The effective tax rate from the six months ended 30 June 2015 was influenced by the activities in Kazakhstan and the finalisation of the fiscal review in Romania.

Net income for the period

As a result of the factors discussed above, net income for the period decreased by RON 631 mn, or 61%, from RON 1,036 mn in the six months ended 30 June 2015 to RON 405 mn in the six months ended 30 June 2016.

Liquidity and Capital Resources

Our principal liquidity requirements arise from the need to fund our capital expenditures and operating expenses. During the periods under review, our liquidity needs were mainly funded from internally generated cash and bank borrowings, including borrowings under revolving as well as term facilities.

Our cash and cash equivalents were RON 1,408 mn, RON 1,268 mn and RON 813 mn as at 31 December 2013, 2014 and 2015, respectively. As at 30 June 2016, we had cash and cash equivalents of RON 724 mn, compared to RON 372 mn as at 30 June 2015.

Cash flows

The following table sets out our summary cash flow information for the periods indicated.

	Year ended 31 December			Six months ended 30 June	
	2013	2014	2015	2015	2016
		(Audited)		(Unaudited)	
	<i>(RON mn)</i>				
Net cash generated from operating activities	8,048	6,830	5,283	2,450	1,771
Net cash used for investing activities	(4,895)	(5,658)	(4,953)	(2,874)	(1,759)
Net cash used for financing activities	(2,412)	(1,334)	(794)	(479)	(101)
Net increase/(decrease) in cash and cash equivalents	742	(140)	(455)	(896)	(88)

	Year ended 31 December			Six months ended 30 June	
	2013	2014	2015	2015	2016
	(Audited)			(Unaudited)	
	(RON mn)				
Cash and cash equivalents at the beginning of the period	667	1,408	1,268	1,268	813
Cash and cash equivalents at the end of the period.....	1,408	1,268	813	372	724

Comparison of the years ended 31 December 2013, 2014 and 2015

Net cash generated from operating activities

Net cash generated from operating activities decreased by RON 1,218 mn, or 15%, from RON 8,048 mn in 2013 to RON 6,830 mn in 2014. This decrease was mainly due to a decrease of RON 2,789 mn in profit before taxation, partially offset by an increase in non-cash expenses such as depreciation, amortisation and impairment and net change in provisions. Changes in net working capital caused a cash outflow of RON 320 mn, influenced mainly by the increase in inventories due to a decline in sales and higher compulsory stock, and also by the increase in receivables related to gas sales.

Net cash flow from operating activities decreased by RON 1,547 mn, or 23%, from RON 6,830 mn in 2014 to RON 5,283 mn in 2015. The reconciliation of profit before taxation for the year to the cash flow from operating activities (before changes in working capital) resulted in a net upward adjustment of RON 5,863 mn for 2015 (2014: RON 4,240 mn). Depreciation, amortisation and impairments amounted to RON 6,761 mn (2014: RON 4,806 mn), and the net change in provisions was a decrease of RON 87 mn (2014: increase of RON 256 mn). Net interest and tax on profit paid generated a cash outflow of RON 832 mn (2014: cash outflow of RON 988 mn). In 2015, changes in net working capital generated a cash inflow of RON 146 mn (2014: cash outflow of RON 320 mn). Changes in net working capital were generated by a decrease in inventories by RON 231 mn (2014: increase of RON 315 mn), decrease in receivables by RON 21 mn (2014: increase of RON 152 mn) and a decrease in liabilities by RON 105 mn (2014: increase of RON 147 mn).

Net cash used in investing activities

Net cash used in investing activities increased by RON 764 mn, or 16%, from RON 4,895 mn in 2013 to RON 5,658 mn in 2014. In 2014, cash outflows for investments in non-current assets of RON 5,955 mn (2013: RON 4,995 mn) were partially offset by proceeds from disposals of RON 297 mn (2013: RON 101 mn).

Net cash used in investing activities decreased by RON 705 mn, or 12%, from RON 5,658 mn in 2014 to RON 4,953 mn in 2015. In 2015, cash outflows for investments in non-current assets of RON 5,025 mn (2014: RON 5,955 mn) were slightly offset by proceeds from disposals of RON 72 mn (2014: RON 297 mn).

Net cash used in financing activities

Net cash used in financing activities decreased by RON 1,078 mn, or 45%, from RON 2,412 mn in 2013 to RON 1,334 mn in 2014. This development was principally attributed to a new loan agreement concluded by our subsidiary Kom Munai LLP with the European Bank for Reconstruction and Development (“EBRD”) in 2014 for a total amount of USD 200 mn, which was later reduced to USD 142 mn (out of which USD 142 mn

were drawn as of 31 December 2014), whereas in 2013 OMV Petrom S.A. made significant repayments of loans to EBRD and the European Investment Bank (“EIB”).

Net cash used in financing activities decreased further by RON 540 mn, or 40%, to RON 794 mn in 2015. Cash outflows from net decrease of short- and long-term borrowings amounted to RON 164 mn (2014: inflow RON 397 mn). Cash outflows for dividend payments amounted to RON 631 mn in 2015 (2014: RON 1,731 mn). The dividends paid during the years 2013, 2014 and 2015 amounted to RON 1,574 mn, RON 1,731 mn and RON 631 mn, respectively.

Six months ended 30 June 2016 as compared to the six months ended 30 June 2015

Net cash generated from operating activities

Net cash generated from operating activities decreased by RON 679 mn, or 28%, from RON 2,450 mn in the six months ended 30 June 2015 to RON 1,771 mn in the six months ended 30 June 2016. This decrease mainly reflected the challenging market environment, combined with weaker refining margins. In the six months ended 30 June 2016, the inflow of funds from profit before tax, adjusted for non-cash items such as depreciation and impairments, net change of provisions and other non-cash adjustments, as well as net interest and income tax paid was RON 1,945 mn (compared to RON 2,510 mn in the six months ended 30 June 2015), while changes in net working capital generated a cash outflow of RON 174 mn (compared to RON 59 mn in the six months ended 30 June 2015), mainly due to a decrease in excise duties payable at the end of the first half of 2016 as a result of the Petrobrazi turnaround.

Net cash used in investing activities

Net cash used in investing activities decreased by RON 1,115 mn, or 39%, from RON 2,874 mn in the six months ended 30 June 2015 to RON 1,759 mn in the six months ended 30 June 2016. This decrease was mainly related to lower payments for investments in intangible assets, property, plant and equipment, financial investments and other financial assets, as capital expenditures were further prioritised in reaction to the falling oil prices.

Net cash used in financing activities

Net cash used in financing activities decreased by RON 378 mn, or 79%, from RON 479 mn in the six months ended 30 June 2015 to RON 101 mn in the six months ended 30 June 2016. This decrease was mainly due to the distribution of dividends in the six months ended 30 June 2015.

Indebtedness

As of 30 June 2016, we were party to a number of financing agreements, which we used to finance our capital expenditures as well as working capital. The table below summarises our interest bearing debts as at 30 June 2016:

Borrower	Lender	30 June 2016
		<i>(RON mn)</i>
Interest-bearing debts, short-term		
OMV Petrom S.A.	EBRD	96
OMV Petrom S.A.	EIB	86
OMV Petrom S.A.	OMV Petrom Global Solutions S.R.L.	136
Kom Munai LLP	EBRD	120
	Accrued interest	8

Borrower	Lender	30 June 2016
		<i>(RON mn)</i>
	Prepayments in relation to loan amounts drawn	(2)
Total interest-bearing debts, short-term		444
Interest-bearing debts, long-term		
OMV Petrom S.A.	EBRD	329
OMV Petrom S.A.	EIB.....	489
Kom Munai LLP	EBRD	457
	Prepayments in relation to loan amounts drawn...	(11)
Total interest-bearing debt, long-term.....		1,264
Total interest-bearing debt		1,708

Our net debt (i.e. interest bearing debts and financial lease liabilities less liquid funds (cash and cash equivalents)) increased by RON 558 mn, or 168%, from RON 332 mn at the end of 2013 to RON 890 mn at the end of 2014. In 2015, net debt increased further by RON 396 mn, or 44%, to RON 1,286 mn. This increase was mainly due to lower cash and cash equivalents as a result of lower operational cash flows and the distribution of dividends. Consequently, our gearing ratio (i.e., net debt divided by equity expressed as a percentage) increased from 1% in December 2013 to 3.3% in December 2014 and 5.0% in December 2015. Net debt decreased to RON 1,261 mn as of 30 June 2016, compared to RON 1,990 mn as of 30 June 2015. This caused our gearing ratio to decrease slightly from 7% as of 30 June 2015 to 5% as of 30 June 2016. The decrease in net debt was mostly driven by lower interest-bearing debts following partial repayments and by higher cash and cash equivalents, as the level as of 30 June 2015 was affected by the distribution of dividends.

As at 30 June 2016, our drawn and undrawn financing facilities included the following:

- an unsecured corporate loan agreement with EBRD for the construction of the Brazi power plant for a maximum amount of EUR 200 mn. The loan matures on 10 November 2020. The outstanding amount as at 30 June 2016 was EUR 94 mn, equivalent to RON 425 mn;
- an unsecured loan agreement with EIB for the construction of the Brazi power plant for an amount of EUR 200 mn. The loan matures on 15 June 2023. The outstanding amount as at 30 June 2016 was EUR 127 mn, equivalent to RON 575 mn;
- an unsecured revolving credit facility with a consortium of banks amounting to EUR 1 bn, concluded on 20 May 2015, which matures on 20 May 2020, with the possibility of an extension for another two consecutive years. This new facility replaced a EUR 930 mn revolving credit facility, which was cancelled on 20 May 2015. In March 2016, the maturity date was extended by another year, with the new final maturity in May 2021. The facility was not used as at 30 June 2016;
- an unsecured facility agreement with BNP Paribas Fortis S.A./NV Bruxelles, Bucharest branch, for up to EUR 30 mn, to be utilised only for issuance of bank guarantees, which matures on 27 March 2017. As of 30 June 2016, this facility was used for issuance of bank guarantees in an amount equivalent to EUR 7 mn;
- an unsecured facility with ING Bank N.V. that can be used in USD, RON or EUR, for up to EUR 70 mn (equivalent of RON 317 mn), for issuance of bank guarantees, letters of credit and as overdraft for

working capital financing. The facility matures for bank guarantees and letters of credit on 22 November 2019 and for overdrafts on 22 November 2016. No drawings under the overdraft were made as at 30 June 2016;

- an unsecured credit facility with BRD – Groupe Société Générale S.A. of up to EUR 60 mn (equivalent of RON 271 mn) that can be used in RON, which matures on 30 April 2017. The facility is designated to finance our current activity and for issuance of letters of guarantee and letters of credit. No drawings under the facility were made as at 30 June 2016;
- an unsecured credit facility of up to EUR 30 mn with BRD – Groupe Société Générale S.A., to be utilised only for issuance of bank guarantees and letters of credit. The credit facility matures on 30 April 2017. As of 30 June 2016, this facility was used for issuance of bank guarantees in an amount equivalent to EUR 4 mn;
- an unsecured credit facility with Bancpost S.A. for up to EUR 25 mn, to be utilised only for issuance of bank guarantees, which matures on 31 March 2017. As of 30 June 2016, this facility was used for the issuance of bank guarantees in an amount equivalent to EUR 1 mn;
- an unsecured credit facility with Banca Comerciala Romana S.A. for EUR 200 mn that can be used by the Company and OMV Petrom Marketing S.R.L. in RON, USD and EUR as overdraft (maturity on 14 January 2017), for issuance of bank guarantees and letters of credit (maturity on 14 January 2018). No drawings for overdraft purposes under the facility were made as at 30 June 2016. As of 30 June 2016, this facility was used for issuance of bank guarantees in an amount equivalent to EUR 22 mn;
- an unsecured credit facility with Raiffeisen Bank S.A. of up to EUR 105 mn, consisting of two sub-facilities: sub-facility A, which matures on 31 December 2016 (for an amount of EUR 75 mn) and sub-facility B, which matures on 15 December 2017 (for an amount of EUR 30 mn). Sub-facility A can be used only in RON and only by the Company as an overdraft credit line. Sub-facility B can be used in EUR, USD or RON by the Company, OMV Petrom Marketing S.R.L., OMV Petrom Gas S.R.L., OMV Petrom Wind Power S.R.L. and by OMV Petrom Aviation S.A. up to the total limit of EUR 30 mn (with individual limits for OMV Petrom Wind Power S.R.L. of up to EUR 1 mn and for OMV Petrom Aviation S.A. of up to EUR 10 mn) only for the issuance of letters of credit and/or issuance of bank guarantees. Sub-facility A was not used for overdraft purposes as of 30 June 2016. As of 30 June 2016, sub-facility B was used for the issuance of bank guarantees in an amount equivalent to EUR 5 mn. In August 2016, the credit facility amount was adjusted to EUR 55 mn, comprising EUR 35 mn for sub-facility A, with a new maturity date of 31 December 2017, and EUR 20 mn for sub-facility B, with a new maturity date of 31 December 2019;
- a cash pooling agreement which matures on 22 April 2017, renewable each year, concluded between the Company and OMV Petrom Global Solutions S.R.L. The aggregated amount of the loan is RON 180 mn. The balance as at 30 June 2016 amounted to RON 136 mn;
- a loan agreement concluded by our subsidiary Kom Munai LLP with EBRD for a maximum amount of USD 200 mn, with final maturity on 20 May 2022, to be used for refinancing intra-Group loans and for future capital expenditures. In December 2015, the loan amount was reduced to USD 142 mn. The outstanding amount as at 30 June 2016 was USD 142 mn, equivalent to RON 577 mn;
- a credit facility entered into by our subsidiaries Kom Munai LLP and Tasbulat Oil Corporation LLP with JSK Citibank Kazakhstan for up to USD 15 mn, which matures in October 2019. The purpose of the facility is for general corporate purposes and working capital financing. The credit facility was not used as at 30 June 2016;

- a frame facility concluded by our subsidiary OMV Srbija OOD with Raiffeisen Bank Belgrade, for up to EUR 2 mn, which matures on 12 January 2018, for purposes of issuing letters of bank guarantee and letters of credit. As of 30 June 2016, this facility was used for issuance of bank guarantees in an amount less than EUR 1 mn;
- an unsecured facility contracted by our subsidiary OMV Srbija OOD from Raiffeisen Bank Belgrade, with a maximum limit of RSD 600 mn and maturity date of 31 March 2017. The facility can be used for general corporate purposes on an overdraft basis and for the issuance of letters of bank guarantee. No drawings were made under the overdraft facility as at 30 June 2016;
- an unsecured revolving facility contracted by our subsidiary OMV Srbija OOD from Raiffeisen Bank Belgrade, for up to EUR 4 mn, which matures on 2 March 2017. The purpose of the facility is for general corporate purposes and issuance of letters of bank guarantee. No drawings were made under the revolving facility as at 30 June 2016; and
- an unsecured facility contracted by our subsidiary OMV Bulgaria OOD from Raiffeisen Bulgaria, for up to BGN 13 mn, which matures on 30 January 2017. The purpose of the facility is financing current operational activities (overdraft) and issuance of letters of bank guarantee. There were no drawings for overdraft purposes under the facility as at 30 June 2016. As of 30 June 2016, this facility was used for issuance of bank guarantees in an amount equivalent to EUR 4 mn.

As at 30 June 2016, we were not in breach of any applicable term of our financing facilities.

Capital expenditures

Our capital expenditures include all capital expenditures resulting from individual projects, purchases and manufacturing processes. Capital expenditures include prepayments and are derived from additions to tangible and intangible assets, minus net write-offs of capitalised exploration and appraisal activities, minus increases in fixed assets identified during the physical count and minus increases following the reassessment of decommissioning assets.

We have made, and expect to continue to make, substantial capital expenditures, focusing on the Upstream business segment. The tables below set out our capital expenditure for the three years ended 31 December 2013, 2014 and 2015 and the six months ended 30 June 2015 and 2016:

	Year ended 31 December				
	2013	2014	2015	% change 2014/2013	% change 2015/2014
		(RON mn)		(%)	
Upstream	4,401	5,349	3,486	22	(35)
Downstream Oil	827	794	393	(4)	(51)
Downstream Gas	18	3	9	(82)	200
Corporate and Other	57	92	7	61	(92)
Total capital expenditure	5,303	6,239	3,895	18	(38)

	Six months ended 30 June		
	2015	2016	% change
	(RON mn)		(%)
Upstream.....	1,947	1,064	(45)
Downstream Oil	118	263	123
Downstream Gas	3	7	107
Corporate and Other	1	3	185
Total capital expenditure	2,069	1,337	(35)

Total capital expenditure increased by RON 936 mn, or 18%, from RON 5,303 mn in 2013 to RON 6,239 mn in 2014. This increase was mainly due to substantially higher investments in the Upstream business segment.

- *Upstream.* Capital expenditure in the Upstream business segment increased by RON 948 mn, or 22%, from RON 4,401 mn in 2013 to RON 5,349 mn in 2014, representing 86% of total capital expenditures in 2014. Capital expenditures for 2014 were focused on activities related to drilling development wells, field redevelopment initiatives, workover activities and sub-surface operations, surface facilities, as well as investments related to the Black Sea projects.
- *Downstream Oil.* Capital expenditure in the Downstream Oil business segment decreased by RON 33 mn, or 4%, from RON 827 mn in 2013 to RON 794 mn in 2014, accounting for 13% of total capital expenditures in 2014. Investments were mainly related to the planned Petrobrazi refinery shutdown as part of the modernisation programme. In addition, investment funds were also directed to efficiency projects, as well as to legal and environmental compliance projects.
- *Downstream Gas.* Capital expenditure in the Downstream Gas business segment decreased by RON 15 mn, or 82%, from RON 18 mn in 2013 to RON 3 mn in 2014, representing less than 1% of total capital expenditures in 2014.
- *Corporate and Other.* Capital expenditure in the Corporate and Other business segment increased by RON 35 mn, or 61%, from RON 57 mn in 2013 to RON 92 mn in 2014, mainly related to IT projects and the financial investment in the newly created OMV Petrom Global Solutions S.R.L., a service centre which provides multiple support services exclusively to OMV Group companies.

Total capital expenditure decreased by RON 2,344 mn, or 38%, from RON 6,239 mn in 2014 to RON 3,895 mn in 2015, as the decrease in oil prices led to the prioritisation of investments.

- *Upstream.* Capital expenditures in the Upstream business segment decreased by RON 1,863 mn, or 35%, from RON 5,349 mn in 2014 to RON 3,486 mn in 2015. Capital expenditures in the Upstream business segment represented 90% of the total capital expenditures for 2015. The investments were mainly directed towards field redevelopments, drilling and workover activities, as well as drilling activity in the Neptun block. Exploration expenditures reached RON 1,399 mn and mainly included capitalised expenditures in relation to drilling activities in the Black Sea associated with wells drilled in the Neptun block, as well as onshore drilling activities performed with Repsol.
- *Downstream Oil.* Capital expenditure in the Downstream Oil business segment decreased by RON 401 mn, or 51%, from RON 794 mn in 2014 to RON 393 mn in 2015. Capital expenditures in the

Downstream Oil business segment accounted for 10% of total capital expenditures for 2015. Capital expenditures in the Petrobrazi refinery amounted to approximately RON 211 mn relating to environmental, legal compliance and energy efficiency projects. Capital expenditures were also directed towards the fuel terminals network optimisation programme, with the modernisation of Cluj terminal finalised at the end of 2015. Investments in the Retail business focused on optimising the current filling station portfolio and accessing new business opportunities by opening eight mobile filling stations on motorways. In addition, upgrades were performed in a number of Petrom and OMV brands filling stations, mainly to improve the facilities. The main project in this respect was the finalisation of replacement of the conventional lighting systems in Petrom brand filling stations in Romania with a new LED (light emitting diode) based system.

Total capital expenditure decreased by RON 732 mn, or 35%, from RON 2,069 mn in the six months ended 30 June 2015 to RON 1,337 mn in the six months ended 30 June 2016. This decrease was mainly due to substantially lower capital expenditure in Upstream.

- *Upstream.* Capital expenditure in the Upstream business segment decreased by RON 883 mn, or 45%, from RON 1,947 mn in the six months ended 30 June 2015 to RON 1,064 mn in the six months ended 30 June 2016. This decrease was mainly due to investments being further prioritised as a reaction to the falling oil prices. Capital expenditures in the Upstream business segment represented approximately 80% of total capital expenditures for the six months ended 30 June 2016. Upstream capital expenditures were focused on finalising field redevelopments, workover activities, drilling development wells, surface facilities, as well as investments related to Neptun Deep. Exploration expenditures stood at RON 242 mn, 68% lower compared to the six months ended 30 June 2015, mainly due to finalised drilling activities in the Black Sea and significantly reduced exploration activities in partnership with Repsol.
- *Downstream Oil.* Capital expenditure in the Downstream Oil business segment increased by RON 145 mn, or 123%, from RON 118 mn in the six months ended 30 June 2015 to RON 263 mn in the six months ended 30 June 2016. Capital expenditures in the Downstream Oil business segment represented approximately 20% of total capital expenditures for the six months ended 30 June 2016. The capital expenditures in the Downstream Oil business segment were mainly related to the planned Petrobrazi refinery turnaround and investments directed to efficiency projects, the replacement of outdated equipment, as well as legal and environmental compliance projects.
- *Downstream Gas.* Capital expenditure in the Downstream Gas business segment increased by RON 4 mn, or 107%, from RON 3 mn in the six months ended 30 June 2015 to RON 7 mn in the six months ended 30 June 2016.
- *Corporate and Other.* Capital expenditure in the Corporate and Other business segment increased by RON 2 mn, or 185%, from RON 1 mn in the six months ended 30 June 2015 to RON 3 mn in the six months ended 30 June 2016.

Planned capital expenditures in 2016

In response to the prolonged depressed market environment, we will continue to adjust our activity level, maintaining a strong balance sheet and protecting our free cash flow position. Capital expenditures (including capitalised exploration and appraisal) for 2016 are expected to amount to approximately EUR 0.7 bn, approximately 20% lower than the 2015 level, with around 85% dedicated to the Upstream business segment. Capital expenditure in the Upstream business segment includes, among other things, drilling, workover activities and field redevelopment projects. Exploration expenditures are estimated to decrease by approximately 60% versus 2015, mainly due to the completion of drilling activities in the Neptun block.

Commitments and contingencies

Commitments

As at 30 June 2016, our total commitments for investments, including our share of the aggregate capital commitments for joint arrangements, were RON 746 mn.

Litigation

We make provisions for litigation in our financial statements in accordance with IAS 37. Other than as described in this Prospectus, we are not involved in, nor are we aware of, any legal, arbitral or administrative proceedings or governmental investigations that could reasonably be expected to have a material adverse effect on our business, financial condition or results of operations. For further information on the material litigation in which we are involved, please see “*Business—Legal Proceedings*”.

Contingent liabilities

We had contingent liabilities representing performance guarantees in the amount of RON 29 mn as at 31 December 2013, RON 25 mn as at 31 December 2014 and RON 51 mn as at 31 December 2015. As at 30 June 2016, we had contingent liabilities representing performance guarantees in the amount of RON 64 mn, compared to RON 26 mn as at 30 June 2015.

Working Capital

We are of the opinion that we have sufficient working capital for our present requirements, that is, for at least 12 months following the date of publication of this Prospectus.

Risk Management and Internal Control

Risk Management

Pursuant to the Corporate Governance Code issued in September 2015 by the Bucharest Stock Exchange (the “**Corporate Governance Code**”), our Supervisory Board’s role is to determine the principles of the risk management and internal control systems and obtain assurance via our specialised audit committee that we have efficient internal control and risk management systems in force. Furthermore, our Executive Board is continuously executing oversight and steers our risk management system by close involvement in the risk management process and its development.

To assess the risks associated with our entire portfolio of operations, the Executive Board has empowered a dedicated risk and insurance management department, with the objective of leading and coordinating our enterprise risk management-related processes.

Furthermore, our risk management system is part of the corporate decision-making process. For any new major projects, new strategies or market directions, workshops are organised for assessing the risks associated with the benefits of the respective opportunity, while the risk information collected in the workshops as well as any relevant third party opinions are used for taking informed decisions.

In 2014, we implemented, together with the Institute of Risk Management UK, an internal company-wide training programme called “Petrom Risk Academy”, which contributed to the enhancement of the risk management competences within top and middle management, as well as with employees without managerial responsibilities. This programme won an International Award for Commitment to Learning and Development at the IRM Global Risk Awards 2015. Through our risk management process, we seek to secure our liquidity

and long-term sustainability, and to decrease the uncertainty over our strategic objectives and financial targets. Our Enterprise Wide Risk Management (“**EWRM**”) system is recognised via various benchmarks of external consultants as part of international best practice. The EWRM system actively and formally pursues the identification, analysis, evaluation and treatment of all risks (market and financial, operational and strategic) in order to manage their effects on our cash flow up to an acceptable level agreed as per the risk appetite.

The EWRM system follows ISO 31000 and comprises a dedicated risk organisation working under a robust internal regulation framework with quantitative IT infrastructure, as well as assuring that the process is embedded into the day-to-day operational business and delivers against its intended purpose.

We have four levels of defence in a pyramid-type risk organisation. The bottom layer comprises the risk owners represented in all areas of activity by managers of various areas, the second level are the business units and divisional risk co-ordinators who facilitate and coordinate the risk management process in their division, the third layer is the risk manager function represented by the Risk Management department, which coordinates the entire risk management process assisted by the specialised corporate functions (health, safety, security and environment (“**HSSE**”), Compliance, Legal, Finance, Controlling). The top level role is represented by our Executive Board, which steers and approves our consolidated risk profile in accordance with our objectives and risk appetite. The risk management system and its effectiveness are monitored by the audit committee of the Supervisory Board via regular reports.

The objective of our risk management system is to secure our capacity to deliver positive economic value for a medium-term horizon by managing our risks and their potential cash flow impact within the limits of our risk appetite. High potential single event risks, as well as long-term strategic risks, are also identified and managed consistently.

The risk categories currently used within our EWRM system are organised into market and financial, operational and strategic categories, containing, among others, market, financial, project, process, health, safety and security, tax, compliance, personnel, legal, regulatory and reputational risks.

In terms of tools and techniques, we follow the best international practices in risk management and use stochastic quantitative models to measure the potential loss associated with our risk portfolio under a 95% confidence level and a three-year horizon. All risks are analysed based on their causes, consequences, historical trends, volatilities and potential cash flow impact. Our key financial and non-financial exposures are commodity market price risk, especially oil price risk, foreign exchange risk and single event hazard operational risks.

Our consolidated risk profile is regularly reported in comparison with our risk appetite for the Executive Board’s approval and for the audit committee’s information.

Market Price Risk

We are naturally exposed to the price-driven volatility of cash flows generated by production, refining and marketing activities associated with crude oil, oil products, gas and electricity. Market risk has core strategic importance within our risk profile and liquidity. The market price risks of our commodities are closely analysed, quantified and evaluated.

Derivative financial instruments are used, from time to time, for the purposes of managing our exposure to risks associated with the volatility of commodity prices, currencies and stocks. The use of such instruments is evaluated considering our needs and is approved by our Executive Board in line with our risk appetite.

In 2013 and 2014, no financial instruments were used for commodity hedging. In 2015, in order to prudently secure our cash flow from the third quarter of 2015 to the second quarter of 2016 against further potential

downturns of the crude oil price below USD 55/bbl, we entered into a zero cost collar hedging arrangement by (1) buying put options for 15,000 bbls/d for the designated period in order to secure a minimum floor price of USD 55/bbl, and (2) selling call options for the same quantity to finance the put options, thereby giving up the upside in oil prices above the target cap price of approximately USD 69-82/bbl. The transaction was accounted for as a cash flow hedge until the third quarter of 2015, when we monetised the oil price hedges for the fourth quarter of 2015, through and including the second quarter of 2016, before their maturity. Hedges for the third quarter of 2015 settled at maturity generated a positive cash result of RON 25 mn, while the monetisation 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 mn, 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 the amount of RON 101 mn and is reflected in the sales revenues line. Currently we do not have commodity hedging arrangements in place that would limit our downside exposure to oil prices. Depending on the evolution of oil price quotations, we may enter into hedging arrangements in the future.

For a detailed discussion of market price risk management, please refer to Note 35 to the 2015 Financial Statements.

Foreign Exchange Risk

We are primarily exposed to the volatility of RON against USD and EUR. Other currencies have only a limited impact on cash flow and results. With regard to foreign exchange hedging, we can employ micro-hedges for our foreign currency trade payables and receivables. The effect of foreign exchange risk on cash flows, as well as the correlation with oil prices, are regularly monitored. For a detailed discussion of foreign exchange risk management, including sensitivity analysis, please refer to Note 35 to the 2015 Financial Statements.

Operational Risk

We are an integrated company with a wide asset base, most of these assets being hydrocarbon production and processing plants. A special focus is given to process safety risks where our policy is to “prevent incidents, ensure safe operations”. The high potential single-event risks associated with the operational activity (e.g., blow-outs, explosions, earthquakes etc.) are identified and for each of them incident scenarios are developed and assessed. Where required, treatment plans are developed for each specific location. Besides emergency, crisis and disaster recovery plans, our policy with regard to insurable risks is to cover them via insurance instruments. These risks are closely analysed, quantified and monitored by the risk organisation and are managed via detailed internal HSSE procedures.

Credit Risk

Counterparty credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss. Our counterparty credit risks are assessed, monitored and managed at both Group and subsidiary levels using pre-determined limits for specific countries, banks, business partners and suppliers. On the basis of creditworthiness and available rating information, 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. Where possible, we insure trade credit risk with top-ranked international insurers.

Liquidity Risk

For the purpose of assessing liquidity risk in the short term, the budgeted operating and financial cash inflows and outflows throughout the Group are monitored and analysed 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. For mid-term risks, to help ensure that we remain solvent at all times and retain the necessary financial flexibility, liquidity reserves in the form of committed credit lines are maintained.

The following table details the remaining contractual maturity for our financial liabilities based on contractual undiscounted cash flows.

	< 1 year	1-5 years	> 5 years	Total
31 December 2013				
Interest-bearing debt.....	225	812	561	1,598
Trade payables	2,958	—	—	2,958
Other financial liabilities.....	334	190	203	727
Total.....	3,517	1,002	764	5,283
31 December 2014				
Interest-bearing debt.....	298	1,175	512	1,985
Trade payables	2,899	—	—	2,899
Other financial liabilities.....	684	181	203	1,068
Total.....	3,882	1,356	714	5,952
31 December 2015				
Interest-bearing debt.....	414	1,262	267	1,943
Trade payables	2,318	—	—	2,318
Other financial liabilities.....	568	168	198	934
Total.....	3,300	1,431	465	5,195

Interest Rate Risk

We are inherently exposed to interest rate risk due to our financing activities. The volatility of EURIBOR and LIBOR may trigger the need for less or additional cash flow resources to finance the interest payments associated with our debt. The interest rate risks are closely analysed, quantified and monitored. In 2013, 2014 and 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 in 2013, 2014, 2015 and 2016 to date. For a detailed discussion of interest rate risk management, including sensitivity analysis, please refer to Note 35 to the 2015 Financial Statements.

Internal Control

The Group has implemented an internal control system, which includes activities implemented in order to prevent or detect undesirable events and risks such as fraud, errors, damages, non-compliance, unauthorised transactions and misstatements in financial reporting. Our internal control system covers all areas of Group operations with the following goals:

- Compliance with laws and internal regulations;
- Reliability of financial reporting (accuracy, completeness and correct disclosure);
- Prevention and detection of fraud and error; and

- Effective and efficient business operations.

Our successful management and operation means creating value for all stakeholders and requires systematic and transparent management of the Company and the Group, while applying the best corporate governance principles. To attain this objective, it is very important to establish and to maintain a rigorous Business Management System (“**BMS**”).

BMS represents the set of policies, management objectives, directives and corporate standards whose purpose is the management and control of the organisation, created to match the integrated set of processes and tools used by us for the development and implementation of our strategy. The Corporate Affairs and Compliance department is responsible for the coordination of BMS and governance model for regulations at Group level. Also, this department provides support to various of our entities to meet regulatory requirements, coordinates the elaboration of corporate regulations and performs the verification of their quality. Through the Directive “Management of Internal Regulations”, the requirements for classification, definition and standardised structure of corporate regulations have been set, as well as for the development, approval, communication, monitoring and review thereof.

The Internal Audit department assesses the effectiveness and efficiency of the organisation’s policies, procedures and systems which are in place to ensure proper identification and management of risks, reliability and integrity of information, compliance with laws and regulations, safeguarding of assets, economical and efficient use of resources and accomplishment of established objectives and goals. Internal Audit carries out regular audits of Group companies and informs the audit committee about the results of the audits performed.

We have a Group Accounting Manual that is applied consistently in all Group companies in order to ensure uniform accounting treatment is applied for the same business cases. The Group Accounting Manual is updated regularly with changes in IFRS. Furthermore, the organisation of the accounting and financial reporting departments is set up in order to achieve a high quality financial reporting process. Roles and responsibilities are specifically defined and a revision process – the “four-eye principle” – is applied in order to ensure correctness and accuracy of the financial reporting process. The establishment of Group-wide standards for the preparation of annual and interim financial statements by means of the Group Accounting Manual is also regulated by an internal Corporate Guideline.

Off-balance sheet arrangements

We have no material off-balance sheet arrangements.

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except for the new interpretations and amendments to the existing standards and interpretations issued by the International Accounting Standards Board and adopted by the EU that became effective in the current period, but had no significant effects on the Financial Statements over the last three years nor in 2016 to date.

Critical accounting estimates and judgments

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, as well as the amounts disclosed in the notes to the Financial Statements 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 in future periods.

The following is a summary of certain selected key accounting policies, which require management to make judgments, estimates and assumptions, and which we believe are material for potential investors. For a complete description of these and other significant accounting policies, please refer to Note 2 of the 2015 Financial Statements.

Oil and gas reserves

Mineral reserves (oil and gas reserves) are estimated by our own engineers. The estimates are independently audited 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, determined as presented above. The carrying amount of oil and gas assets at 31 December 2015 is shown in Notes 6 and 7 to the 2015 Financial Statements.

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

Decommissioning and restoration obligations

Our 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 business segment (oil and gas wells, surface facilities). At the time the obligation arises, it is provided for in full by recognising the present value of future decommissioning and restoration expenses as a liability. An equivalent amount is capitalised as part of the carrying amount of long-lived assets.

Decommissioning costs will be incurred by us 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 and reports issued by our 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 to the 2015 Financial Statements).

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 and 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.

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.

If any indication of impairment exists, or when annual impairment test for an asset is required, we estimate 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 recognised to reduce the asset to its lower recoverable amount. Impairment losses are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

A previously recognised 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 recognised.

THE ROMANIAN OIL, NATURAL GAS AND ELECTRICITY MARKETS

Romania's economy has seen real GDP growth of 3.5% in 2013, 3.0% in 2014 and 3.8% in 2015 (*Source: Eurostat*). The main engine for growth in 2015 was private consumption. Surging domestic demand resulted in a strong negative growth contribution from net exports (-3.4%), as import growth in the first quarter (8%) outpaced the slow growth of exports (1.2%) (*Source: European Commission, Post-Programme Surveillance Report: Romania, Spring 2016*). In 2015, Romania's GDP per capita, approximately USD 8,900, was fifth among emerging and developing European countries. (*Source: IMF World Economic Outlook as of April 2016*).

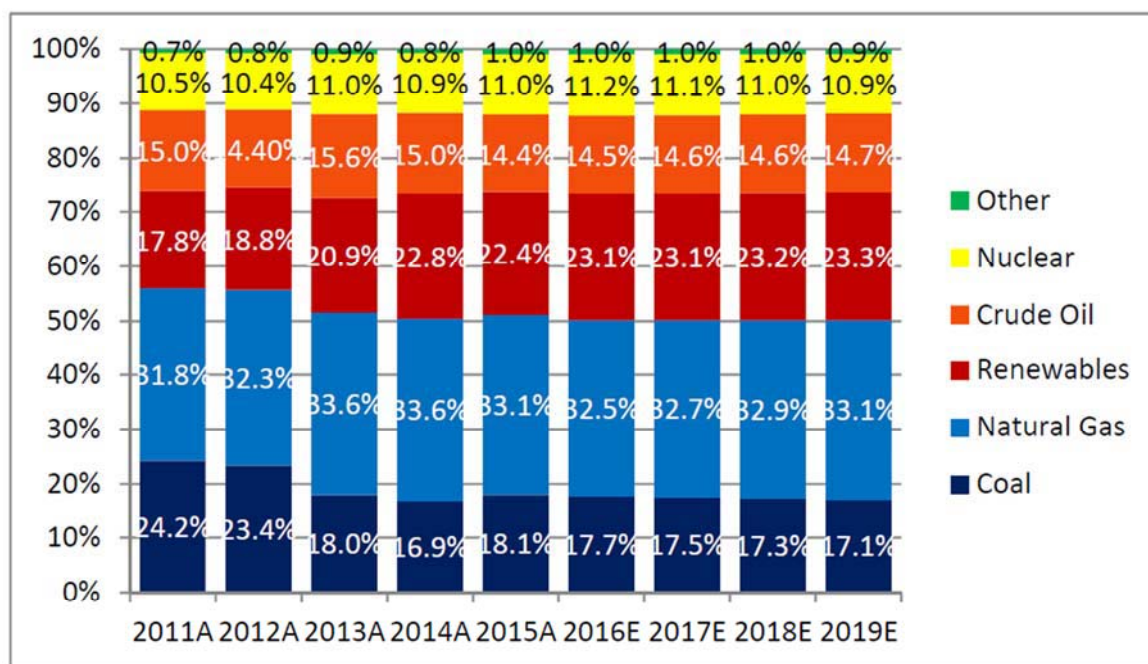
GDP growth is forecast to remain robust at 4.2% in 2016, mainly driven by private consumption and investment. Accelerating domestic demand, again boosted by cuts in indirect taxation, as well as a benign external environment, are expected to sustain real GDP growth at 3.6% in 2017 (*Source: IMF World Economic Outlook as of April 2016*). Following value-added tax ("**VAT**") cuts in September 2013 (bakery products), June 2015 (other food products), and January 2016 (standard rate down by 4%), inflation has been hitting historical lows. Annual average inflation declined from 1.4% in 2014 to (0.4)% in 2015. However, inflation is expected to pick up through the second half of 2016 and re-enter the central bank's target range of 2.5% $\pm$ 1% in 2017 (*Source: European Commission, Post-Programme Surveillance Report: Romania, Spring 2016*).

The employment rate remained stable in 2014-2015. Economic growth impacted employment somewhat, but improvements in labour force participation and job creation have been modest, reflecting rigidities in the labour market. The unemployment rate decreased from 7.1% in 2013 to 6.8% in 2015 and is forecast to decrease further to 6.7% by the end of 2017 on the back of strong economic growth. (*Source: European Commission, Post-Programme Surveillance Report: Romania, Spring 2016*).

Hydrocarbon Reserves and Production in Romania

In Romania, data regarding the country's mineral reserves is generally classified. While there are various independent sources which estimate the level of the Romanian oil and natural gas reserves, such estimates vary depending on the quoted source. For example, at the end of 2015, according to the BP Statistical Review of World Energy (June 2016), Romanian total proved oil reserves stood at 600 mn bbl and natural gas reserves stood at 100 bcm.

The structure of primary energy production depending on the resources used is illustrated in the chart below:



Source: CNP, Energy Balance Spring Forecast for 2012-2018.

As can be seen from the graph above, natural gas represents approximately 33% of the total primary energy resources nationwide while crude oil represents approximately 15%. Combined, both oil and natural gas represent close to 50% of primary energy resources in Romania.

Macroeconomic considerations and forecasts on the energy balance are presented based on the CNP report prepared in June 2016.

In June 2016, the CNP updated its Energy Balance Forecast for the period from 2016 to 2019. In the table below, the Energy Balance Forecast and the Evolution of Resources and Energy Consumption projected an upward trend for the national natural gas production for the period from 2016 to 2019.

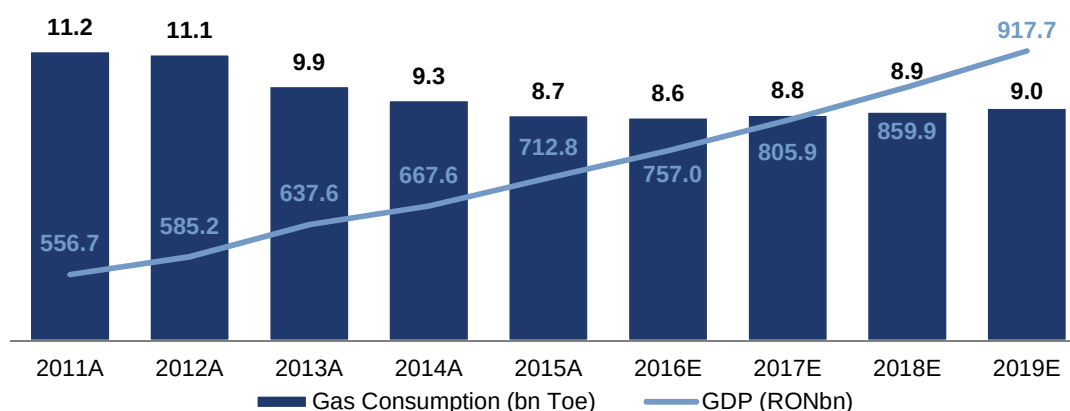
Indicators	2011	2012	2013	2014	2015	2016	2017	2018	2019
	<i>(annual percentage change)</i>								
Energy Resources	0.5	(2.4)	(6.3)	2.5	(0.7)	0.3	1.2	1.3	1.3
Primary energy resource, out of which:	(0.1)	(1.7)	(6.0)	2.5	(0.6)	0.4	1.3	1.3	1.4
Production, out of which:	0.1	(1.3)	(4.6)	1.8	(1.6)	(1.1)	1.0	1.0	1.1
Net coal.....	12.8	(4.7)	(26.6)	(4.5)	5.2	(3.2)	(0.1)	0.0	0.0
Usable natural gas.....	0.2	0.5	(0.9)	1.9	(3.3)	(2.5)	1.3	1.5	1.7
Petroleum.....	(1.4)	(5.8)	3.5	(1.9)	(5.4)	(0.8)	1.6	1.6	1.6
Hydroelectric and wind energy	(20.5)	(8.3)	35.1	33.8	(5.1)	3.6	3.6	3.6	3.5
Nuclear energy.....	1.1	(2.4)	1.3	0.5	(0.3)	0.4	0.0	0.0	0.0
Fire wood (including biomass).....	(10.9)	9.2	(3.6)	(0.3)	(1.3)	0.0	0.0	0.0	0.0
Other resources	62.9	11.1	11.4	(6.3)	14.0	0.0	0.0	0.0	0.0

Indicators	2011	2012	2013	2014	2015	2016	2017	2018	2019
	<i>(annual percentage change)</i>								
Import, out of which: ...	2.9	0.4	(14.0)	7.6	3.5	4.2	2.3	2.3	2.2
Coke.....	(25.8)	(6.9)	(4.0)	3.0	8.2	(0.6)	0.0	0.0	0.0
Net coal.....	10.4	28.4	(22.4)	(16.2)	11.7	(17.3)	0.0	0.0	0.0
Natural gas.....	35.7	(6.7)	(49.3)	(60.1)	(65.6)	79.3	0.0	0.0	0.0
Petroleum.....	(6.4)	(5.9)	3.3	27.0	(1.9)	3.1	4.0	3.8	3.7
Petroleum products	8.6	13.8	(15.7)	2.5	18.0	5.9	0.0	0.0	0.0
Electric energy.....	34.8	36.0	(67.8)	137.2	251.0	23.2	0.0	0.0	0.0
Other fuels	(25.2)	41.0	22.1	7.9	32.5	0.0	0.0	0.0	0.0
Stocks at the beginning of the year	(10.7)	(11.6)	13.2	(6.9)	(5.8)	(1.0)	0.0	0.0	0.0
Stocks of energy undergoing transformations	13.8	(17.4)	(15.2)	2.8	(4.1)	0.0	0.0	0.0	0.0

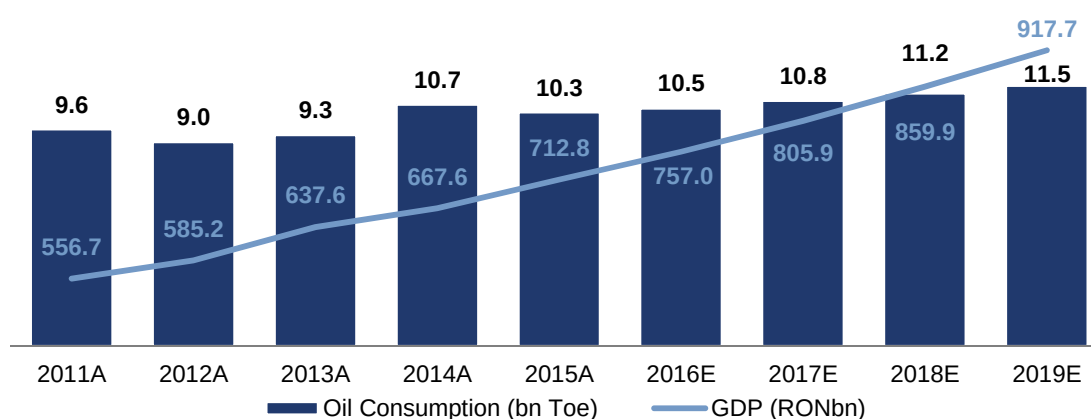
Source: CNP, Energy Balance Forecast (June 2016).

Oil and Gas Market in Romania

GDP vs Gas Consumption



GDP vs Oil Consumption



Source: CNP, Projection of the main macroeconomic indicators for the period 2016-2019 (April 2016), Projection of the main macroeconomic indicators for the period 2014-2018 (March 2015), Projection of the main macroeconomic indicators for the period 2014-2017 (March 2014), Energy Balance Spring Forecast (June 2016).

In 2014, oil accounted for approximately 25% of the energy consumption in Romania (2013: 24.4% and 2012: 23.8%) and natural gas accounted for approximately 30% of the energy sources (2013: 31.3% and 2012: 31.3%). (Source: NSI). The following table details gross domestic energy consumption:

kt of Oil Equivalent	2009	2010	2011	2012	2013	2014
Electric energy	1,164	1,573	1,242	1,312	1,569	1,719
Coal (including coke).....	7,436	6,911	8,147	7,552	5,725	5,719
Crude oil and petroleum products	8,239	8,416	8,472	8,303	7,705	7,864
Natural gas	10,642	10,897	11,187	10,924	9,892	9,459
Others	6,847	7,020	6,600	6,760	6,743	6,777
Total	34,328	34,817	35,648	34,851	31,634	31,538

Source: NSI, Romanian Statistical Yearbook 2015.

Natural gas consumption fell in 2015, reaching about 121.7 TWh, a decline of approximately 5% compared to 2014, due to a decrease in end customers' consumption. The share of total consumption was 35% for households and heat producers for households and the remainder 65% for non-households. Consumption was covered from domestic production and imports that accounted for 98% and 2%, respectively (Source: ANRE Annual Report 2015).

The Romanian oil market is fully liberalised. The main benchmark for Romanian domestically produced crude is the Urals blend. Domestic crude is sold at a netback discount to the Urals blend reflecting transportation costs and quality differentials.

Romania has also undertaken to fully liberalise gas prices for domestic production as well as end-customer prices. With effect from 1 January 2015, the gas prices for non-households in Romania (with the exception of heat producers for households) has been fully deregulated, with prices negotiated in free market conditions. Gas supply to households and heat producers for households is expected to remain regulated until 30 June 2021. According to the current gas price liberalisation calendar for households and heat producers for households, the price of domestic gas for these consumers increased from RON 53.3/MWh, applicable since July 2014, to RON 60/MWh in July 2015. The liberalisation calendar approved in mid-2015 provided for a further price increase to RON 66/MWh in July 2016, but the government canceled this price increase. The following table shows the development of gas prices in Romania for the period December 2012-July 2015:

Implementation Date	Domestic Production Price	
	Non-households	Households
	(RON/MWh)	
1 February 2013	49	45.7
1 April 2013	55.3	45.7
1 July 2013	63.4	48.5
1 October 2013	68.3	49.8
1 January 2014	72	50.6
1 April 2014	89.4	51.8
1 July 2014		53.3
1 July 2015	—	60.0

Source: The Memorandum of the General Secretary of the Romanian Government, as amended.

Convergence of gas prices to European hub prices is conditional upon exports becoming physically possible, expected in 2019, which in turn depends on the construction and/or upgrade of regional pipelines with bi-directional flows.

Market Analysis

Oil & Gas Production

The oil and gas industry is a strategic sector of the Romanian national economy, being a key pillar in the support and development of other sectors of Romanian industry and economy. Romania has over 150 years of experience in the oil industry and over 100 years in the natural gas industry, with maximum annual production achieved in 1977 (14.65 mn t of oil) and 1986 (36.3 bcm of natural gas) according to the NSI. Primarily due

to the natural decline of oil and natural gas reserves, as well as the downfall of exploration works and investments in the sector, annual production of oil and natural gas fell to 3.8 mn t of crude oil and 10.8 bcm of natural gas in 2015 according to the NSI (Source: Ministry of Energy, National Energy Strategy Analysis of the Current Status (2016)).

The oil and gas fields being exploited in Romania were broken down as follows:

- 232 commercial oil and gas fields, comprising approximately 8,400 active wells operated by a single integrated oil and gas company – OMV Petrom S.A – as of 30 June 2016;
- 153 commercial fields, comprising approximately 3,200 natural gas wells operated by a single company – Romgaz – as of February 2016; and
- 39 other fields operated by various companies as of February 2016.

Most of these fields are mature, operating for over 25 to 30 years (Source: Ministry of Energy, National Energy Strategy Analysis of the Current Status (2016)).

There are 55 ongoing exploration, development and production blocks, of which:

- OMV Petrom S.A. holds exploration, development and production licences for 10 blocks, with eight onshore and two offshore;
- Romgaz owns exploration, development and production concession rights for 11 blocks; and
- other companies operate 30 blocks.

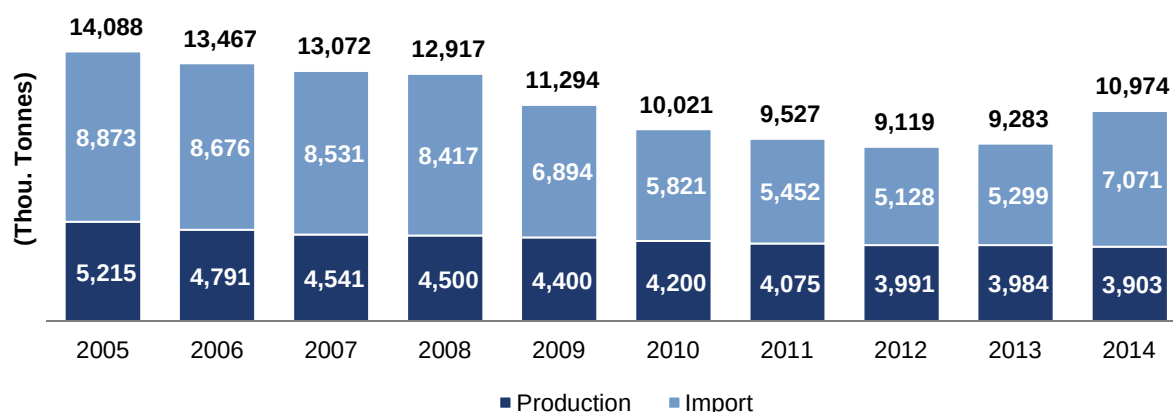
According to the data provided by ANRM in early 2015, proved oil resources and reserves were as follows:

	Mn t
Geological resources	2,204.0
Proven reserves	38.7
Probable reserves	9.2
Possible reserves	10.6

Source: ANRM; Ministry of Energy, National Energy Strategy Analysis of the Current Status (2016).

National crude oil consumption has decreased steadily in the period from 2005 to 2013, mainly due to reduced economic activity and increased energetic efficiency with a slight recovery in 2013. In 2014, there was a revival in crude oil consumption, mainly due to lower taxes in Romania and low international crude oil prices.

Romania's domestic oil production has followed a declining trend as well, although less pronounced than for consumption, with crude oil imports decreasing more abruptly until 2013. The evolution of domestic production and imports of crude oil is shown in the following chart:



Source: NSI; Ministry of Energy, National Energy Strategy Analysis of the Current Status (2016).

In spite of the decrease in production, Romania continues to be the fourth largest oil producing country in the European Union and the fifth in Europe. National oil production represents approximately 2% of European production and 6% of EU production (Source: BP Statistical Review of World Energy, June 2016).

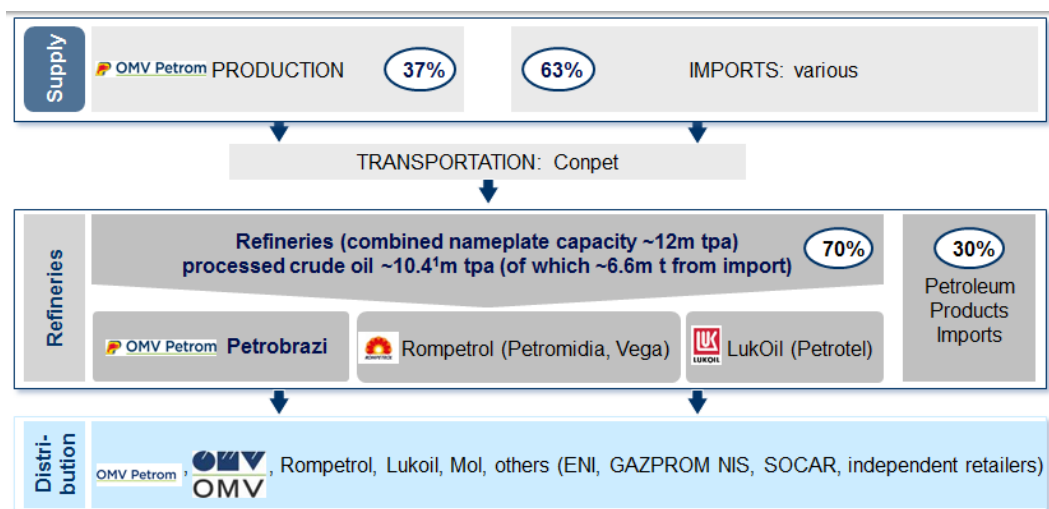
Oil market

Romania has the fourth-largest crude oil reserves in Europe and has been producing crude oil since 1857 (Source: US Energy Information Administration). However in 2015, according to ANRM and NSI, 63% of crude oil was imported, with the remaining 37% produced domestically.

The current structure of the Romanian oil market is as follows:

- the Company is the main oil producer in Romania;
- the NTS operator is Conpet;
- there are 10 refineries in Romania (only 4 are operating) owned and operated by the Company, Rompetrol, Lukoil and others; and
- the main distribution and marketing companies are the Company, Rompetrol, Lukoil and MOL, other operators include Gazprom, Socar and a large number of small independent retailers.

The below chart depicts the structure of the Romanian oil market in 2015:



Source: Company calculations based on NIS data.

Note:

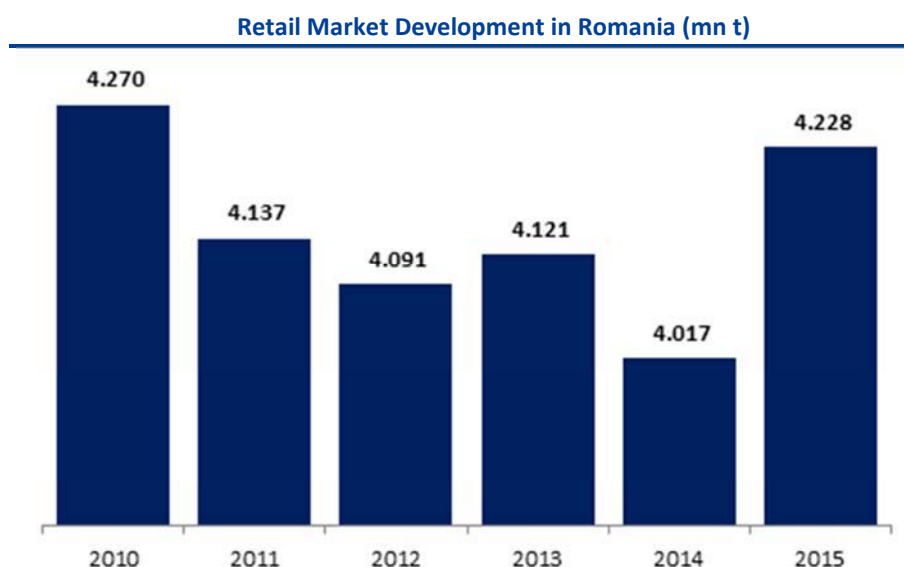
(1) Only crude oil processed (other feedstock not included).

Romania's active crude oil refineries have a total installed capacity of 12.2 mn t/y (Source: Ministry of Energy, National Energy Strategy Analysis of the Current Status (2016)) which is among the largest active refining capacities in Eastern Europe. The largest refineries include:

- Petrobrazî – owned by OMV Petrom, 4.5 mn t/y operational capacity;
- Petromidia – owned by Rompetrol, 5.0 mn t/y operational capacity;
- Petrotel – owned by Lukoil, 2.4 mn t/y operational capacity; and
- Vega – owned by Rompetrol, 0.33 mn t/y operational capacity.

The Petrobrazî refinery processes, in particular, Romanian crude oil with low sulphur content, while Petromidia and Petrotel process imported crude oil with high sulphur content. The Vega refinery processes secondary petroleum materials, being the only manufacturer of specific petroleum products used in the chemical industry.

Approximately 10.4 mn t of crude oil was processed domestically in 2015, of which approximately 6.6 mn t were from imported volumes. Refineries produce 70% of petroleum products consumed in the country, while 30% is imported. The retail market has been stable in Romania for the last four years, increasing in 2015 to 4.2 mn t/y. The market is competitive with regionally competitive fuel prices (Source: calculation based on Romanian Oil Association data). The following figure shows the development of the Romanian retail market for the periods indicated:



Source: Company computations.

Natural gas market

Romania's natural gas sector is one of the region's longest-established and most developed in terms of annual production, available reserves and infrastructure, with the majority of domestic consumption covered by domestic production.

According to the data provided by ANRM in early 2015, the geological resources and natural gas reserves were as follows:

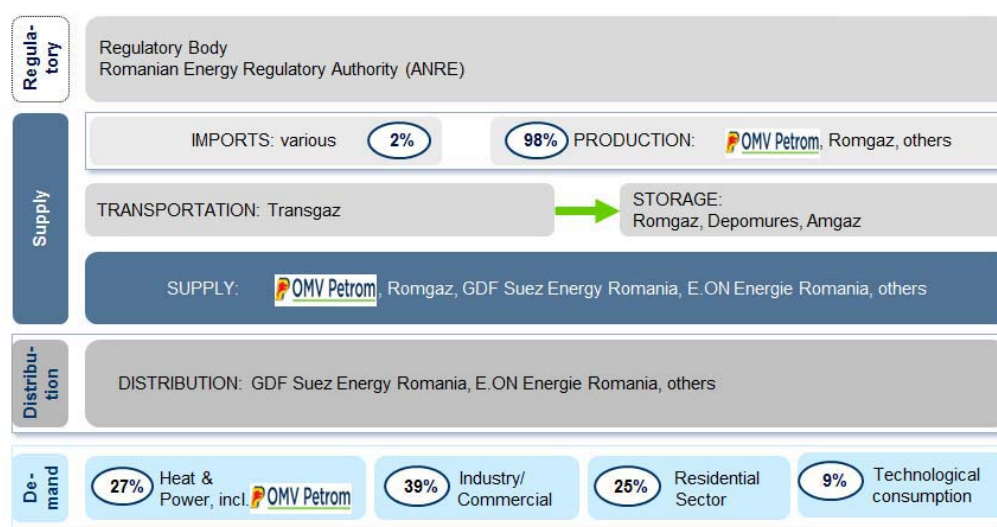
	bcm
Geological resources	703.2
Proven reserves	101.4
Probable reserves	42.3
Possible reserves	11.0

Source: ANRM; Ministry of Energy, National Energy Strategy Analysis of the Current Status (2016).

According to data from ANRE, the current structure of the Romanian gas market is as follows:

- OMV Petrom, Romgaz, Amromco Energy, Stratum Energy, Foraj Sonde and Raffles Energy are the main producers;
- Romgaz and Depomures are the operators of underground storage facilities;
- Transgaz is the national natural gas transmission system operator; and
- In 2015, E.ON Energie Romania and Engie Romania (formerly GDF Suez Energy Romania) had a supply market share of 90% on the regulated market while, on the competitive market, OMV Petrom (including subsidiaries), Romgaz, Engie (formerly GDF Suez Energy Romania) and E.ON had an aggregated supply market share of 87% (Source: ANRE Annual Report 2015); as of July 2016, 129 gas supply companies address both the competitive and regulated segments.

The below chart depicts the structure of the Romanian gas market in 2015:



Source: Data from ANRE, Market Monitoring Report (2015).

Currently, the Romanian natural gas market consists of the competitive segment and the regulated segment, as follows:

- The competitive segment includes natural gas trade between suppliers and between suppliers and eligible customers. Prices in this segment are freely set, based on supply and demand, as a result of competing mechanisms.

- The regulated market segment comprises natural gas supply at regulated prices; in this segment, prices are set by the regulatory authority based on its own methodologies developed for this purpose.
- Natural monopoly activities (underground storage, transmission, and distribution) are also regulated and are carried out based on framework contracts with tariffs set by the regulatory authority based on its own methodologies developed for this purpose.

Prices for the regulated market are subject to the price alignment calendar for natural gas.

According to EU legislation and Romanian market practices:

- The import/domestic production ratio must take into consideration the provider's suppliers/customers.
- Romanian natural gas producers must make their gas available outside Romania.
- Consumers must pay only in energy units.
- New measures must be implemented and investments must be made for improvement of capacity and safety of supply to constantly meet demand.

Gas supply is undertaken pursuant to bilateral agreements concluded between suppliers and/or producers, dealers/wholesale suppliers, as well as suppliers and end-users. The natural gas market mainly has contracts for (i) gas supply, (ii) natural gas storage services, (iii) natural gas transportation/transmission services, and (iv) natural gas distribution services.

In order to ensure an organised framework of allocation under a regime promoting fair and non-discriminatory access to natural gas from domestic production and from imports, a dispatch was created in Transgaz which (i) sets monthly quantitative percentage shares of mixtures of natural gas from domestic production and import requirements for all regulated consumers; (ii) monitors daily supply and consumption of domestic/imported gas; and (iii) prepares monthly reports on natural gas supply from domestic production and from imports by each operator in the gas market in Romania and by each eligible customer, sending them the import/total consumption dosage for gas billing.

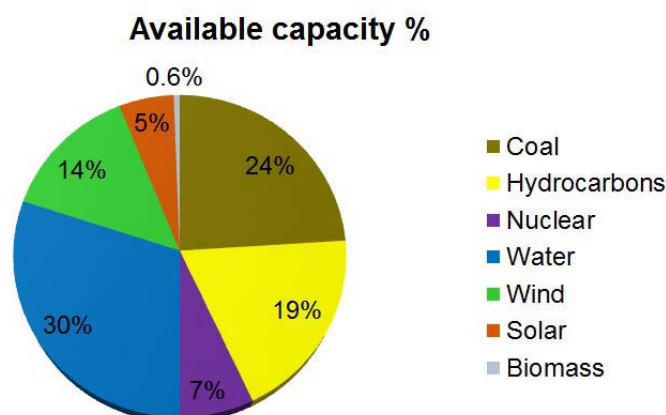
Gas mixture structures are displayed on ANRE's website. As for the end consumer, the obligation to comply with the structure of the natural gas mixture lies with the supplier that carries out the regulated supply activity. Since July 2011, the gas baskets were differentiated between households (including heat producers for households) and non-households. Regulated gas prices and import obligation for non-households have been abolished with effect from January 2015, thus since then only households consumers are still supplied gas based on a regulated gas basket.

From 15 July 2014 through 2018, gas producers must trade a minimum proportion of their domestic gas production on the Romanian centralised trading platforms. The minimum proportion of gas that must be sold on the platforms is 35% in 2015, 30% in 2016, 25% in 2017 and 20% in 2018. However, there has been a recent proposal to change these quotas starting with the fourth quarter of 2016 and ending in 2021.

The development of the natural gas market in the years to come assumes (i) development of competition among gas suppliers; (ii) continuation of implementation of new pricing methodologies; as well as (iii) stimulation of discovery and/or rehabilitation of natural gas deposits; and (iv) diversification of import sources.

Electricity market

Romanian electricity generation capacity mix is comprised of hydroelectric, thermoelectric, nuclear, wind, solar and biomass producers. The total gross available capacity by generation source in Romania as of 1 July 2016 is presented in the chart below:



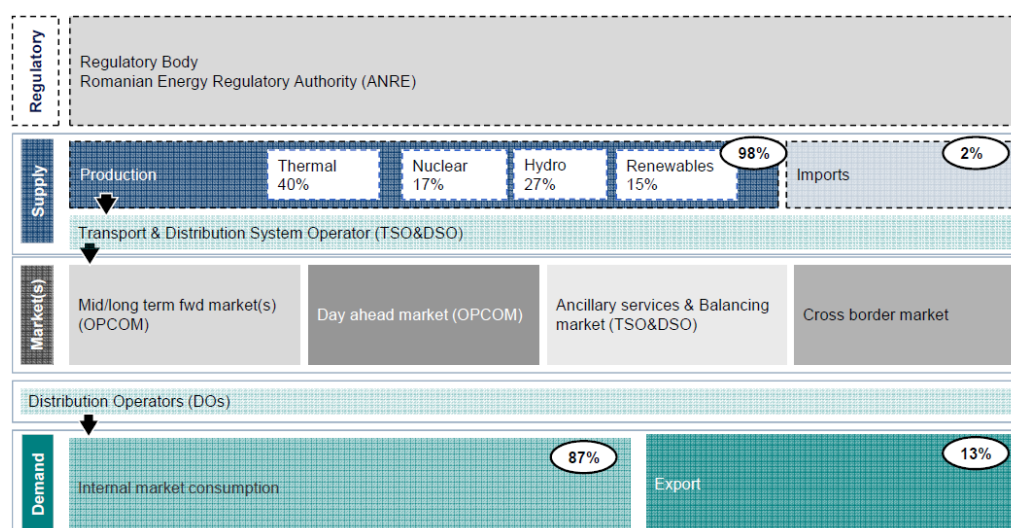
Source: Transelectrica.

The table below sets out total Romanian electricity production and consumption by consumer types, together with network losses and net (import)/export of electricity from 2012 to 2015.

In TWh	2012	2013	2014	2015
Total energy produced.....	56.71	55.78	62.04	62.62
Total energy delivered, out of which.....	52.11	51.70	57.85	58.53
Domestic consumption.....	52.36	49.69	50.73	51.81
Non-household	33.90	32.10	32.83	34.20
Household	11.98	11.67	11.62	12.00
Transport network technological consumption	1.00	1.03	1.03	1.03
Net (Import)/Export	(0.25)	2.02	7.13	6.72
Import.....	1.40	0.45	1.07	3.78
Export.....	1.15	2.47	8.20	10.50

Source: ANRE, Annual Monitoring Reports for Domestic Electricity Market (2012, 2013, 2014 and 2015).

The below chart depicts the Romanian power market in 2015:



Source: Transelectrica data.

In 2015 internal consumption of electricity in Romania increased by 2.1% compared to 2014 to reach 51.8 TWh, driven by an increase of 4.2% of consumption of non-households. Household consumption also rose 3.3% in 2015, while net exports were down 5.8% due to faster growing imports. This followed a similar increase in 2014 and a strong decline in electricity consumption in 2013, when internal electricity consumption decreased by 5.1% compared to 2012 as a result of a number of factors, including the decrease in consumption by large energy intensive industrial consumers such as steel, chemical and petrochemical plants and efficiency measures adopted by some industrial consumers.

In 2015 electricity exports continued on an upward trend, rising by 28.1% to 10.5 TWh from 8.2 TWh in 2014 and 2.5 TWh in 2013. However, imports were growing faster, by 253.3%, to reach 3.78 TWh, compared to 1.1 TWh in 2014. According to its national energy policy, Romania intends to remain an exporter of electricity until 2020, and to continue to be an active player on the free electricity market in Central Europe (Source: ANRE, Annual Monitoring Reports for Domestic Electricity Market (2012, 2013, 2014 and 2015)).

Electricity demand is mainly impacted by sale price, delivery according to customer's requirements, renewable sources (wind, photovoltaic, biomass, etc.) and conditions of payment. The table below shows sources of Romanian power production and demand:

In TWh	2012	2013	2014	2015
Total energy produced.....	56.71	55.78	62.04	62.62
Internal consumption (demand)	52.36	49.69	50.73	51.81
Total energy delivered, out of which.....	52.11	51.70	57.85	58.53
Coal.....	39.7%	29.0%	27.3%	27.63%
Heavy oil (Pacura).....	0.9%	0.2%	0.1%	0.08%
Gas	12.8%	14.7%	12.4%	14.34%
Hydro	22.8%	28.3%	31.4%	27.15%
Nuclear	20.2%	20.6%	18.6%	18.27%
Biomass.....	-	-	0.1%	0.17%
Wind.....	3.5%	7.1%	9.2%	11.15%
Solar	-	0.0%	1.0%	1.19%

Source: ANRE, Annual monitoring reports for domestic electricity market 2012, 2013, 2014 and 2015.

The total electricity supplied in Romania in 2015 amounted to 46.2 TWh, which was 3.9% higher compared to 2014. The bulk of electricity supplied went to non-household consumers, namely approximately 74% of the total electricity supply, while approximately 26% of the total electricity supply was delivered to household consumers (Source: ANRE, Annual Monitoring Reports for Domestic Electricity Market (2014 and 2015)).

The table below presents electricity supplies by household and non-household consumers for the years 2012-2015.

	2012		2013		2014		2015	
	<i>TWh</i>	%	<i>TWh</i>	%	<i>TWh</i>	%	<i>TWh</i>	%
Supply from the network to consumers.....	45.88		43.77		44.45		46.20	
Of which:								

	2012		2013		2014		2015	
	<i>TWh</i>	%	<i>TWh</i>	%	<i>TWh</i>	%	<i>TWh</i>	%
Household.....	11.98	26	11.67	27	11.62	26	12.00	26
Non-households	33.9	74	32.1	73	32.83	74	34.20	74

Source: ANRE, Annual Monitoring Reports for Domestic Electricity Market (2012, 2013, 2014 and 2015).

The Romanian electricity market has experienced important changes over the recent years. The most material changes have been driven by regulatory measures including gradual liberalisation of the market, the prohibition of power purchase agreements outside of the OPCOM market and the unbundling of vertically integrated operators.

Despite the significant liberalisation of the Romanian electricity market, prices of electricity in Romania vary from average prices in the EU. By way of comparison, the prices of electricity for household and non-household consumers in Romania remain significantly lower than those in selected European countries.

The table below presents prices of electricity for household and non-household consumers in Romania and other selected Central and Eastern European countries as well as the EU as a whole over the last four years.

Electricity Prices (annual averages)

(Domestic Consumers) EUR/MWh	2012	2013	2014	2015
Romania	77.15	89.30	90.80	93.25
Bulgaria	75.10	75.30	71.75	79.15
Czech Republic	123.65	123.60	104.60	104.85
Hungary.....	120.70	104.00	92.40	89.45
Poland	115.05	113.80	110.20	111.50
EU 28	135.75	137.70	138.50	141.05

Source: annual averages calculated based on bi-annual data from Eurostat.

Electricity Prices (annual averages)

(Industrial Consumers) EUR/MWh	2012	2013	2014	2015
Romania	79.85	86.20	73.15	69.40
Bulgaria	72.50	75.95	74.15	72.70
Czech Republic	102.25	99.55	81.40	76.70
Hungary.....	91.25	90.90	82.90	78.05
Poland	88.80	85.65	78.15	82.30
EU 28	94.85	93.30	90.35	88.45

Source: annual averages calculated based on bi-annual data from Eurostat.

In recent years, Romanian gas and power markets were characterised by structural changes such as reduction of the economy's energy intensity, subsidised expansion of renewable power generation capacities and high utilisation of coal-fired power plants, with a negative impact on gas demand as well as on gas-fired power plants. The evolution of CO₂ prices, together with an increased focus on energy efficiency and a lack of significant economic growth have increased pressure on energy demand and prices. In addition, the ongoing gas and power markets liberalisation has put further pressure on the national demand. Electricity consumption in 2015 remained relatively stable compared to 2014.

Competition

The oil and natural gas business is highly competitive with respect to the search for and acquisition of reserves, the procurement of production equipment, the production and marketing of oil and oil products and the recruitment and employment of qualified personnel. The primary areas in which we encounter substantial competition are in locating and acquiring desirable acreage for our drilling and development operations, locating and acquiring attractive natural gas producing properties, and obtaining equipment for drilling operations. In addition, we compete with oil and gas companies in the bidding for exploration and production licences that are made available by the Romanian Government or by governmental bodies in other jurisdictions. Competition for such assets in Romania is likely to come from companies already present in Romania, as well as new entrants. Our main competitors are Romgaz, E.ON and Engie (formerly GDF Suez Energy Romania) in the gas market. Other oil and natural gas companies with which we compete within Romania are Amromco, MOL, and Raffles Energy. There is also competition between producers of oil and natural gas and other industries producing alternative energy and fuel. In addition, we face competition from other electricity producers which can produce electricity at lower costs, such as Hidroelectrica, Nuclearelectrica and producers of electricity from renewable sources.

Oil

Our heritage goes back through 150 years of Romanian oil history and we remain the leading oil producer in the country today. Related to our marketing activities, we have a stable market share in the region where we operate, despite increased competition in the countries where we are present. Our overall market share (calculated by the Company based on preliminary data available and including retail and non-retail sales, excluding sales to oil companies) in South-Eastern Europe was approximately 25% in 2013, 24% in 2014 and 24% in 2015, mainly affected by challenges in the Romanian market.

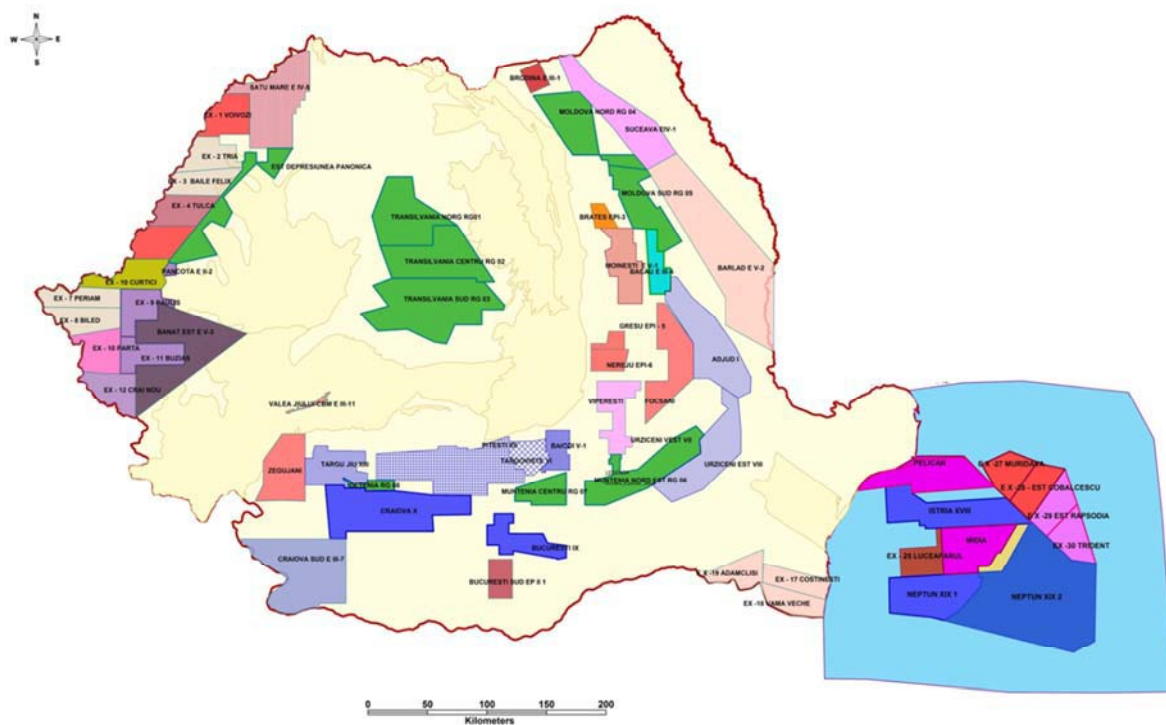
We have a wide geographical market, covering Romania, Bulgaria, Serbia and the Republic of Moldova. The main focus related to our marketing activities in 2015 was to maintain market share in the retail business, concentrating on providing best-in-class customer services as well as further diversifying the existing range of customer services (i.e., money transfer, car insurances, utilities payments, postal services) within our OMV-brand filling stations. Moreover, the Company continued to leverage value by developing long-term partnerships by pursuing the collaboration with Subway and opening three restaurants in the filling stations network by the end of 2015. Therefore, despite increased competition and higher fuels taxation in Romania, we maintained a leading position in the Romanian market, with a market share (retail sales and non-retail sales, excluding sales to oil companies) of approximately 35% in 2015. Increasing brand awareness and customer loyalty continued to be the focus of our marketing campaigns.

Natural gas

Within the Romanian natural gas production and supply market, we compete primarily with Romgaz. In addition, other smaller producers in Romania compete with us.

The following map illustrates the concessions for the production of natural gas held in Romania by various companies:

NATIONAL AGENCY FOR MINERAL RESOURCES EXPLORATION - DEVELOPMENT - EXPLOITATION BLOCKS



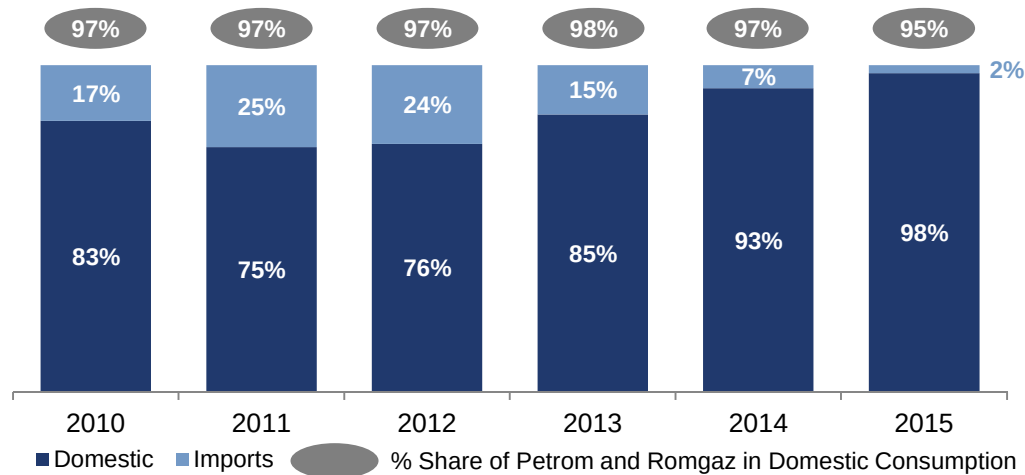
EXPLORATION BLOCKS

UNIVERSAL PREMIUM S.A.	MIDIA RESOURCES & TRANSATLANTIC WORLDWIDE ROMANIA SRL
STRATUM ENERGY ROMANIA LLC	LUKOIL OVERSEAS ATASH B.V. & PANATLANTIC PETROLEUM L.T.D. & S.N.G.N. ROMGAZ S.A.
S.N.G.N. ROMGAZ S.A. & AURELIAN PETROLEUM S.R.L. & RAFFLES ENERGY S.R.L.	GVC INVESTMENT BV & PETROMAR RESOURCES SA
ROMPETROL S.A. & WINSTAR SATU MARE SRL	EXXONMOBIL EXPLORATION AND PRODUCTION ROMANIA LIMITED & OMV PETROM & GAS PLUS INTERNATIONAL B.V.
ROMPETROL GROUP	EXXONMOBIL EXPLORATION & PRODUCTION & OMV PETROM
ROMGAZ SA	EUROPA OIL & GAS LTD
REGAL PETROLEUM ROMANIA S.R.L. & RAFFLES ENERGY S.R.L.	EAST WEST PETROLEUM CORPORATION & NIS PETROL S.R.L.
RAFFLES ENERGY S.R.L. & S.N.G.N. ROMGAZ S.A. & EUROPA OIL AND GAS	COMPANIA NATIONALA A HUILEI SA
PETROVENTURES EUROPE BV & BLACK SEA OIL & GAS	CLARA PETROLEUM
PANFORA OIL AND GAS S.R.L.	CHEVRON ROMANIA EXPLORATION & PRODUCTION
OMV PETROM SA	CARPATHIAN ENERGY COMPANIE PETROLIERA SRL
OMV PETROM & REPSOL TARGU JIU S.R.L.	BLACK SEA OIL & GAS PETRO VENTURES EUROPE BV & GAS PLUS INTERNATIONAL BV
OMV PETROM & REPSOL TARGOVISTE S.R.L.	AMROMCO ENERGY S.R.L. & ROMPETROL S.A.
OMV PETROM & REPSOL PITESTI S.R.L.	AMROMCO ENERGY LLC
OMV PETROM & REPSOL BAICOI S.R.L.	AMRO GOLD OIL SRL
OMV PETROM & HUNT OIL Company of ROMANIA SRL	ADX Energy Panonia S.R.L.
MOL HUNGARIAN OIL & GAS PLC & EXPERT PETROLEUM	
MOESIA EXPLORATION S.R.L. & NIS PETROL S.R.L.	

Source: ANRM (April 2016).

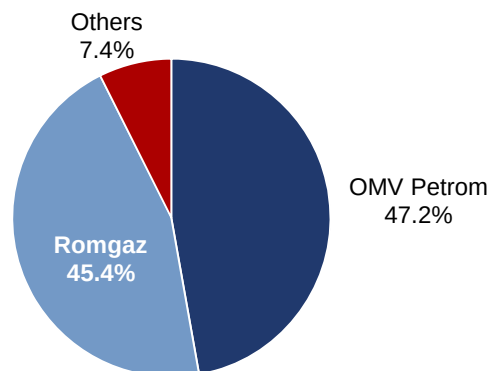
The graph below illustrates the proportion of gas consumption in Romania derived from domestic production and imports. Domestic production accounted for 98% of gas consumed in Romania in 2015. We and Romgaz

were the top two producers covering approximately 95% of domestic production (2015 figures). Imports entering consumption in 2015, including current imports and those extracted from storage, represented the remaining 2%. The top two importers – internal suppliers on the regulated market E.ON Energie Romania and Engie (formerly GDF Suez Energy Romania) – had a cumulative market share of 90% (Source: ANRE Annual Report 2015).



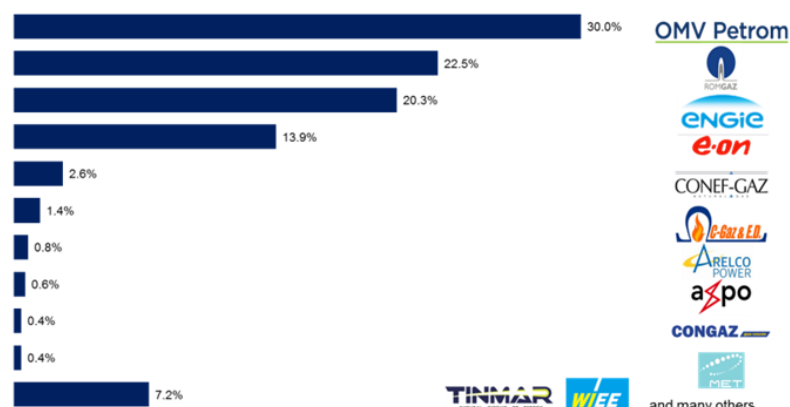
Source: ANRE (2015).

The graph below shows the market share of producers/importers of gas that went into consumption (from both domestic production and imports) in Romania:



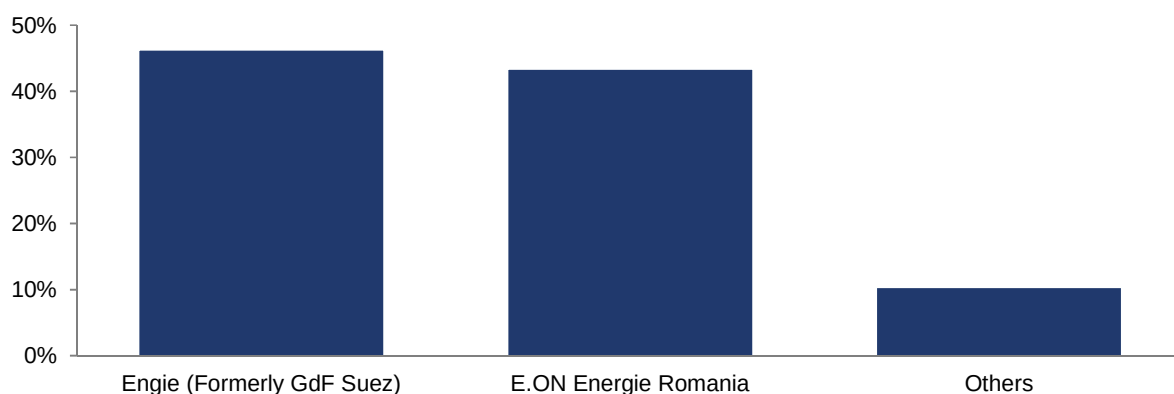
Source: ANRE, Annual Monitoring Report for Natural Gas Domestic Market (2015).

As of July 2016, 129 suppliers were licensed in the competitive natural gas market. The graph below presents the respective market shares of the main suppliers to customers in the competitive market:



Source: ANRE, Annual Monitoring Report for Natural Gas Domestic Market (2015).

The below graph illustrates the market shares of gas suppliers on the regulated market in 2015:



Source: ANRE, Annual Monitoring Report for Natural Gas Domestic Market (2015).

Electricity

Our main competitors on the electricity market are: Hidroelectrica (hydro), Nuclearelectrica (nuclear), Complexul Energetic Oltenia, Complexul Energetic Hunedoara, ELCEN (thermo) and Romgaz (Iernut, a 800 MW gas fired plant) and producers of electricity from renewable sources. The market leaders in the production of electricity maintain their competitiveness by having lower production costs.

In 2015, based on energy delivered into the grid, the main power producers in Romania (Hidroelectrica, Complexul Energetic Oltenia and Nuclearelectrica) had a cumulative market share of 68.7%. The table below presents the main electricity producers in Romania and the evolution of their market shares based on energy delivered into the grid between 2012 and 2015.

Producers Market Shares	2012	2013	2014	2015
Hidroelectrica.....	22.80%	28.24%	31.57%	27.11%
CE Oltenia.....	30.40%	20.83%	20.99%	23.35%
Nuclearelectrica	20.20%	20.65%	18.57%	18.27%
CE Hunedoara	5.90%	5.28%	4.25%	2.83%
Elcen	6.40%	4.60%	3.48%	3.21%
OMV Petrom.....	3.60%	6.34%	3.45%	5.74%

Producers Market Shares	2012	2013	2014	2015
Romgaz	0%	1.67%	2.49%	2.86%
Others	10.50%	12.21%	15.20%	16.63%

Source: ANRE, Annual Monitoring Reports for Domestic Electricity Market (2012, 2013, 2014 and 2015). OMV Petrom's values do not include OMV Wind Power.

Competition in the Romanian electricity supply market has increased following market liberalisation and it is expected that competition will increase as liberalisation measures continue to be implemented. Electricity supply is presently not fully liberalised. ANRE has set up a calendar to eliminate regulated tariffs, with the intention that they be gradually replaced by prices on the competitive market. These are vetted with ANRE and applied to consumers which have not used their eligibility right. Through this method, the regulated tariffs have been eliminated starting 1 January 2014 for non-household consumers. For household consumers, tariffs currently have a competitive market and a regulated market component; this regulated part will be fully eliminated starting 1 January 2018.

The market shares of the main suppliers of electricity in Romania in 2015 (including those serving the regulated market and the competitive market segments) are presented in the table below:

Main Suppliers Market Shares	2012	2013	2014	2015
Electrica Furnizare	22.65%	22.13%	20.88%	21.84%
ENEL Energie	9.86%	10.14%	9.32%	8.46%
ENEL Energie Muntenia	10.22%	9.86%	9.03%	8.17%
Tinmar Ind.....	3.14%	4.77%	8.27%	7.12%
E.ON Romania	8.43%	8.30%	7.72%	8.10%
CEZ	8.02%	7.69%	7.12%	7.50%
Other	35.48%	34.12%	35.00%	38.81%
out of which, OMV Petrom.....	2.20%	2.99%	2.66%	2.08%

Source: ANRE, Monthly Electricity Market Monitoring Report (December 2012-2015).

BUSINESS

Overview

We are the largest vertically integrated oil and gas producer in South-Eastern Europe. With 15,237 employees as at 30 June 2016, we are one of the leading industrial companies in Romania. We are one of Romania's main energy suppliers, accounting for approximately 40% of oil, gas and refined products supply in Romania according to Company estimates, having produced more than 95% of Romania's domestic supply of crude oil and NGL and supplied approximately 48% of Romanian domestic natural gas consumption in 2015, based on ANRE data.

Our core activities are conducted through three business segments:

- The Upstream business segment explores for, develops and produces crude oil and natural gas in Romania, including in the Romanian part of the Black Sea, and Kazakhstan. Our Upstream business segment supplies the crude oil and natural gas required by our operations in our Downstream Oil and Downstream Gas business segments. Our total hydrocarbon production was 65.2 mn boe for the year ended 31 December 2015 and 32.1 mn boe for the six months ended 30 June 2016. As at 31 December 2015, our 1P reserves were 646.6 mn boe (with 624.7 mn boe in Romania and 21.9 mn boe in Kazakhstan). As at 30 June 2016, our 1P reserves were 614.6 mn boe (with 594.3 mn boe in Romania and 20.3 mn boe in Kazakhstan) and our 2P reserves were 885.0 mn boe (out of which 842.2 mn boe were in Romania).
- The Downstream Oil business segment's activities include processing and refining crude oil and delivering refined products to retail and non-retail customers. We operate the Petrobrazî refinery, with a total production capacity of 4.5 mn t/y. We sell refined products to retail consumers through our network of 784 filling stations (as at 30 June 2016) under two brands, OMV and Petrom, throughout South-Eastern Europe, as well as to approximately 16,000 business customers (including non-retail and card customers), including industrial companies, airlines and freight companies. Our total refined product sales were 5.03 mn t for the year ended 31 December 2015 and 2.27 mn t for the six months ended 30 June 2016.
- The Downstream Gas business segment is active in various stages of the gas value chain and comprises our gas and power lines of business. We are one of the leading players in the Romanian gas market, and we focus on supplying gas to commercial and industrial customers. Our gas sales volumes were 51.39 TWh for the year ended 31 December 2015 and 24.75 TWh for the six months ended 30 June 2016. Our 860 MW gas-fired Brazi power plant and our 45 MW Dorobanţu wind park produced a combined total net electrical output of 2.7 TWh for the year ended 31 December 2015 and 0.9 TWh for the six months ended 30 June 2016.

In the years ended 31 December 2013, 2014 and 2015, our total sales revenues were RON 24,185 mn, RON 21,541 mn and RON 18,145 mn, respectively. In 2015, we accounted for a loss in our EBIT of RON (530) mn, but had a positive Clean CCS EBIT of RON 2,522 mn, EBITD of RON 6,231 mn and Free Cash Flow of RON 329 mn. In the six months ended 30 June 2016, we had total sales revenues of RON 7,192 mn compared to RON 8,811 mn in the six months ended 30 June 2015. In the six months ended 30 June 2016, we had EBIT of RON 561 mn, Clean CCS EBIT of RON 638 mn, EBITD of RON 2,308 mn and Free Cash Flow of RON 12 mn, compared to EBIT of RON 1,280 mn, Clean CCS EBIT of RON 1,251 mn, EBITD of RON 3,128 mn and negative Free Cash Flow of RON 423 mn in the same period in 2015.

Competitive Strengths

Operating in a growing economy and a well-established oil and gas province in Europe.

Our operational footprint is centred in Romania – the third largest economy in CEE by GDP and the second largest by population. According to Eurostat, Romania's GDP grew by 3.5% in 2013, 3.0% in 2014 and 3.8% in 2015. GDP growth is forecast to remain robust and above the two-year average at 4.2% in 2016, and real GDP growth is expected to reach 3.6% in 2017 (Source: IMF World Economic Outlook as of April 2016). Inflation has been at historical lows, with annual average inflation declining from 1.4% in 2014 to (0.4)% in 2015. More recently, however, both headline and domestic inflation have increased (June 2016) and inflation is forecast to re-enter the central bank's target range of 2.5% $\pm$ 1% in 2017 (Source: European Commission). Having maintained its own national currency, Romania has been only indirectly affected by the sovereign debt crisis in the peripheral Eurozone countries over the past few years as the Romanian Government's gross indebtedness was only 38.6% of GDP (according to NBR and NIS data) and its fiscal deficit was only 1.47% of GDP as of 31 December 2015 (according to the Ministry of Finance), and the exchange rate remained largely stable.

A significant portion of the domestic oil and gas demand is met by Romania's domestic production, particularly as compared with the neighbouring CEE countries. Domestic oil production accounted for approximately 37% of Romania's consumption in 2015 (Source: NIS), while gas produced in Romania in 2015 represented approximately 98% of Romanian domestic natural gas consumption (Source: ANRE, Market Monitoring Reports).

Romanian oil and gas production history spans over 150 years and the country's production base currently consists of mature, low-risk production assets, including our existing onshore and shallow offshore commercial oil and gas fields, supported by a well-established infrastructure. The oil market in Romania is fully liberalised, enabling us to take full advantage of market opportunities and to capitalise on the modernisation of the Petrobrazi refinery in our Downstream Oil business segment. Gas price liberalisation in Romania is currently in progress. Gas prices for non-households are fully liberalised and gas prices for industrial consumers are expected to fully converge with European levels when interconnections with other countries are built and become operational (expected in 2019). Gas prices for households and heat producers for households are set to transition to market pricing by mid-2021.

The largest oil and gas producer in South-Eastern Europe and a leading regional player with diversified low-risk production and long-standing operational track record.

We have an extensive history of petroleum extraction in Romania, with some of our fields in production for more than 50 years. Nevertheless, our recoverable reserves base remains considerable, with proved reserves of 594.3 mn boe and probable reserves of 247.9 mn boe in Romania as at 30 June 2016.

In Romania, our 2015 total production volume of 27.43 mn bbl of oil and NGL accounted for more than 95% of domestic oil production, based on data published by the NIS. We are also the second largest natural gas producer in Romania, with our 2015 total production volume of 5.27 bcm of natural gas having supplied approximately 48% of Romanian domestic natural gas consumption, based on ANRE data.

The majority of our current hydrocarbon reserves in Romania are concentrated in low-risk onshore and shallow offshore production assets with a ratio of proved to proved-and-probable reserves of 71% as of 30 June 2016. We have a deep understanding of the geology of our fields, with extensive seismic coverage of our reservoirs, which we have developed from approximately 3% in 2005 to 79% as at 31 December 2015. Our assets include 232 commercial oil and gas fields (for which we hold development and production licences) in which we operate approximately 8,400 active wells as of 30 June 2016. Our reserve base is almost equally

weighted between oil and natural gas, with natural gas accounting for 45% of our total 1P reserves as of 30 June 2016.

In Romania, we seek to reduce the natural decline of our mature hydrocarbon fields and optimise production through an intensive programme of reservoir management initiatives, workovers, drilling of key wells and increased infill drilling. The rates of production decline dropped from approximately 4% per annum from 2005 to 2009, to approximately 2% per annum by 2011, followed by mostly stabilised production in the past three years, with 66.64 mn boe, 65.82 mn boe and 65.19 mn boe of total hydrocarbons produced in 2013, 2014 and 2015, respectively, on the back of workovers, infill drilling and FRDs. Our capital expenditures in the Upstream business segment averaged approximately EUR 790 mn per annum since our privatisation in 2004. For 2016, approximately 85% of the approximately EUR 0.7 bn in expected capital expenditures will be dedicated to the Upstream business segment. Continuous workovers of mature fields and a successful drilling programme, combined with diversification of the recovery mechanisms applied, have helped maintain a three-year average reserve replacement ratio in Romania of 33% as of 31 December 2015.

We believe our oil and gas fields have significant potential to support continued production stabilisation efforts and reserve replacement going forward. We have identified several potential redevelopment opportunities and will continue to utilise improved oil recovery and enhanced oil recovery technologies to minimise natural production decline from mature fields, depending on both market fundamentals and the prevailing investment environment.

Leading downstream operations with integrated positions across the oil and gas value chains.

We are one of the leading players in downstream oil and downstream gas operations in Romania and South-Eastern Europe, benefiting from our vertical integration through the value chain and our wide regional presence. The Petrobrazi refinery accounted for 37% of active crude processing capacity of Romania as of 31 December 2015, according to Company estimates based on NIS data. We are the leader in overall refined oil products sales in the Romanian market, with a total market share of approximately 35%, and 24% total market share in our operating region based on data from the NIS, the NIS of Bulgaria, the UNKS (a Serbian oil association), and ANRE of Moldova. In natural gas sales, in 2015, we covered 48% of Romanian domestic natural gas consumption, based on ANRE data. Our vertical integration helps us maximise profitability and provide earnings and cash flow stability across both oil and gas value chains. In the oil value chain, the entire quantity of crude oil is refined at the Petrobrazi refinery. The modernisation of the Petrobrazi refinery, which we completed in 2014, contributed to a first positive refining result and positive cash flow generation being achieved in 2014. The Petrobrazi refinery, in turn, supplies products to our network of 784 filling stations throughout South-Eastern Europe as of 30 June 2016 (of which 554 were in Romania) as well as products for sale to our approximately 16,000 business customers (including non-retail and card customers). Our fuel station network is supplemented by our national storage infrastructure.

In the gas value chain, our Upstream business segment supplies 100% of the gas consumed by the Brazi power plant. The Brazi power plant, which began operations in 2012, is the key asset in our Power business line with a total generating capacity of 860 MW. The power plant has implemented state of the art technology, meeting EU environmental standards and reducing pollutant emissions. The power plant's designed efficiency is 57%, which is almost two times higher than the sector average based on our estimates. Thanks to its high flexibility, the Brazi power plant is able to operate over a broad load range, from approximately 200 MW to 860 MW with fast start-up and shutdown times. We believe we will be able to enhance the value of our equity gas by further optimising operations at the Brazi power plant and consolidating our position in the market, as well as focusing more on the ancillary services and balancing markets.

Growth potential driven by exploration of existing fields, Black Sea exploration and appraisal, and potential commodity price upside.

We believe our exploration activities will offer opportunities for future production. Although only two out of four onshore exploration wells finalised in 2015 obtained results, the onshore exploration success rate reached 75%, due to the fact that the 6500 Băicoi well reached a different target than initially estimated. Some of these wells were undertaken together with our partners.

In offshore, we are exploring Neptun Deep and the XVIII Istria block. Our deep-water exploration activities in Neptun Deep are conducted through our partnership with ExxonMobil – a world class operator that contributes significantly with deep-water exploration expertise. In Neptun Deep, the Domino-1 exploration well was the first deep-water exploration well in the Romanian Black Sea and it encountered gas, as announced in February 2012. We completed 3D seismic acquisition programmes covering the entire area of the block as well as two drilling campaigns including eight wells drilled up to 30 June 2016 and a successful well test of the Domino structure. The results of the drilling campaign were sufficiently encouraging to progress more detailed work to determine if commercial development is viable. If commercial development proves to be viable, the final investment decision could be expected in approximately two years and first production could be achieved early next decade.

In onshore exploration, we continue highly intensive geological and geophysical activities in our concessions. For exploration activities in the Băicoi, Târgoviște, Pitești and Târgu Jiu onshore blocks, we have partnered with Repsol to evaluate the hydrocarbon potential for the four blocks and to unlock the deep onshore exploration potential. Of the two exploration wells drilled so far in this partnership, the 4000 Piscuri well (VI Targoviste) discovered potential hydrocarbons (both oil and gas) in multiple layers and the 6500 Baicoi well, in the V Baicoi block, having a target depth of more than 5,000 metres, due to technical problems, was abandoned at approximately 3,500 metres. However, an oil discovery has been made in Dacian formations. This discovery has been further appraised by the 680 Tintea Nord well, currently in experimental production. Another two leads are expected to progress.

Our exploration activity in the Adjud and Urziceni East blocks is conducted in partnership with Hunt Oil. As part of this partnership, in December 2014, we announced the discovery of a new oil and gas field in VIII Urziceni East block, in Buzău, Romania.

We anticipate that our exploration activities in 2016 will be primarily dedicated to generating new drillable prospects and to spudding three exploration wells. In the two onshore blocks in which we own 100% interest (Craiova and Bucharest), we intend to focus exploration on near-field opportunities.

We also believe that we are well-positioned to benefit from a potential commodity price upside. Our EBITD has historically demonstrated a high correlation with crude oil prices, with EBITD of RON 9,313 mn, RON 8,145 mn and RON 6,231 mn in 2013, 2014 and 2015, respectively, corresponding to an average Brent price of USD 108.66/bbl, USD 98.95/bbl and USD 52.39/bbl in the respective years. In the first half of 2016, Brent crude oil prices experienced increased volatility over the period, but recovered somewhat to approximately USD 50/bbl as at 30 June 2016. However the average Brent crude oil price for the first half of 2016 remained below that of the first half of 2015. While OPEC's recent agreement to limit production has led to an increase in crude oil prices, prices continue to remain significantly lower than their 2014 peak. The expected household price deregulation by 2021 could provide additional exposure to changes in gas prices.

Strong cash flow generation supporting investment needs, conservative balance sheet and financial position.

Our financial results are supported by stable production costs in Romania at RON 49.8/boe in 2013, RON 56.3/boe in 2014 and RON 51.23/boe in 2015. Compared to 2013, in 2014 strict cost management (lower electricity costs due to recently installed gas-to-power ("G2P") stations and lower fuel consumption due to maintenance and logistics outsourcing) was counterbalanced by the infrastructure tax introduced in 2014 and by higher personnel costs (salary increases in line with collective bargaining agreement negotiations). The

decrease in production costs in Romania from 2014 to 2015 was mostly due to lower services costs, personnel and materials, principally as a result of our cost management programme, as well as the reduction in the Construction Tax in Romania from 1.5% to 1%.

We believe that our recent investments across our portfolio will continue to drive further efficiency. In particular, we expect to benefit from the modernisation of the Petrobrazi refinery, which has already resulted in a reduction in energy consumption of approximately 30% as of 31 December 2015 compared to 2009 levels. In addition, we expect that our ongoing modernisation of facilities and equipment will result in a reduced mean time between well interventions, and our operations will further benefit from automation of metering points, skids, parks, wells and data acquisition.

The steps we have taken to date and continue to take to control our costs have contributed to significant cash flow generation from our portfolio. Net cash generated from operating activities of RON 8,048 mn, RON 6,830 mn, RON 5,283 mn and RON 1,771 mn in 2013, 2014, 2015 and the first six months of 2016, respectively, was sufficient to fully fund our aggregate capital expenditures over the period from 1 January 2013 to 30 June 2016, which amounted to RON 16,774 mn. In response to the low crude price environment, we have intensified cost optimisation programmes across all business segments, measures which are expected to protect our free cash flow position. In the six months ended 30 June 2016, production costs in USD/boe were 11% lower than in the six months ended 30 June 2015, mainly due to lower services, personnel and material costs and positive foreign exchange development. Production costs in Romania expressed in USD terms decreased by 9% to USD 12.12/boe, while in RON terms they dropped by 8% to RON 48.81/boe. This has, in turn, enabled us to maintain a conservative balance sheet and financial position, as demonstrated by our gearing ratio of around 5% as of 30 June 2016.

Experienced management team with strong track record in Romania enjoying ongoing support from majority strategic shareholder.

Our experienced management team and qualified workforce are key contributors to our ability to execute our strategic plans and our strong track record in mature FRD and exploration in Romanian onshore and shallow offshore plays. Members of our Executive Board have more than 95 years of combined experience in the oil and gas industry. As of 31 December 2015, 38% of our workforce held a bachelor's degree or higher (in engineering and other fields, including technical, financial and legal).

Our management team led the transformation of OMV Petrom, unprecedented in Romania, from a state-owned enterprise to a leading oil and gas company focused on performance and efficiency. In corporate governance and culture, we have transitioned from a "state company mind-set" to a professional organisation with a two-tier management system, adherence to Organisation for Economic Co-operation and Development standards, and a corporate strategy that incorporates sustainability. In operational efficiency, we have achieved a turnaround from a legacy of large non-core businesses, declining production and a lack of management systems, to a focus on core oil and gas operations, stable production in Romania at 170 kboe/d in 2015 and modern technology, facilities and management systems. In HSSE, we transformed from a company lacking monitoring systems and with low safety awareness and limited HSSE training to a company with integrated HSSE management plans, over 1.9 days per employee per year for HSSE training (excluding Kazakhstan), a Safety Day and environmental campaigns. We achieved a combined lost-time injury rate ("LTIR") for employees and contractors of just 0.16 injuries per mn work hours in 2015, which was the lowest level since our privatisation and lower than the international benchmark set by the International Association of Oil & Gas Producers.

We continue to be supported by OMV, our majority shareholder since 2004. OMV's long track record and expertise in the oil & gas industry in upstream and exploration activities is of particular benefit in re-developing mature fields. We benefit from this expertise in the application of advanced reservoir management

techniques to mature and complex geological formations and the implementation of workover programmes in environmentally sensitive areas. We also benefit from OMV's expertise in our Downstream Oil business segment with the OMV brand, which we operate, positioned as the premium brand in Romania's filling station market.

Strategy

Our strategy relies on maximising upstream portfolio value and positioning for growth in the Black Sea region, enhancing the value of equity gas and optimising integrated equity oil; however, the pace of implementation is dependent on both market fundamentals and an investment-friendly fiscal and regulatory environment. Under the current market environment, at the Group level, the focus will be on maintaining a strong balance sheet and achieving free cash flow neutrality (before dividends) in order to preserve the flexibility to leverage the balance sheet for future investment and development opportunities. Our investment plan for 2016 is currently expected to amount to approximately EUR 0.7 bn, out of which approximately 85% will be directed towards the Upstream business segment. In addition, we have intensified cost optimisation programmes across all business segments, in response to a potentially prolonged low oil price environment.

Maximise Upstream portfolio value and position for growth.

The Upstream business segment continues to be our primary focus. We are reviewing further options to optimise the Upstream footprint and portfolio value in order to focus on the most profitable barrels. Sustainable value generation remains our primary objective and we will revisit our strategic priorities to help ensure resilience in a low oil price environment while protecting opportunities to grow.

In 2016, we expect to see a hydrocarbon production decrease of up to 4% compared to 2015 in the full-year average Group production, largely due to lower investments in the previous year and a planned upgrade to the surface facilities at Totea Deep. Operational activities will focus on maintaining safety conditions and fulfilment of integrity programmes, while continuing operational excellence initiatives, with particular emphasis on efficiency measures. Moreover, in line with the "value over volume" approach, we intend to continue the optimisation of our portfolio through reprioritisation of projects, as well as potential shutdowns of any uneconomic wells or divestment of marginal fields.

In January 2016, we successfully finalised the second drilling programme in Neptun Deep together with our partner ExxonMobil, thus continuing the exploration and appraisal phase with eight wells drilled to date. Most of the wells encountered gas and a successful well test of the Domino structure was performed. The results of the drilling campaign were sufficiently encouraging to continue to assess the commercial viability for developing the discovered resources, with the final investment decision expected in approximately two years. Furthermore, we will also aim to enter into new partnerships for onshore deep exploration targets in order to sustain our long-term perspectives.

Further enhance value of equity gas.

In Romania, the gas and power markets and their regulatory frameworks are undergoing continuous changes. The liberalisation of these markets has progressed, with that of non-households already completed. Liberalisation for households was announced to be finalised at the end of 2017 in the power market and by June 2021 in the gas market, according to the official calendar. However, the regulated gas price increase scheduled for 1 July 2016 has been suspended. Furthermore, according to current regulations, gas producers have the obligation to sell approximately one-third of their domestic gas quantities to the free market via Romanian centralised trading platforms, however, this obligation should steadily decrease until the end of 2018. However, the Government is considering amendments to Energy Law no. 123/2012, which would affect the regulated gas market and the obligation to sell gas on centralised trading platforms. According to the draft emergency ordinance amending Energy Law no. 123/2012, starting 1 October 2016 and until 31 December

2016, all gas producers are legally required to sell 5% of the gas quantities contracted during the respective period on Opcom. For the period from 1 January 2017 to 31 December 2021, the obligation is increased to 40% of the natural gas produced and supplied during each calendar year. In addition, the gas infrastructure and interconnections are in need of significant investments in order to unlock Romania's full gas potential. We estimate the gas demand in Romania to decline compared to 2015. The gas price for the regulated market has been frozen at RON 60/MWh until the end of March 2017, while the free market is faced with stronger competition and margin pressure, also due to the increased competitiveness of import gas. In the power market, we anticipate demand for 2016 to be relatively stable, with increasing spark spreads as a result of the gas price environment.

In response to these challenges, we intend to focus on further enhancement of the value of our equity gas. To this end, we aim to consolidate gas sales as well as the integration of the Brazi power plant in the gas value chain. Specifically, in the Gas business line, our priority is to maintain a solid position in the competitive gas market through continuous portfolio optimisation and strengthened customer orientation.

In the Power business line, a sustainable integration of the Brazi power plant into the gas value chain also enables us to capture additional market opportunities by capitalising on the state-of-the-art operational flexibility of the power plant, enhancing its contribution to the security of the national power system. Moreover, in line with the strategy to focus on our core oil and gas business, we intend to divest the Dorobanțu wind park. The existence of a predictable and sustainable regulatory framework will play a key role with regard to our performance in the gas and power business.

Optimise integrated equity oil.

Our potential in value delivery in the Downstream Oil business segment lies in enhancing the value of our integrated equity oil and optimising our business portfolio. In 2015 and 2016 to date, the Downstream Oil business segment showcased the integration value by partially compensating for the steep decrease in oil prices that impacted the Upstream business segment's results.

Due to persisting overcapacity in European markets, refining margins in the second half of 2016 are projected to be below the levels of the first half of 2016. However, lower product prices resulting from the decrease in the international crude and oil product quotations, together with increased private consumption in Romania, are estimated to continue to support market demand, though with increased competition. The refinery utilisation rate is targeted to remain at approximately 90% in 2016, as we expect to maintain the strong performance in all sales channels, supporting the profit and cash contribution from the Downstream Oil business segment. Moreover, the focus on improving operational performance and delivering on economic energy efficiency upgrades will continue. At the same time, we plan to further optimise our terminal network. In the retail business, we will focus on positioning ourselves for the future by strengthening our two brands – Petrom as “value for money” leader and OMV as “high quality” leader – while exploring additional strategic partnership opportunities within our network.

People and Resourcefulness

For the success of our strategy implementation, we rely on two enablers: People and Resourcefulness. We strive to develop and empower human capital to achieve operational excellence and to create shared value with stakeholders for long-term sustainable operations, having high safety and environmental standards. Building on our long-standing experience in the extraction of oil and gas, several programmes were launched in 2015, in order to invest today in tomorrow's professionals, such as “The Oilmen's School”, the Summer School for Oil Students or Fresh Graduates Program in Upstream. Moreover, we completed the modernisation of the Institute for Research and Technological Design in Câmpina, a project financed both from our own sources and from European funds. Using new technologies, such as those currently available at ICPT

Câmpina, we can obtain more accurate data regarding geological structures and can test new solutions for the production of existing fields, with the goal of increasing their productivity. Engagement with our stakeholders is equally important in positioning ourselves towards sustainable and profitable business development in a volatile and challenging market and regulatory environment.

History

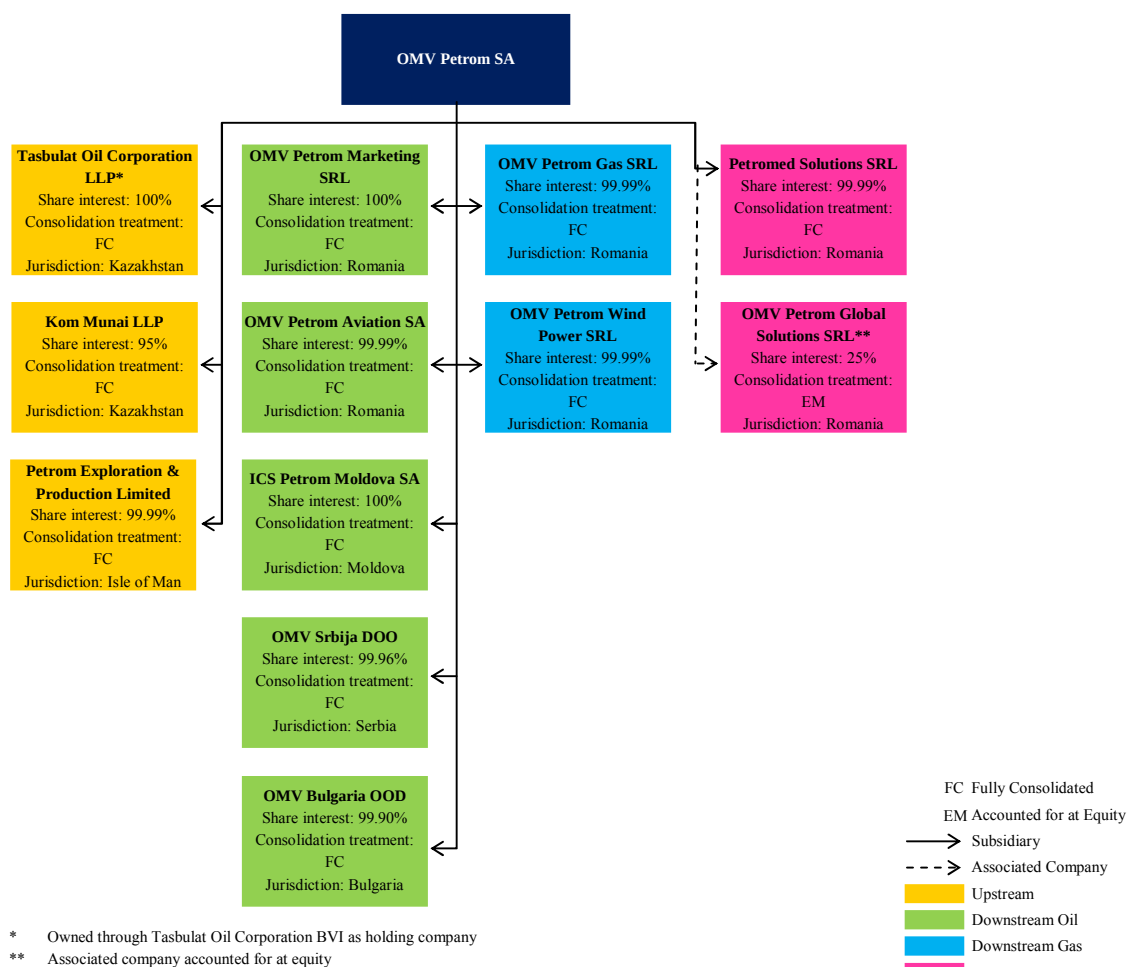
The significant events in our history are as follows:

- 1997 We are founded as the National Oil Company Petrom S.A.
- 1999 We discover the largest Romanian oil field in 20 years on the Black Sea platform at the Pescarus 60 well.
The first stage of the privatisation process begins with a share capital increase.
- 2001 We list our shares on the Bucharest Stock Exchange.
- 2004 We complete the privatisation process. OMV acquires 33.34% of our share capital, which increases to 51% following a capital increase.
- 2005 We begin a 3D seismic data acquisition programme in Romania.
- 2006 We acquire three OMV retail networks in Romania, Bulgaria and Serbia.
We acquire 30 filling stations and a 95% stake in Aviation Petroleum from MOL.
- 2007 We make the first exploration discovery in Romania based on the application of new 3D seismic technology at the 570 Torcesti well.
- 2008 We sign a contract for the construction of the Brazi power plant.
We enter into a partnership with ExxonMobil for the exploration of Neptun Deep.
- 2009 We commence oil production in the Komsomolskoe field in Kazakhstan.
- 2010 We change our name to OMV Petrom S.A.
We enter into PEC Turnu with PetroSantander and PEC Țicleni with Petrofac Solutions & Facilities Support S.R.L.
We enter into a partnership with Hunt Oil for exploration of two onshore blocks in eastern Romania.
- 2011 We set a world record in shallow horizontal drilling in Suplacu de Barcău, Romania, with three horizontal wells drilled at a depth of less than 200 metres.
We begin the first power deliveries to the grid as part of the Brazi power plant testing.
- 2012 We inaugurate the Brazi power plant.
The Domino-1 exploration well encounters natural gas in Neptun Deep.
We enter into PEC Timiș with Expert Petroleum.
We inaugurate the new fuel terminal at Isalnita as part of a far-reaching investment programme that also included the construction of the Jilava and Brazi fuel terminals.
- 2013 We and ExxonMobil successfully complete the largest ever 3D seismic survey in the Romanian waters of the Black Sea.
We sign a farm-out agreement with Repsol to explore deep onshore blocks in Romania.
- 2014 With ExxonMobil, we begin drilling the Pelican South 1 exploration well in Neptun Deep.
With Hunt Oil, we announce the discovery of a new oil and gas field in Buzău, Romania.
We discover a new oil field in the Istria block in the shallow water of the Black Sea.

- We complete the modernisation of the fuel terminal in Bacău.
- 2015 We continue exploration drilling in Neptun Deep in a second campaign with ExxonMobil.
We are recognised as having the most trusted filling stations brand in Romania for the tenth consecutive year.
We complete the modernisation of the fuel terminal in Cluj.
- H1/16 We complete the second exploration drilling campaign in Neptun Deep in January, with more detailed work ongoing to determine commercial viability.

Corporate Structure

The chart below shows our simplified corporate structure, including our material subsidiaries:



Upstream

Overview

The Upstream business segment explores for, develops and produces crude oil and natural gas in Romania, including in the Romanian part of the Black Sea, and Kazakhstan. We are focused on reducing the natural decline of, and enhancing recovery rates from, mature fields, while positioning ourselves for future offshore

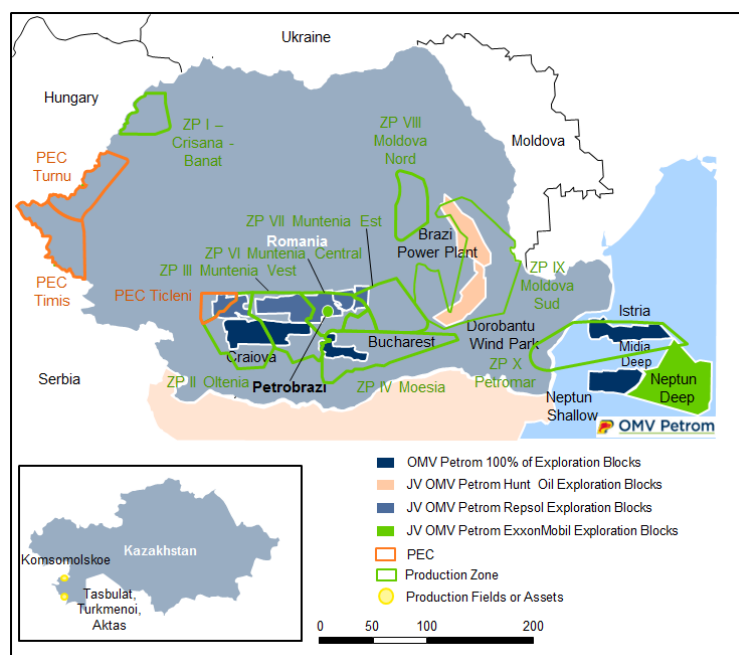
growth, as well as exploring and appraising deeper reservoirs onshore. The following table sets out key financial and operating information for the Upstream business segment in the periods indicated:

	Year ended 31 December		Six months ended 30 June		
	2013	2014	2015	2015	2016
Segment sales (RON mn) ¹	13,220	12,889	8,979	4,765	3,521
EBIT (RON mn) ²	5,529	3,932	(1,815)	695	71
Capital expenditure (RON mn)	4,401	5,349	3,486	1,947	1,064
Total hydrocarbon production (mn boe)	66.64	65.82	65.19	33.00	32.08
Crude oil and NGL production (mn bbl)	32.10	30.94	30.43	15.41	14.73
Natural gas production (bcm)	5.29	5.34	5.32	2.69	2.66
Proved (1P) reserves as at period end (mn boe) ³	728.2	690.2	646.6	671.4	614.6
Proved (1P) crude oil and NGL reserves (mn bbl) ³	386.6	371.7	361.2	364.7	346.5
Proved (1P) natural gas reserves (mn boe) ³	341.7	318.6	285.4	306.7	268.1

Notes:

- (1) Includes sales to third parties and inter-segment sales.
- (2) Excluding inter-segmental profit elimination.
- (3) Reserves data for all periods based on Company data. Reserves are the sum of future production from a given date forward up to the expiration of the licence or the economic life, whichever is earlier.

Our footprint is concentrated in Romania, where we accounted for more than 95% of domestic oil production in 2015 based on NIS data. We are also the second largest natural gas producer in Romania, having supplied approximately 48% of Romanian domestic natural gas consumption in 2015, based on ANRE data. In Romania, as of the date of this Prospectus, we have exploration licences for eight onshore and two offshore blocks, with a total area of 29,094 sq km (16,702 sq km of onshore blocks and 12,392 sq km of offshore blocks). Our concessions cover assets with 232 commercial oil and gas fields (for which we hold development and production licences) in which we operated approximately 8,400 active wells as of 30 June 2016. In Kazakhstan, where we have been active since 1998, we hold development and production licences for four onshore fields with a total area of 86.52 sq km, in which we currently operate approximately 70 wells. The following map shows our exploration and production areas, joint operations and PECs in Romania and Kazakhstan, as of the date of this Prospectus:



We have engaged in an extensive investment plan in Upstream, with capital expenditures of RON 3,486 mn in 2015 and RON 1,064 mn in the six months ended 30 June 2016, representing 90% and 80%, respectively, of our overall capital expenditure in these periods. Our investments in the past years have focused primarily on workovers, infill drilling, modernising facilities, FRDs and applying state-of-the-art technology to achieve stabilisation of mature fields, as well as on drilling activity in the Neptun block and onshore.

Production

Based on data published by Evaluate Energy, we are the largest oil and gas producer in South-Eastern Europe. Romania is the centre of our oil and gas production, where our operations spanned assets with 232 commercial oil and gas fields in which we operated approximately 8,400 active wells as of 30 June 2016. The table below details our production data for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2013	2014	2015	2015	2016
Romania					
Oil and NGL (mn t).....	3.98	3.89	3.81	1.93	1.85
Oil and NGL (mn bbl).....	28.62	27.98	27.43	13.86	13.30
Natural gas (bcm).....	5.19	5.29	5.27	2.67	2.63
Natural gas (mn boe)	33.92	34.58	34.48	17.45	17.21
Total Romania (mn boe)	62.54	62.57	61.90	31.31	30.50
Kazakhstan					
Oil and NGL (mn t).....	0.45	0.38	0.39	0.20	0.18
Oil and NGL (mn bbl).....	3.48	2.96	3.00	1.55	1.43
Natural gas (bcm).....	0.11	0.05	0.05	0.02	0.02

	Year ended 31 December			Six months ended 30 June	
	2013	2014	2015	2015	2016
Natural gas (mn boe)	0.62	0.30	0.28	0.14	0.15
Total Kazakhstan (mn boe)	4.10	3.25	3.29	1.69	1.57
Group total (mn boe).....	66.64	65.82	65.19	33.00	32.08

Our total hydrocarbon production declined from 66.64 mn boe in 2013 to 65.82 mn boe in 2014 and to 65.19 mn boe in 2015. Our total hydrocarbon production in 2015 remained broadly stable compared to 2014, despite reduced capital expenditures and upgrade operations at key wells. In 2015, the contribution of FRDs (including Totea) to production increased by 60% compared to 2014. In addition, production site losses in 2015 decreased by approximately 10% compared to 2014 mainly due to increased mean time between failures. In the six months ended 30 June 2016, the contribution of FRDs (including Totea) to production increased by 36% compared to the same period of 2015.

Total hydrocarbon production decreased from 33.00 mn boe in the first six months of 2015 to 32.08 mn boe in the same period in 2016, due to the effect of natural decline and bad weather on Romanian crude oil production and the decline in the main Romanian gas fields (Totea, Bulbuceni and Bustuchin) despite successful workovers and increased contribution from the Lebada Est NAG project. We expect production for full-year 2016 to decrease by up to 4% compared to 2015 due to reduced capital expenditures and exploration and appraisal expenditures, portfolio optimisation, an increased number of uneconomic wells and the planned upgrade of the surface facilities at Totea Deep in the second half of 2016.

Romania

Although the history of petroleum extraction in Romania is extensive, with some of our fields in production for more than 50 years, the recoverable reserves base remains considerable. We seek to reduce the natural decline of our mature hydrocarbon fields and optimise production through an intensive programme of reservoir management initiatives, workovers, finalisation of key wells and increased infill drilling. Through PECs with partners for small fields, we aim to maximise production while improving operational efficiency.

In Romania, our daily average equivalent production has been generally stable, and amounted to 171.4 kboe/d in 2013, 171.4 kboe/d in 2014, 169.6 kboe/d in 2015, and 167.6 kboe/d in the first six months of 2016 (compared to 173.0 kboe/d in the same period in 2015). Offshore production in 2015 accounted for approximately 7% of oil production and 25% of natural gas production. In 2015, the crude oil production obtained using enhanced oil recovery techniques accounted for approximately 25% of total domestic oil production. Heavy oil, representing crude oil with density greater than 900 kg/m³, accounted for more than 35% of total production of crude oil including condensate. New wells put on stream at the beginning of 2015 (in the Mamu field) and sidetracks in Lebada Vest contributed to annual production in 2015. In addition, the workover campaign at the Totea Deep field in mid-2015, the surface facilities works at the Totea Deep field and the Lebada Est NAG outages during the year impacted the 2015 total production. In Romania, our recovery factor was approximately 25% for oil and approximately 50% for natural gas.

The following table presents the daily average equivalent production at our key producing fields and areas in Romania in 2015:

Field/area	Oil/gas	2015 production (kboe/d)
Oltenia	Oil and gas	48
Petromar	Oil and gas	29
Moldova Sud	Oil and gas	20
Muntenia Vest	Oil and gas	17
Muntenia Central	Oil and gas	11
Crişana-Banat	Oil and gas	9
Muntenia Est	Oil and gas	8

In the six months ended 30 June 2016 in Romania, total oil and gas production stood at 30.5 mn boe (compared to 31.3 mn boe in the six months ended 30 June 2015). Domestic crude oil production was 13.3 mn bbl, 4% lower compared to the six months ended 30 June 2015, mainly due to natural decline and the impact of bad weather. Domestic gas production decreased by 1% to 17.2 mn boe.

Field Redevelopment Projects (FRDs)

In recent years we have aimed to unlock production growth in Romania through investments in FRDs. These projects aim to maximise ultimate recovery from the reservoir at an accelerated rate through improved oil recovery and enhanced oil recovery extraction processes (including water, steam and polymer injection), additional drilling and workovers and further modernisation of our operations. In particular, water injection is a top priority to maintain reservoir recovery. Our recovery enhancement programme in Romania included 61 water injection initiatives as of 30 June 2016, which were partly covered by FRDs. For example, FRD Tazlau Kliwa 1 is a pilot project which aims to increase oil recovery in the Tazlau area in the layer with the most potential, Kliwa 1, using pattern water injection.

In reaction to falling oil prices, investments in the Upstream business segment were carefully scrutinised and one main priority was focused on finalising FRDs. At the end of June 2016, our efforts concentrated on 10 FRDs in the development phase and three FRDs in the appraisal phase.

The following projects are highlights of our FRD programme:

- *FRD Phoenix Vata Phase 1.* FRD Phoenix Vata Phase 1 entails drilling up to 26 oil wells in several clusters. More than half of these clusters were completed in 2014 and contributed to production above expectations. The project's reported performance has approached its technical capacity. In 2015, the drilling programme continued in several clusters, successfully embedding drilling technologies such as casing while drilling. By the end of the first half of 2016, the project, which was in the operational phase, finalised the 26 new wells, the central production facility, a water treatment plant, five kilometres of gas pipeline and three clusters with high-pressure injection skids.
- *FRD Independența.* Independența is a mature oil field that has been in production since 1959 and is one of the most important fields in our portfolio. The purpose of FRD Independența is to increase oil production from the Independența field by drilling in previously undeveloped areas. The project consists of drilling several horizontal wells, construction and modernisation of collecting and metering points and the construction of a tie-in pipeline between them. FRD Independența Phase 1 entered execution phase in 2014. Despite being impacted by revised investment plans compared to

initial project expectations, FRD Independența Phase 1 continued its turnkey drilling campaign with 11 wells in 2015. Currently, the project remains in execution phase with 13 horizontal wells drilled successfully, three metering skids finalised and a six-inch pipeline construction in progress.

- *FRD Totea Deep*. The Totea Deep development is the most important onshore gas discovery in Romania in years. Its three producing wells are the largest in our portfolio and have significantly contributed to mitigating production decline of mature gas fields in the area. After the successful result of the 4539 Totea exploration well in 2011, we initiated an investment programme in the amount of approximately EUR 200 mn. The main challenge was executing the appraisal phase in parallel with the development phase, both phases being executed within tight timelines in order to gain the best economic results. The appraisal drilling campaign consisted of two successful appraisal wells, while the development phase involved providing facilities and infrastructure in order to start each well as soon as possible, thereby maximising the value of the project by harvesting early production gains from each successful well. In 2015, we continued to invest in optimising the output of the Totea Deep wells, reaching daily peak production of 20.5 kboe/d in December 2015, by performing workovers and debottlenecking surface facilities in order to be able to increase production rates. The full year average production in 2015 reached 15 kboe/d compared to 10.5 kboe/d registered in 2014. We expect the planned surface facilities final safety upgrade at Totea Deep in the second half of 2016 to contribute to the decline in full-year production. The success of the Totea Deep development has highlighted the upside potential of our portfolio for new discoveries in deep layers through seismic and deep drilling technology. In the first half of the year, production stabilised at a level of approximately 19.5 kboe/d.
- *FRD Lebăda Est NAG*. In Lebăda Est NAG, we aim to reduce the natural decline of production by upgrading the compression and ancillary facilities. We made the final decision to invest approximately EUR 60 mn in 2014, with the aim of optimising exploitation by upgrading the existing gas compression system and delivering non-associated gas compression to minimise reservoir pressure decline. In 2015, the upgrades at Lebăda Est NAG progressed as planned and were commissioned with enhanced low pressure compression capacity and associated works on a package of high pressure compressors and flare modification. We completed the first stage of execution in November 2015 and finalised the remaining upgrades, which included the upgrade of the non-associated gas compression system, in the second quarter of 2016.
- *FRD Mădulari and FRD Burcioaia*. In the Mădulari safety upgrade project and FRD Burcioaia, we are enhancing gas processing using dehydration technologies. Mădulari is our first project to incorporate the “solid bed scavenger” technology, intended to remove hydrogen sulphides from natural gas.

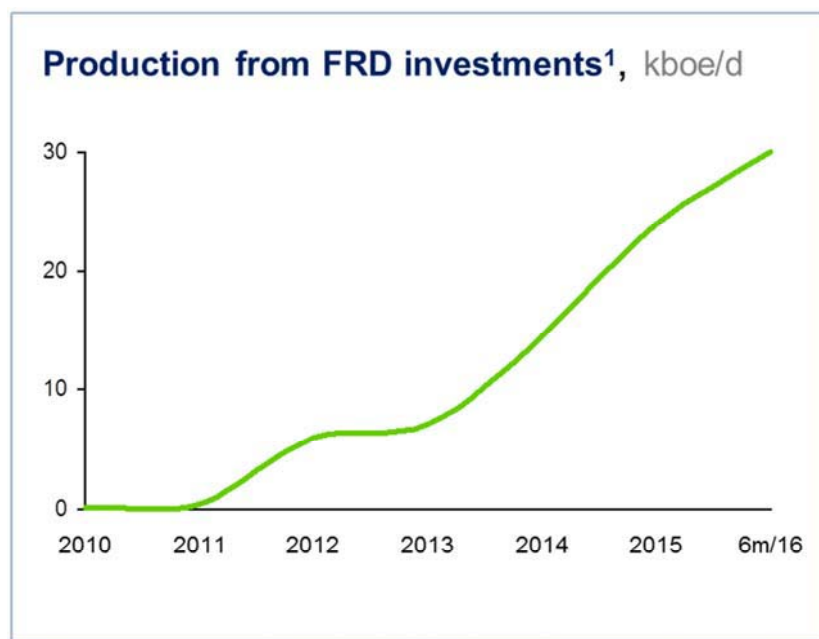
The following table shows certain information regarding our optimisation initiatives, including drilling of new production wells and FRDs:

	Year ended 31 December			Six months ended 30 June	
	2013	2014	2015	2015	2016
Production wells drilled	169	140	92	57	14
FRDs in development phase.....	11	12	12	12	10
FRDs in appraisal phase.....	12	17 ¹	4	4	3

Note:

(1) 17 FRDs in appraisal as of the end of 2014, out of which 13 were re-engineered.

In addition, more than 1,000 workovers per year were performed between 2013 and 2015; in 2016, we intend to focus operational activities on delivering approximately 1,000 workovers. Our drilling activity, workovers and FRDs make a significant contribution to our overall production levels. For example, in 2015, 14% of the total annual average daily production came from FRD projects. Production from FRD investments has increased significantly since 2010, as shown in the following chart:



Note:

(1) Including Totea Deep.

Production Enhancement Contracts (PECs)

We also seek to maximise production from mature fields by entering into PECs with international companies with expertise in unlocking the value in mature oil and gas assets. In 2010, we entered into a 17-year PEC for six onshore fields in Arad, Romania (“**PEC Turnu**”) with PetroSantander, an internationally recognised expert in the operation and rehabilitation of mature fields. In 2012, we entered into a PEC for 13 fields in Timiș, Romania (“**PEC Timiș**”) with Expert Petroleum, a company which is specialised in the exploitation of mature fields in Romania. We were also party to a 15-year PEC for seven fields in Țicleni, Romania (“**PEC Țicleni**”) with Petrofac Solutions & Facilities Support S.R.L. until August 2016. While we initially agreed to terminate PEC Țicleni in the first quarter of 2016, Expert Petroleum SPV SARL, a parent company of Expert Petroleum, acquired 100% of Petrofac Solutions & Facilities Support S.R.L.’s share capital in August 2016 and will continue the extraction activities and related services under PEC Țicleni. In total, PEC Turnu, PEC Timiș and PEC Țicleni cover 26 mature fields.

The PECs stipulate that the contractors will take over and finance the operations and, with us, commit to the future development of the fields in order to maximise production while improving efficiency. We remain the sole titleholder of the concession contracts and owner of the hydrocarbon production, the existing assets and the rights and obligations under the relevant petroleum concession.

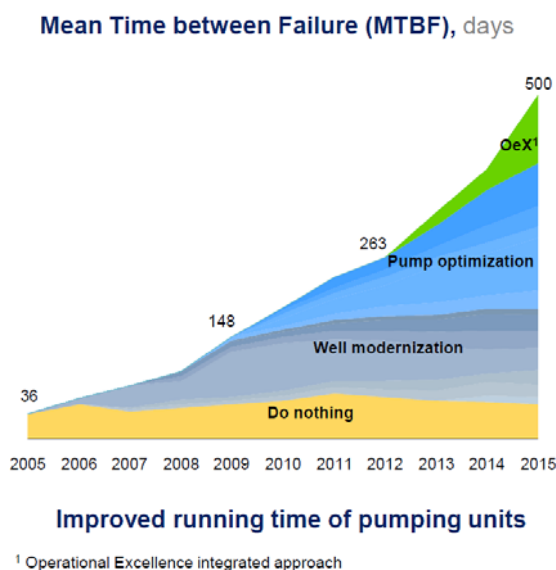
The total annual production of PECs in 2015 was approximately 8.0 kboe/d, 5% higher compared to the average production during the 12 months preceding inception of the PEC programmes for the respective fields. In 2015, PEC Țicleni produced 3.7 kboe/d, PEC Turnu produced 1.9 kboe/d and PEC Timiș produced 2.5 kboe/d. PEC production accounted for 5% of our production in Romania in 2015.

In 2015, growth and cost efficiency initiatives continued in all PECs. In PEC Timiș, our partners optimised the production system through various measures, which led to slightly higher gas sales and significant reduction of CO₂ emissions. In PEC Turnu, the sidetrack campaign continued in which one sidetrack was drilled and completed. Due to performance improvement of services, the total number of employees for PEC Turnu decreased by 7%. In PEC Țicleni, two new infill wells were drilled and completed and a new exploration well was drilled and tested.

Operational Excellence Initiatives

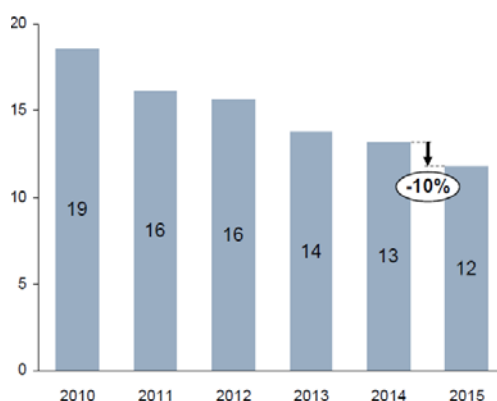
Our operational excellence initiatives focus on understanding and creating value, identifying and eliminating waste, and continuously improving the ways in which we operate. We have created a context that fosters employee engagement and encourages them to take on responsibilities, ultimately leading to a shift in mindset and attitude both for the organisation and for its partners. Our operational excellence initiatives started in March 2013, being initially implemented as a pilot project in three Upstream organisational units, and are currently being rolled out in all Upstream organisational units.

One of the main results of the programme has been achieved by reducing production losses by 3,800 boe/d (24%) between 2012 and 2015, with significant contribution from our operational excellence initiatives. Another important achievement of the programme is reaching the mean time between failures target of 500 days in November 2015. The below chart shows the development of our mean time between failures:



The below chart shows the development of our production losses due to interruptions:

Production losses, kboe/d



Losses due to interruptions
(major planned shutdowns not included)

We intend to continue our operational excellence initiatives focusing on cost reduction and efficiency (e.g., reduced mean time between failures, costs per workover and rates for new wells drilled). We intend to focus operational activities on delivering approximately 1,000 workovers and approximately 40 new wells, dependent on the market and fiscal environment.

We have also undertaken a value-based prioritisation of the FRDs in progress: 10 projects under development/execution will be continued in 2016. The three FRDs in appraisal phase to be pursued in 2016 have a cumulative potential production of approximately 35 mn boe expected to come on stream between 2015 and 2017. In addition, we intend to further optimise our Upstream portfolio by finalising the selling of selected marginal fields.

Kazakhstan

Kazakhstan, with ongoing development, also plays a part in our Production business line. We have been active in the area since 1998 and currently operate four development and production licences. We produce oil and gas from the Turkmenoi, Aktas, Tasbulat and Komsomolskoe fields in the Mangistau region of Western Kazakhstan. The most recently developed field, the Komsomolskoe onshore oil field on the Caspian Sea's eastern shore, came on stream in 2009.

In Kazakhstan, our daily average equivalent production amounted to 11.2 kboe/d in 2013, 8.9 kboe/d in 2014, 9.0 kboe/d in 2015 and 8.7 kboe/d in the first six months of 2016 (compared to 9.3 kboe/d in the same period in 2015). The decline in the average level of production from 2013 to 2014 was due to the temporary suspension of production in the Turkmenoi field due to leaks in the corroded Turkmenoi pipeline, the lower performance of TOC redevelopment wells and the natural decline of production.

The average level of production remained broadly stable from 2014 to 2015, which was the result of several factors. Efficient workover and maintenance operations and only minor disruptions related to the TOC pipelines had a positive impact. In addition, a water injection project was fully completed, aimed at securing reservoir pressure and slowing down the natural decline of production. Natural decline of production, continuing issues in pipeline integrity and frequent repairs required at older wells in the Tasbulat field prevented production from returning to 2013 levels. The average production at the TOC fields amounted to 4.3 kboe/d in 2015, which was 10% higher than in 2014 and was due to efficient workover and maintenance works. At the Komsomolskoe field, an extended water injection project was completed, yet did not become operational due to certain technical problems with the new high pressure pumps. In 2015, the average production in the Komsomolskoe field amounted to 4.8 kboe/d, 6% lower than in 2014 due to a temporarily suspended well.

In the six months ended 30 June 2016, hydrocarbon production in Kazakhstan decreased by 7% compared to the six months ended 30 June 2015 to 1.57 mn boe. In 2016, we expect to continue workover and well intervention activities in Kazakhstan to combat natural decline in the TOC and Komsomolskoe fields.

Exploration

Our exploration activities are aimed at rejuvenating our production base. In Romania, we hold exploration licences for eight onshore and two offshore blocks, with a total area of 29,094 sq km (16,702 sq km of onshore blocks and 12,392 sq km of offshore blocks). In 2015, we made the largest exploration expenditure since our privatisation in 2004, amounting to RON 1,399 mn, which mainly included the capitalised drilling expenditures associated with Neptun Deep wells. 2015, as the first year of a new exploration cycle (three years extension for nine blocks), was mainly dedicated to seismic acquisition commitments and preparation of new drilling activities. Although only two out of the four onshore exploration wells finalised in 2015 reached the initial target, the onshore exploration success rate reached 75% due to the fact that the 6500 Băicoi well reached a different target than initially planned. Since privatisation, our total exploration expenditures amounted to RON 6,152 mn from 2005 to 2015. In the first six months of 2016, our exploration expenditures amounted to a further RON 242 mn.

Exploration expenditures represent all costs incurred during the exploration or appraisal phase of a field, comprising costs related to exploratory and appraisal drillings, costs of specific studies incurred in these phases (e.g., acquisition and interpretation of seismic data, geological and geophysical studies and surveys) and the cost of the dedicated internal exploration department. In furtherance of our exploration activities, we engage in two-dimensional (“2D”) and 3D seismic acquisition near-field and frontier exploration, which allows geophysicists to map subsurface formations and anomalies to predict where oil and gas may be trapped in sufficient quantities for exploration activities. We have achieved seismic coverage of 79% of exploration acreage as of 31 December 2015, on a weighted average basis, both onshore and offshore. In addition, we engage in onshore and offshore acreage acquisitions and partnerships with leading international oil and gas companies.

Offshore exploration

We are engaged in the following offshore exploration activities:

- ***Neptun block***

Our exploration in the Neptun block takes place in both the deep-water and shallow-water sectors of the Black Sea. Pursuant to an agreement signed in 2008 with ExxonMobil, we explore Neptun Deep through a joint arrangement in which we each hold a 50% interest and ExxonMobil acts as the operator. Neptun Deep covers an area of approximately 7,500 sq km.

We conducted the first exploration drilling campaign in Neptun Deep between 2011 and 2012. As part of this campaign, the Domino-1 exploration well, the first deep-water exploration well in Romania, encountered natural gas in 2012. We also completed 3D seismic acquisition programmes covering the entire area of the block in 2009 and 2013.

Between 2014 and January 2016, we conducted a second exploration drilling campaign, during which we drilled seven wells. The majority of these wells encountered gas. In addition, we performed a successful well test of the Domino structure.

The results of the drilling campaign are sufficiently encouraging to progress more detailed work to determine if commercial development is viable, which is currently ongoing. If commercial development proves to be viable, the final investment decision could be expected in approximately two years and first production could be achieved early next decade.

In the shallow water sector of the Neptun block, we engage in exploration activities covering an area of approximately 2,300 sq km. We are the operator and hold a 100% interest in the shallow-water sector of XIX Neptun block. We completed a 3D seismic acquisition programme covering an area of 1,600 sq km. The seismic data are undergoing interpretation, which will allow evaluation of additional opportunities in the Black Sea.

- *Istria block*

We engage in shallow-water exploration in the Istria block. We drilled the Marina-1 exploration well 60 km from shore to a depth of approximately 2,150 metres below the seabed. First estimates from production tests showed a potential production per well of 1,500 to 2,000 boe/d. Further exploration and appraisal drilling is planned for the next two years in order to delineate the discovery and to assess its commercial viability.

Onshore exploration

While offshore exploration in the Black Sea is the major focus of our exploration activities, onshore exploration through highly intensive geological and geophysical activities remains important. Seismic data recorded from 2012 to 2015 is being processed and interpreted in order to rebuild the drilling projects portfolio.

The onshore exploration activity performed in Romania in the years ended 31 December 2013, 2014 and 2015 and the six months ended 30 June 2016 is set out in the table below:

	Year ended 31 December			Six months ended
	2013	2014	2015	30 June 2016
		<i>(units)</i>		
3D (sq km)	6,792	681 ³	430	—
2D (sq km)	308	—	1,131	—
Well drilling	3	8	6	—
	G&G ¹	G&G	G&G	—
Other works.....	G&A ²	G&A	G&A	

Notes:

- (1) G&G refers to geological and geophysical projects.
- (2) G&A refers to general and administrative projects.
- (3) Combined development and exploration 3D seismic acquisition.

We are engaged in the following onshore exploration activities:

- *Repsol partnership*

In February 2013, we entered into a farm-out contract with Repsol for the deep part of the Peri-Carpathian licences covering the Băicoi, Târgoviște, Pitești and Târgu Jiu onshore blocks, with Repsol acquiring a 49% working interest. The objective of this partnership (in which we act as operator) is to evaluate and unlock the hydrocarbon potential of the four blocks.

In 2014, two deep high pressure/high temperature wells were spudded in the Băicoi and Târgoviște blocks, both of which revealed the high complexity of the area and represented a significant challenge for the drillers. The exploration well in the Băicoi block was plugged and abandoned. However, oil was discovered in the Dacian formations. This discovery was further appraised by the 680 Țintea Nord well, which is currently in experimental production.

The 4000 Piscuri exploration well in the Târgoviște block reached a total depth of more than 5,300 metres and encountered hydrocarbons in multiple layers. The geophysical data interpretation suggests the existence of potentially significant resources. Testing operations began, but experienced technical problems. A heavy workover is planned for the fourth quarter of 2016. Following the results of the 4000 Piscuri exploration well, the drilling of a new deep high pressure/high temperature well is under consideration.

In addition, we completed the 2D Pitești and Târgu Jiu seismic acquisitions with Repsol, specially designed to better image the deep geological formations (long offsets) in order to support the identification of potential deep drilling targets.

- *Hunt Oil partnership*

In partnership with Hunt Oil, we commenced a drilling programme in the Adjud and Urziceni East blocks in the third quarter of 2014. In December 2014, we announced the discovery of a new oil and gas field in the Urziceni East block, located in Buzău, Romania. Testing operations confirmed the production potential of the discovery. A 3D acquisition programme of the area was conducted to better delineate the oil and gas discovery in the Urziceni East block and to identify further opportunities.

In 2015, capitalising on the positive testing results of the Padina Nord 1 well, we initiated a project for early development facilities with the objective of installing equipment required to gather, treat and transport gas and condensate, which is currently in progress. We aim to start experimental production from the Padina Nord 1 exploration well in the fourth quarter of 2016. Moreover, further drilling activity at the Largu 1 well is planned for 2016. In addition, we completed 3D seismic acquisition in the Adjud block, which was designed to support the exploration for complex stratigraphic traps in the northern part of Adjud block.

Upstream Licences

A licence from state authorities (which in Romania is called a “petroleum agreement”), is required to explore for and produce oil and natural gas in Romania. As of the date of this Prospectus, we and our partners held three licences covering 10 exploration blocks. These licences grant us the exclusive right to explore, develop and extract hydrocarbons from fields in a defined area during the term set in each licence. In addition, we held development and production licences covering assets with 232 commercial oil and gas fields and approximately 8,400 active wells as of 30 June 2016. These production licences grant us the exclusive right to extract hydrocarbons from fields in a defined area during the term set in the licence.

We actively monitor the terms of each of our licences with the aim of ensuring full compliance with our obligations thereunder in order to minimise the risk that such licences may expire or be prematurely revoked. We monitor upcoming auctions for new licences and aim to tender for licences which we believe will add value to our resources and reserves base and which are consistent with our strategy and business focus. With respect to our existing portfolio of licences, we monitor our compliance with the key delivery targets provided for in each licence and seek to obtain any necessary amendments or renewals of the licence’s terms, including design documentation and mineral extraction permissions. We also focus our efforts on the licences we deem (in our subjective view) most profitable and productive, while identifying and then divesting those licences we deem (in our subjective view) unproductive.

The table below sets forth certain information relating to each of our existing exploration, development and exploitation blocks. Information concerning licence expiration dates is subject to classification and confidentiality restrictions under Romanian law:

No	Field	Licence Holder	Licence Type	Stage of works
1	XVIII Istria	100% OMV Petrom	Exploration offshore	Well Proposal (“WP”) Planning
2	XIX Neptun Deep ¹	50% OMV Petrom	Exploration offshore	WP Planning
	XIX Neptun Shallow ²	100% OMV Petrom	Exploration offshore	WP Planning
3	VIII Urziceni Est ³	50% OMV Petrom	Exploration onshore	3D seismic acquisition completed Well planning in progress
4	I Adjud ³	50% OMV Petrom	Exploration onshore	3D seismic acquisition in progress
5	IX Bucuresti	100% OMV Petrom	Exploration onshore	WP Planning
6	X Craiova	100% OMV Petrom	Exploration onshore	WP Planning
7	XIII Targu Jiu ⁴	51% OMV Petrom	Exploration onshore	2D seismic acquisition in progress
8	XII Pitesti ⁴	51% OMV Petrom	Exploration onshore	2D seismic acquisition in progress
9	VI Targoviste ⁴	51% OMV Petrom	Exploration onshore	WP Planning
10	V Baicoi ⁴	51% OMV Petrom	Exploration onshore	WP Planning

Notes:

- (1) ExxonMobil has a participating interest of 50% and is the operator.
- (2) XIX Neptun Shallow is part of the same block and covered by the same exploration licence as XIX Neptun Deep.
- (3) Hunt Oil has a participating interest of 50% and is the operator.
- (4) Repsol has a participating interest of 49% in each exploration block through its legal entity for the respective block: Repsol Baicoi S.R.L., Repsol Targoviste S.R.L., Repsol Pitesti S.R.L. and Repsol Targu Jiu S.R.L. We are the operator of each of these blocks.

Hydrocarbon Reserves and Reserves Replacement

Reserves

The following table sets out our estimated proved reserves as of 30 June 2016:

	Oil and NGL		Natural gas		Total
	(mn t)	(mn bbl)	(bcf)	(mn boe)	(mn boe)
Proved (1P).....	48.0	346.5	1,449.0	268.1	614.6
Romania.....	45.7	328.6	1,434.5	265.7	594.3
Kazakhstan.....	2.3	17.9	14.5	2.4	20.3

As of 30 June 2016, crude oil and NGL represented approximately 56% of our 1P reserves, while natural gas represented approximately 44% of our 1P reserves. Romania represented approximately 97% of total 1P reserves, with the remaining share represented by Kazakhstan. As of 30 June 2016, our 2P oil and gas reserves amounted to 885.0 mn boe (out of which 842.2 mn boe were in Romania). Based on our current production, we estimate that our 1P reserves will sustain production for approximately 10 years. The below chart shows 1P reserves in Romania:



The proved and probable oil and natural gas reserves presented in this Prospectus have been estimated by our own engineers, in accordance with SEC and PRMS standards. See “*Presentation of Financial and Other Information – Certain Reserves Information*”. In the process of estimating our hydrocarbon reserves, volume estimates are performed by a qualified reserves estimator. All volume estimates by the qualified reserves estimator are reviewed in an annual reserves review by the head of reserves & portfolio and the corporate reserves manager. Upon presentation to and acknowledgement by the Corporate Reserves Committee, the figures are disclosed in our annual reports.

Since 2005, D&M, as independent professional engineers, have prepared an independent evaluation of our reserves every two years. Most recently, D&M evaluated our reserves as of 31 December 2015 as part of its evaluation for OMV Group. This most recent evaluation has been updated for the Company as of 30 June 2016. However, due to restrictions on access to hydrocarbon reserves data under Romanian law (see “*Presentation of Financial and Other Information—Certain Reserves Information –Information subject to classification and confidentiality obligations under Romanian law*”) no independent reserves report has been included in this Prospectus. The last independent reserves audit conducted by D&M as of 30 June 2016 did

not find any differences at Group level (in excess of 5%) between the total 1P and total 2P reserve estimates prepared by our own engineers and D&M's estimates.

Reserves Replacement

Continuous workovers of mature fields and a successful infill drilling programme, combined with diversification of the recovery technologies applied, have helped maintain a three-year average reserve replacement ratio based on 1P reserves in Romania of 33% as of 31 December 2015 (2014: 39%). In 2015, the single-year reserves replacement ratio in Romania was 25% (2014: 42%). Our reserve replacement ratio was supported by continuous reservoir studies performed, diversification of recovery techniques and new extensions of existing fields, but was nevertheless impacted in 2015 by the overall reduced level of investments. In total, our single-year reserves replacement ratio was 31% in 2013, 42% in 2014 and 33% in 2015.

Downstream Oil

Overview

The Downstream Oil business segment's activities include processing and refining crude oil and delivering refined products to retail and non-retail customers. We operate the modernised Petrobrazi refinery, which has an annual refining capacity of 4.5 mn t/y (updated from 4.2 mn t/y as of the first quarter of 2015). The modernisation programme, which was started in 2010 and was completed in June 2014, included investments in the Petrobrazi refinery totalling approximately EUR 600 mn between 2010 and 2014.

Our production is brought to retail consumers through our network of 784 filling stations (as at 30 June 2016) under two brands, OMV and Petrom, in Romania, Bulgaria, the Republic of Moldova and Serbia. In addition to retail consumers, we also serve a wide range of non-retail customers, including industrial companies, airlines and freight companies.

The following table sets out key financial and operating indicators for the Downstream Oil business segment for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2013	2014	2015	2015	2016
Segment sales (RON mn)	19,308	16,755	13,322	6,474	5,032
EBIT (RON mn)	386	(79)	1,230	847	617
Capital expenditure (RON mn)	827	794	393	118	263
Total refined product sales (mn t) ¹	5.22	4.81	5.03	2.32	2.27
thereof:					
Gasoline	1.41	1.30	1.34	0.65	0.61
Diesel	2.48	2.26	2.42	1.10	1.09
Kerosene/jet fuel	0.22	0.25	0.25	0.12	0.12
HFO	0.49	0.39	0.30	0.11	0.13
Retail sales volumes (mn t) ²	2.48	2.37	2.53	1.16	1.19
Number of filling stations	785	780	788	777	784

Notes:

- (1) Include all products sold by the Group.
- (2) Retail sales volumes include sales via our filling stations in Romania, Bulgaria, Serbia and the Republic of Moldova. Figures also reflected sales to non-retail customers in the Republic of Moldova until the end of 2015, when reporting changed. Historical figures were not adjusted accordingly (on a comparable basis, Group retail sales volumes would have increased by 5% in the first half of 2016 compared to the first half of 2015).

Refining

We operate the Petrobrazi refinery, located near the city of Ploiesti, Romania, a regional commercial and industrial centre approximately 60 km north of Bucharest, Romania. The Petrobrazi refinery processes the entire quantity of crude oil from our own domestic production. The facility also has pipeline access to and is capable of processing imported crude oil. The refinery is located in our principal domestic oil and gas producing regions and accounted for approximately 37% of active crude processing capacity of Romania as of 31 December 2015, according to Company estimates based on NIS data. The Petrobrazi refinery is connected to the pipeline infrastructure of Conpet, a majority state-owned transport company in Romania which we contract to transport crude oil from our production fields and from the crude oil terminal at Constanta on the Black Sea. Transport prices are regulated by ANRM, the regulatory authority for mineral resources in Romania, and subject to review by the Competition Council. We also rely on Oil Terminal for handling our crude oil imports. Oil Terminal is majority-owned by the Romanian State and is the only Romanian company which specialises in loading, unloading and storage of crude oil and oil products.

Between 2010 and 2014, the Petrobrazi modernisation programme took place, in which we invested approximately EUR 600 mn. After completion of the Petrobrazi refinery modernisation, the opportunity was taken to demonstrate the maximum throughput based on a timeframe of the best 30 consecutive days. As a result, the annual refining capacity was updated from 4.2 mn t/y to 4.5 mn t/y as of the first quarter of 2015. The following units have been addressed during the modernisation programme: crude distillation, coker, gas desulphurisation and sulphur recovery units, diesel hydro-treater and the fluid catalytic cracker units, as well as the hydrogen plant and refinery tank farm. These investments are expected not only to improve yields, but also to support a further increase in the refinery's operational efficiency.

The first full year benefits of the modernisation programme were in 2015, and we expect the Petrobrazi refinery to contribute to maximising the benefits of our vertical integration. As of 31 December 2015, the modernisation programme resulted in a reduction in energy consumption by approximately 30% compared to 2009 levels.

In the six months ended 30 June 2016, indicators declined compared to the six months ended 30 June 2015. The utilisation rate of the Petrobrazi refinery decreased to 81% (compared to 84% in the six months ended 30 June 2015) due to the planned refinery turnaround. The indicator refining margin decreased from USD 8.59/bbl in the six months ended 30 June 2015 to USD 7.43/bbl in the six months ended 30 June 2016, mainly due to lower spreads for middle distillates and gasoline, the effect of which was partially offset by lower costs for crude consumed in our refining operations.

The Petrobrazi refinery produces a wide range of refined oil products. Refined oil products include gasoline, diesel, jet fuel, heavy fuel and LPG. The Petrobrazi refinery targets a yield of up to approximately 45% middle distillates such as diesel and jet fuel, and approximately 45% other distillates, including gasoline, petrochemicals (e.g., propylene, benzene, toluene and sulphur), LPG, fuel oil and coke, with the approximately 10% remaining going toward the Petrobrazi refinery's own crude consumption.

The following table sets forth the crude oil processed, the utilisation rate and the production of the Petrobrazi refinery for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2013	2014	2015	2015	2016
Crude oil processed (kt) ¹	3,771	3,728	3,926	1,844	1,794
Capacity utilisation rate (%) ²	90	89	88	84	81
Production (kt)					
Gasoline.....	1,210	1,143	1,262	604	570
Diesel.....	1,266	1,428	1,498	713	655
Kerosene/Jet fuel	185	207	190	87	75
HFO.....	366	309	193	94	106
LPG	221	191	207	109	90
Petroleum coke.....	240	233	263	123	122

Notes:

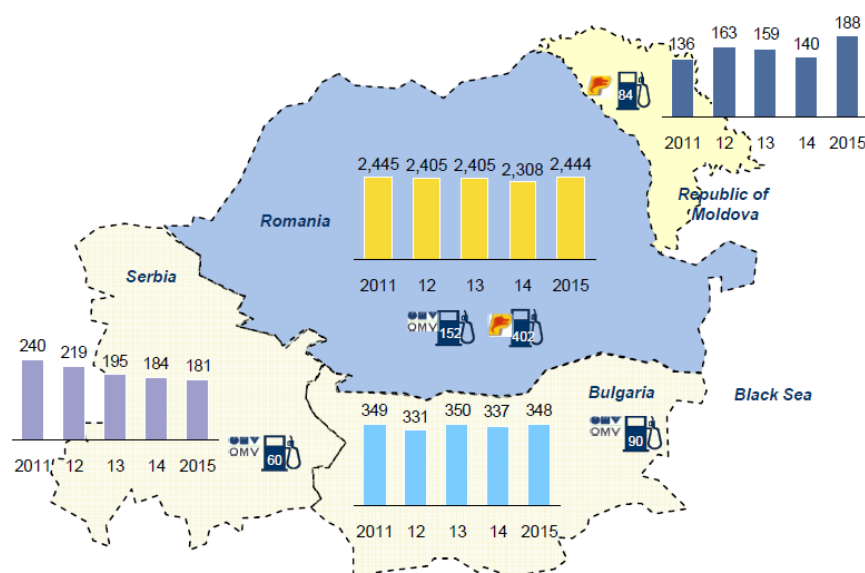
- (1) Including condensate.
- (2) Starting in the third quarter of 2012, nominal capacity was streamlined from 4.5 mn t/y to 4.2 mn t/y. After the finalisation of the Petrobrazi refinery modernisation, the opportunity was taken to demonstrate the maximum throughput based on a timeframe of the best 30 consecutive days. As a result, the annual refining capacity was updated from 4.2 mn t/y to 4.5 mn t/y as of the first quarter of 2015.

Sales Channels

We aim to deliver high-quality products through our extensive network of approximately 784 filling stations (as of 30 June 2016), both in Romania and in the neighbouring countries of Bulgaria, Serbia and the Republic of Moldova, as well as through customised sales channels to both retail and non-retail customers. Our filling stations are operated under two brands, OMV and Petrom, with the OMV brand directed at the premium market. The following table sets out the number of our filling stations per country:

	Year ended 31 December			Six months ended 30 June	
	2013	2014	2015	2015	2016
Romania	545	544	554	544	554
Republic of Moldova.....	86	86	84	83	79
Bulgaria	93	89	90	89	90
Serbia.....	61	61	60	61	61
Total.....	785	780	788	777	784

Based on data from the NIS of Romania, the NIS of Bulgaria, the UNKS (a Serbian oil association), and ANRE of Moldova, we estimate that our overall market share (retail sales and non-retail sales, excluding sales to oil companies) in South-Eastern Europe was approximately 25% in 2013, 24% in 2014 and 24% in 2015. Despite this, we remain the leader in the Romanian market with our 554 filling stations, with a total market share of approximately 35% in 2015, according to Company estimations based on data from the NIS. The below chart shows our retail fuel sales in our operating region (in mn l) for the periods indicated:



Source: Company data.

In a market that faces increasing competition from players such as Rompetrol, Lukoil, Mol, Gazprom and Socar, we seek to retain our strong competitive edge by offering the best value through the well-located filling stations. Our retail outlets offer customers a range of services, such as convenience shopping, food service and car wash. With the shop-in-shop concept (renting space in the shop areas of filling stations to partners), we have developed strategic business relationships with partners such as Subway to increase our offering to consumers.

In the non-retail market, we are a major business partner for companies and institutions acting in transportation, industry, construction, mining, agriculture, and government. We estimate that we are also the leading provider of aviation fuel services in Romania based on data from the NIS. Through our network of regional storage facilities or directly from our refinery, we deliver petroleum products to approximately 16,000 business customers (including non-retail and card customers).

The following table presents certain operating data for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2013	2014	2015	2015	2016
Romania					
Average throughput per filling station (mn litres)	4.41	4.22	4.45	2.06	2.15
Total market share (%) ¹	34	34	35	35	34
OMV Petrom in the operating region					
Average throughput per filling station (mn litres)	3.89	3.76	4.01	1.85	1.87
Total market share (%) ²	25	24	24	24	24

Notes:

(1) Source: Company calculation based on available data, including data from NIS.

- (2) Source: Company calculation based on available data, including data from NIS of Romania, NIS of Bulgaria, the UNKS, and the ANRE of the Republic of Moldova. Calculated by dividing total sales for South-Eastern Europe by the combined market sizes of the countries in South-Eastern Europe.

Downstream Gas

Overview

The Downstream Gas business segment is active in various stages of the gas value chain and comprises our gas and power lines of business. We are an important player in the Romanian gas market, and focused on supplying gas to commercial and industrial customers. Based on data from ANRE, we supplied approximately 48% of Romanian domestic natural gas consumption, with 51.39 TWh in gas sales in 2015. Our 860 MW gas-fired Brazi power plant and our 45 MW Dorobanțu wind park produced a combined total net electrical output of 2.7 TWh for the year ended 31 December 2015 and 0.9 TWh for the six months ended 30 June 2016.

We cover all gas market segments, from small enterprises to large-scale industrial consumers and power producers. We supply both regulated and competitive market segments, and therefore our revenue from the sale of natural gas is driven both by the regulated prices during the period and by the competitive market price (intra-segment sales to the Brazi power plant are at market prices, determined with reference to similar-sized industrial consumers in Romania).

In order to expand the gas value chain, in 2007 we established our Power business line. The Brazi power plant, located near the Petrobrazi refinery, is the largest greenfield power generation project in Romania and was the first project of its size in Romania in the past 20 years. The Brazi power plant began commercial operations in August 2012 and has an installed capacity of 860 MW.

The following table sets out key financial and operating indicators for the Downstream Gas business segment for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2013	2014	2015	2015	2016
Segment sales (RON mn)	4,315	4,375	4,536	2,248	2,114
EBIT (RON mn)	112	(818)	(216)	(81)	17
Capital expenditure (RON mn)	18	3	9	3	7
Gas sales volumes (TWh) ¹	52.70	47.70	51.39	27.3	24.75
Net electrical output (TWh)	2.9	1.3	2.7	0.4	0.9

Note:

- (1) Gas sales volumes include transfers within OMV Petrom (e.g. the Brazi power plant).

Gas

In Romania, the natural gas market is divided into a competitive market and a regulated market. Romania has undertaken to fully liberalise prices of domestic production for households and heat producers for households by 30 June 2021. For more information on price liberalisation, please see “*The Romanian Oil, Natural Gas and Electricity Markets*” and “*Regulatory Matters*”.

The initial roadmap enforced by the Romanian Government pursuant to Law no. 123/2012 (the “**Energy Law**”) for the gradual increase of regulated domestic gas prices has been partly implemented. Price liberalisation for non-households was finalised by the end of 2014, while liberalisation for households continues. The deadline for households’ liberalisation has been extended until 30 June 2021. At the end of 2015, the regulated domestic gas price was RON 60/MWh for households; 2015 was the first year with fully liberalised prices for non-households.

In order to ensure adequate coverage of domestic consumption of natural gas, government regulations impose a mandatory import quota. Before January 2015, a quota was published for both households and non-households, while starting with January 2015, only households are subject to a quota. The average import quota set by ANRE for households was 1% in 2015 (2014: 3%), while the import quota for non-households is no longer mandatory starting from 2015 (2014: 10%).

In compliance with a new obligation in force as of 15 July 2014, gas producers started to sell a portion of their domestic gas production on the Romanian centralised trading platforms, which has proven to be a challenge. Due to insufficient liquidity of the centralised market, despite having offered significant quantities of natural gas through this channel, we were able to sell only part of the required quantity in 2015. See “*Risk Factors—Risks Relating to Our Business and Industry—Government intervention and regulation may have a material adverse effect on our business*”.

In line with our strategy of optimising downstream operations and focusing on core businesses, we sold our interests in two non-core gas distribution companies: Petrom Distribuție Gaze S.R.L. to Ligatne S.R.L. in 2013, and Congaz S.A. to Engie Romania S.A. (formerly GDF Suez Energy Romania) in 2014. Following these disposals, all our third-party customers in the gas business are served through the fully consolidated company OMV Petrom Gas S.R.L. (99.99% owned by OMV Petrom).

Power

In 2007, we decided to enter the electricity market by constructing the Brazi power plant. The 860 MW gas-fired power plant came on-stream in August 2012 and had its first full year of commercial operations in 2013. Due to its operational flexibility, the plant is able to operate over a broad load range, from approximately 200 MW to 860 MW with fast start-up and shut-down times, thereby contributing to the stability of the national energy system. The plant generated net electrical output of approximately 2.7 TWh in 2013, approximately 1.2 TWh in 2014 and approximately 2.6 TWh in 2015. The Brazi power plant covered approximately 4% of Romania’s electricity production in 2015 and, due to the plant’s operational flexibility, approximately 11% of the balancing market, strongly contributing to the stability of the national power system. In 2015, the net availability of the plant was 91%. In the first half of 2016, the Brazi power plant generated net electrical output of 0.9 TWh, compared to 0.4 TWh in the first half of 2015. Net plant availability stood at 87% in the six months ended 30 June 2016, reflecting the planned outage in the second quarter of 2016.

The construction of our 45 MW Dorobanțu wind park equipped with 15 Vestas wind turbines of 3 MW each started in 2010. The Dorobanțu wind park generated a net electrical output of 0.10 TWh in 2013, 0.08 TWh in 2014 and 0.08 TWh in 2015. In 2015, the net availability of the plant was 98%. For the electricity produced and delivered to suppliers, OMV Petrom Wind Power S.R.L., owner of the Dorobanțu wind park, received approximately 178,000 green certificates (“**GCs**”) in 2013 (of which approximately 32,000 will be eligible for sale after 1 January 2018), approximately 133,000 GCs in 2014 (half of which will become eligible for sale after 1 January 2018) and approximately 130,000 green certificates in 2015 (half of which will be eligible for sale after 1 January 2018). With 98% availability, the Dorobanțu wind park’s net electrical output was 0.04 TWh in the first half of 2016 (compared to 0.05 TWh in the first half of 2015), for which OMV Petrom Wind Power S.R.L. received approximately 67,500 GCs, with half of them to become eligible for sale after 1 January 2018 (compared to approximately 77,400 GCs in the first half of 2015, with half of them eligible for

sale after 1 January 2018). We intend to divest the Dorobanțu wind park, in line with the strategy to focus on our core business, subject to availability of competitive offers.

Gas and Power Licences

Natural gas

Under the applicable legislation, natural gas supply operations must be carried out subject to licences issued by ANRE. The Company and its subsidiaries hold the following supply licences:

- gas supply licence no. 1917/2013 held by the Company, valid until 18 February 2035; and
- gas supply licence no. 1916/2013 held by OMV Petrom Gas S.R.L., valid until 31 January 2022.

The Company also holds licence no. 1902/2013 issued by ANRE for the operation of upstream pipelines for gas production, valid until 30 April 2049.

Power

Under the applicable legislation, power production and supply operations must be carried out subject to licences issued by ANRE.

Production

The Company holds licence no. 577/2003 for commercial operation of power production capacities, valid until 17 May 2028. This licence covers the activity of the Brazi power plant, the trigeneration power plant located in Petrom City, the cogeneration plant on the Petrobrazi platform and for other OMV Petrom power production units across Romania.

Our subsidiary OMV Petrom Wind Power S.R.L. holds production licence no. 1041/2011, valid until 6 October 2036, and supply licence no. 1030/2011, valid until 19 August 2017.

Supply

The Company holds the power supply licence no. 870/2009, valid until 21 May 2019. Also, OMV Petrom Gas S.R.L. holds the power supply licence no. 1128/2012, valid until 14 November 2016 (with discussions for its extension currently ongoing).

Material Property, Plants and Equipment

The Group's fixed tangible assets comprise mainly oil and gas related assets in Upstream, the Petrobrazi refinery and the Brazi power plant. The Company owns many of these assets as well as the land on which they are located, although some assets, mostly in the Upstream business segment, are located on leased land. These assets are not subject to any material encumbrances. The Group also operated a network of 784 filling stations as of 30 June 2016, including 554 in Romania, 79 in the Republic of Moldova, 90 in Bulgaria and 61 in Serbia. These filling stations are primarily owned by the Group, but we also lease the property at some locations. The filling station network is not subject to any material encumbrances. For further information on our filling station network, please see "*Business—Downstream Oil—Sales Channels*".

Health, Safety, Security and Environment

We are subject to numerous laws and regulations with respect to protection of the environment and employee health and safety in the countries in which we operate. In addition to laws and regulations, there is increasing pressure from society and the marketplace to improve HSSE standards. We view occupational health,

workplace safety, process safety, security, asset integrity and effective environmental protection as essential for our operations and manage these matters as we would any other critical business issue.

Strengthening the HSSE management system has been an important focus. One of the key goals has been to raise awareness of HSSE issues among our employees. Our integrated HSSE management plans include over 1.9 days per employee per year for HSSE training (excluding Kazakhstan). Major communication programmes focus on environmental protection, safety and road safety. Occupational health programmes focus on health promotion by active employee involvement and high standards in all countries of operation. In addition, emergency and crisis preparedness form an integral part of all operations.

We achieved a combined LTIR for employees and contractors of just 0.16 injuries per mn work hours in 2015, which was the lowest level since our privatisation and lower than the international benchmark set by the International Association of Oil & Gas Producers. The below table shows our LTIR and total recordable injury rate (“**TRIR**”) for the periods indicated:

	Year ended 31 December		
	2013	2014	2015
LTIR per mn hours worked for own employees.....	0.37	0.47	0.23
LTIR per mn hours worked for contractors.....	0.31	0.21	0.13
LTIR per mn hours worked combined employees and contractors.....	0.33	0.30	0.16
TRIR per mn hours worked for own employees	0.67	0.90	0.50
TRIR per mn hours worked for contractors	0.51	0.56	0.31
TRIR per mn hours worked combined employees and contractors.....	0.57	0.68	0.38

Our fatal accident rate for our own employees was 3.30 per 100 mn work hours in 2015, compared to 5.82 in 2014 and 8.43 in 2013. We recorded a total of 2,285 hydrocarbon spills during 2015, compared to 2,017 in 2014 and 1,666 in 2013. The amount of hydrocarbons spilled was 72,641 litres in 2015, compared to 44,960 litres in 2014 and 38,198 litres in 2013 (excluding Kazakhstan).

The LTIR for our employees was 0.27 per mn work hours in the first half of 2016, compared to 0.38 in the first half of 2015. Among our contractors, LTIR was 0.11 per mn hours worked in the first half of 2016, compared to 0.22 in the first half of 2015. Combined LTIR for employees and contractors decreased to 0.17 in the first half of 2016 from 0.28 in the first half of 2015. The total recordable injury rate for employees and contractors was 0.41 in the first half of 2016 compared to 0.46 per mn work hours in the first half of 2015. Our fatal accident rate for our own employees was 6.75 per 100 mn work hours in the first half of 2016, while our fatal accident rate for employees and contractors was 2.42 per 100 mn work hours in the same period. We recorded a total of 1,056 hydrocarbon spills during the first half of 2016 compared to 1,214 in the first half of 2015. The amount of hydrocarbons spilled was 27,391 litres in the first half of 2016, compared to 35,003 litres in the first half of 2015.

Our HSSE data for 2013, 2014 and 2015 does not include our operations in Kazakhstan. From 1 January 2016, HSSE data for our subsidiaries in Kazakhstan is included in our Group HSSE data.

Environmental Matters

The following is a summary of the developments and efforts in respect of certain environmental issues, which management considers important for our business.

Environmental Risk Management

Our Environmental Management Directive, backed by clear standards, targets and performance measurements, forms our framework for ongoing improvement. The directive guides the entire organisation – from policy on HSSE to our commitment to the UN Global Compact. It sets out the environmental management requirements for business processes, strategy, investments, budgeting and purchasing. Our Environmental Management Standard helps us to implement the Environmental Management Directive. The Environmental Management Standard provides a systematic approach to managing environmental activities, with the aim of preventing, eliminating and reducing our environmental impacts. Our environmental risk assessment methodology helps us in our endeavour to meet best practice standards and comply with ISO 14001 requirements. Our aim is to apply the methodology consistently across the Company to help set priorities, make effective environmental decisions, ensure compliance with legal requirements and loss prevention/minimisation, as well as raise environmental awareness.

Carbon and Energy Management

Our carbon strategy aims to reduce GHG emissions and de-carbonise our product portfolio (i.e., moving to a product portfolio with GHG emissions of lower carbon content).

Our industry is energy-intensive. Energy costs account for a large share of our operational costs. By improving our energy efficiency, we can reduce our environmental impact and our costs. In 2015, our total energy consumption increased by 8% compared to 2014. We continue to focus on energy efficiency to improve environmental protection and reduce our impact throughout the value chain. In 2015, we decreased overall GHG emission intensity, which is the ratio between the emitted quantity of GHG emissions and the production, by approximately 9% compared to 2014 after a decrease of 5% in 2014 versus 2013.

In the Upstream business segment, we invested in producing energy in G2P and in cogeneration projects, to reduce energy consumption and emissions. Since 2009, we have constructed 28 G2P and cogeneration plants, through which electricity is generated or, simultaneously, electricity and heat from gas. All 28 installed plants have a total capacity of 58 MW, which provided approximately 50% of the electricity consumption in the Upstream business segment's onshore assets in 2015.

In the Downstream Oil business segment, the modernisation of the Petrobrazî refinery was successfully completed in 2014, leading to a reduced environmental impact of refinery operations. In 2015, energy efficiency projects focused on improving heating efficiency by revamping and optimising the steam system. These entailed optimising the steam consumption for floating roof tanks, upgrading the steam tracers, improving the thermal insulations of steam pipelines and hot feed integration in the coker unit. The Petrobrazî refinery achieved an increase of the share of gaseous fuel from 74% in 2011 to 98% in 2015. In the Downstream Gas business segment, we invested approximately EUR 530 mn between 2008 and 2012 in the construction of the Brazi power plant. This 860 MW combined cycle power plant has the potential to cover up to 9% of the Romanian electricity market. The plant uses state-of-the-art technology that is almost twice as energy efficient as the sector average, based on Company estimates.

Water Management

We withdraw water from various sources for our day-to-day operations. We use it for a wide variety of purposes, including steam production, cooling, potable water in office buildings and car washing at filling stations. We have focused on more efficient water use and invested in water treatment. In 2015, we continued to increase water efficiency and managed to lower our total water withdrawal by approximately 54% compared to 2010 and by 9% compared to 2014. Water reduction targets were established for 70% of our

assets and are subject to regular monitoring and reporting. We were successful in reducing our overall water intensity (i.e., the ratio between the water drawn from natural resources and the production of the asset) by 16% in 2015 versus 2014, after an 11% decrease in 2014 versus 2013. In the Upstream business segment, key actions to lower water intensity in 2015 were the implementation of a water supply optimisation project aimed at reducing operating costs and preserving natural water resources by optimising the water supply systems and other improved fresh water treatment, steam generation and heat exchange, as well as park modernisations, preventive maintenance and repairs to reduce water losses and revamps of boilers. In the Downstream business segment, in 2015 we implemented measures to reduce water losses by replacing old ground water pipeline, reducing water use in cooling towers of cogeneration plants and optimising drinking water networks.

Our Upstream operations manage large amounts of formation water (water produced as a by-product of oil and gas production). In 2015, this amounted to 48.3 mn bcm of water, 96% of which was injected back deep underground following treatment. The remainder was treated before being discharged to surface water bodies, in accordance with our environmental permit.

Decommissioning

In carrying out decommissioning activities, special attention is paid to environmental issues such as decontamination and waste disposal. The decommissioning of the chemical plant at Doljchim has been under way since 2009. In 2015, we developed the technical documentation and obtained the demolition permits for the remaining plants and buildings in Doljchim. This activity was started in 2015 and is expected to end in 2017, thus completing the last stage of the works for closing Doljchim's activities.

Employees and Pensions

As of 30 June 2016, the Group employed 15,237 persons, compared to 16,038 as of 31 December 2015, 16,948 as of 31 December 2014 and 19,619 as of 31 December 2013. From 2013 to 2015, the Group's workforce decreased by 18% (net reduction by 3,581 employees), mainly as a result of restructuring and outsourcing projects.

Employee morale, participation and identification are important to us, since we consider our employees to be the most important factor for success. We maintain a continuous dialogue with our employees, place particular importance on the integration of new employees and offer employee incentives.

Approximately 89% of our employees are members of labour unions, and their employment conditions are governed by a collective bargaining agreement that is renegotiated at least every two years and filed with the relevant labour authorities in Romania. The current two-year collective bargaining agreement has been in force since 1 January 2016. Upon the expiry of the collective bargaining agreement, it can either be prolonged (by no longer than 12 months) with or without amendments, or another collective bargaining agreement may be concluded. None of our operations have experienced any strike or other form of labour disturbances that have interfered with our operations, and we consider our relationship with our employees to be good. See *"Risk Factors—Risks Relating to Our Business and Industry—A strike or other labour disruption may have a material adverse effect on our business"*.

We offer our employees various benefits, including a bonus for Oilman Day, a bonus for high performance granted under certain conditions, and other benefits such as private health insurance, life insurance and social benefits in case of death, illness and work accidents as well as partial coverage of the costs of tickets for vacation and treatment under the conditions established with the representative trade union.

According to Law no. 137/2002 regarding certain measures for the acceleration of the privatisation, the Government may grant to employees, board members and retired employees last employed in companies

and/or their subsidiaries subject to privatisation the right to purchase from the public institution involved/company, shares in these companies at the same price per share at which they are sold in the privatisation process. The percentage of shares to be acquired by the employees and the moment of the acquisition shall be provided through a government decision. The Company's Articles of Association as amended in the context of the privatisation of OMV Petrom provides that the employees of OMV Petrom have the right to acquire from the Romanian State shares in the Company up to the limit of 8% of the share capital, for a price equal to the price for which shares were sold in the privatisation process. No such transfers were performed in the past.

Employees of several Group companies are entitled to receive severance payments upon termination of employment or on reaching normal retirement age, according to the collective bargaining agreement. The entitlements depend on total years of service (e.g., in case of individual lay-offs), years of service within the oil field (e.g., in case of termination of employment on reaching normal retirement age) or years of service within the Group (e.g., in case of collective lay-offs) and final compensation levels.

Provisions for pensions and similar obligations have been set up based on actuarial calculations performed by qualified actuaries. The value of these provisions was RON 239 mn as of 31 December 2015.

Our recruitment efforts focus on attracting and retaining individuals who are motivated to advance within the organisation and meet our evolving needs. We use traditional modes of recruitment, including press advertisements, campus recruitment and searches through consultants and headhunting agencies, as well as special recruitment drives. Competition for qualified employees in Romania among companies that rely heavily on engineering and technology is intense. See *"Risk Factors—Risks Relating to Our Business and Industry—We are dependent on our management and key personnel"*.

Our training programmes aim to upgrade the skills of our employees so they can adapt to broader tasks to better utilise our existing resources. We believe that the emphasis on training and development helps our employees meet business challenges effectively. Our operations employ an experienced and productive workforce.

Technology

The following is a simplified discussion of the key technologies used in our Upstream, Downstream Oil and Downstream Gas business segments:

Upstream

The Upstream business segment includes searching for potential underground or underwater crude oil and natural gas fields, drilling of exploration wells, and subsequently drilling and operating the wells that recover and bring the crude oil and/or raw natural gas to the surface.

The oil wells are created by drilling a long hole into the earth with an oil rig. A steel pipe (casing) is placed in the hole, to provide structural integrity to the newly drilled well bore. Holes are then made in the base of the well to enable the oil and/or the gas to pass into the bore. Finally a collection of valves called a "Christmas Tree" is fitted to the top. The valves have the roles of regulating pressure and controlling flow.

Recovery of hydrocarbons from the reservoirs can rely on the following methods:

- Primary recovery, where the reservoir drive comes from a number of natural mechanisms: natural water displacing oil downward into the well, expansion of the natural gas at the top of the reservoir, expansion of gas initially dissolved in the crude oil, and gravity drainage resulting from the movement of oil within the reservoir from the upper to the lower parts where the wells are located. The recovery factor during the primary recovery stage is typically 5% to 15%.

- Secondary recovery, when over the time the pressure will fall, and at some point there will be insufficient underground pressure to force the oil to the surface and it is necessary to supply external energy into the reservoir in the form of injecting fluids to increase reservoir pressure, hence replacing or increasing the natural reservoir drive with an artificial drive. Secondary recovery techniques increase the reservoir's pressure by water injection, natural gas reinjection and gas lift, which inject air, carbon dioxide or some other gas into the bottom of an active well, reducing the overall density of fluid in the wellbore. The typical recovery factor from secondary recovery operations is about 30%.
- Enhanced oil recovery or tertiary oil recovery methods, which increase the mobility of the oil in order to increase extraction. Tertiary recovery begins when secondary oil recovery isn't enough to continue adequate extraction, but only when the oil can still be extracted profitably. Steam injection is the most common form of thermally enhanced oil recovery, and is often done with a cogeneration plant. Fire flooding (in-situ burning) is another form of thermally enhanced oil recovery, but instead of steam, some of the oil is burned to heat the surrounding oil. Occasionally, surfactants (detergents) are injected to alter the surface tension between the water and oil in the reservoir, mobilising oil which would otherwise remain in the reservoir as residual oil. Another method to reduce viscosity is carbon dioxide flooding. Tertiary recovery allows another 5% to 15% of the reservoir's oil to be recovered.

In general, hydrocarbons are “naturally lifted” or “artificially lifted” from the bore to the surface. “Natural lift” production methods rely on the natural reservoir pressure to force the oil and/or the gas to lift to the surface. The natural pressure is sufficient for a while and after that an “artificial lift” method must be used.

Artificial lift is generally achieved by the use of a mechanical device inside the well (known as a pump or velocity string) or by decreasing the weight of the hydrostatic column by injecting gas into the liquid some distance down the well. An artificial lift method is needed in wells when there is insufficient pressure in the reservoir (following the “natural lift” method).

The produced fluid from an oil and gas well can be a mixture of hydrocarbon gas, condensate or oil; water with dissolved minerals, usually including a large amount of salt; other gases, including nitrogen, carbon dioxide, and possibly hydrogen sulphide; and solids, including sand from the reservoir, dirt, scale, and corrosion products from the tubing.

“Artificial lift” technologies to produce the oil and gas wells are described below:

- Hydraulic pumping systems transmit energy to the bottom of the well by means of pressurised power fluid down in the wellbore tubular to a subsurface pump (a reciprocating piston pump, a jet pump or a hydraulically driven downhole turbine).
- Electrical submersible pumps consist of a downhole pump (a series of centrifugal pumps), actioned by an electrical downhole motor powered by the electrical cable from the surface.
- Gas lift, where the gas is injected in the tubing (through a side pocket mandrel and gas lift injection valves) to reduce the weight of the hydrostatic column, to reduce back pressure and allowing the reservoir pressure to push the mixture of produced fluids and gas up to the surface.
- Rod pumps where the pump (barrel, valves (travelling and fixed) and the piston) is designed to be inserted inside the tubing of a well; its main purpose is to gather the fluids from the bottom hole and lift them to the surface. The pump is actioned by the rod string (inserted inside the tubing) from the surface from a unit called a pump jack (pumping unit).
- Progressive cavity pumps consist of a stator and a rotor inserted inside the tubing and the rotor is rotated using either a top side motor (via a rod string inserted inside the tubing) or a bottom hole

motor. The rotation creates sequential cavities inside the pump and the produced fluids are pushed to the surface.

After lifting the hydrocarbons from the bottom of the well to the surface, they are gathered in the surface facilities. The main objective of a surface facility is to:

- separate the gas, oil and water produced from the well;
- process and treat the gas for sale or reinjection;
- treat the oil for sale;
- treat the water for reinjection or disposal; and
- provide the capabilities for well testing.

The treatment system consists of separation, heating, dehydration, stabilisation, storage, metering and pumping equipment.

For the hydrocarbons (gas or liquid) to be sold, they must be separated from the water and solids, measured and transported by pipeline, truck, rail or ocean tanker to the user. Gas is usually restricted to pipeline transportation but can also be shipped in pressure vessels on ships, trucks or railroad cars as compressed natural gas (“CNG”).

The goal is to produce oil that meets the purchaser’s specifications that define the maximum allowable water, salt or other impurities. Similarly, the gas must be processed to meet purchaser’s water vapour and hydrocarbon dew point specifications to limit condensation during transportation. The produced water must meet regulatory requirements for disposal in the ocean if the wells are offshore, reservoir requirements for injection into an underground reservoir to avoid plugging the reservoir, and technical requirements for other uses, such as feed to steam boilers in thermal-flood operations or, in special cases, for irrigation.

An offshore platform is a large structure with facilities to drill wells, to extract and process oil and natural gas or to temporarily store product until it can be brought to shore for refining and marketing. In many cases, the platform contains facilities to house the workforce as well.

The offshore platforms can be fixed to the ocean floor, may consist of an artificial island or may float. A remote subsea solution may consist of one or more subsea wells, or of one or more manifold centres for multiple wells.

An offshore facility must provide utilities (electrical power generation and motor control centre, instrument and power air, diesel fuel system and helicopter fuel), safety systems (process shutdown, fire and gas detection, firefighting, escape and evacuation and emergency gas disposal), life support (quarters and recreation, potable water system, sanitary systems, food storage and medical facilities), operating and maintenance systems (cranes and lifting equipment, office, control room, spare-parts storage and laboratory) and a foundation for all the equipment (e.g., site development access, offshore platform).

A typical oil production platform is self-sufficient in energy and water needs, housing electrical generation, water desalinators and all of the equipment necessary to process oil and gas such that it can be either delivered directly onshore by pipeline or to a floating platform or tanker loading facility, or both. Elements in the oil/gas production process include wellhead, production manifold, production separator, glycol process to dry gas, gas compressors, water injection pumps, oil/gas export metering and main oil line pumps.

The oil and gas extraction rate, which is dependent upon the technology employed, is determined according to technical-economic studies regarding appraisal of geological resources and gas fields exploitation

performances. Such studies are specific for each commercial field, are developed mostly by our accredited specialists and are approved by ANRM.

Where appropriate and cost-effective, we seek to leverage the technological expertise of leading international service providers, who possess state of the art technology, in order to improve production.

Downstream Oil

Our refining operations are engaged in the multi-stage process of turning crude oil into finished petroleum products. In the first step, crude oil is heated to 350 degrees Celsius and thereby broken down into its components as a result of the distillation process (evaporating and condensing in stages). This is how gas and primary gasoline, petroleum and gasoil are made. In the second step known as desulphurisation, these basic products are heated together with hydrogen at 300 to 420 degrees Celsius at a pressure of 40 to 70 bar and thus freed from sulphur in order to improve the end products' specifications by reducing their pollutive effect. The separated hydrogen sulphide from the desulphurisation plant serves as a raw material to the chemical industry in the form of converted yellow sulphur. In order to attain their suitable octane numbers and thus qualify for use in engines, the different types of gasoline are subsequently refined for the market by being heated to 520 degrees Celsius at a pressure of 10 bars. The result of this production step is the basis for fuels, lubricants, heating fuels and other basic materials. Mixing or blending concludes the crude oil refining process. In the mixing or blending plants, the various components are mixed with additives and processed into high-quality finished products. Diesel, for example, is a mixture of gas oil, kerosene and other substances.

Downstream Gas

The Brazi power plant started commercial operations in 2012. The Brazi power plant functions based on the combined cycle. The combined cycle within the plant is achieved with the installation of two gas turbines, each with an installed power of 290 MW (gas turbine with heat recovery steam generators) and a steam turbine of 313 MW, having a total net capacity of 860 MW. Natural gas burns in the gas turbines and generates electrical energy with the help of the electrical generator. The hot burnt gas emitted by the gas turbines is conducted towards the exhaust heat boiler. The released steam is led to the steam turbine where the electrical energy is generated. The combined cycle offers an enhanced reaction time at low frequency variations due to the gas turbine. Its main advantages are its high capacity, flexibility, high degree of operational safety and low pollution, in line with EU environmental standards.

Insurance

We maintain insurance as per best international industry practice for our employees, operations and assets. Our main insurance policies include:

- Property damage and operator's extra expense insurance (blow-out insurance) for onshore and offshore Upstream assets and drilling activities;
- Property damage and business interruption insurance for our Downstream assets and activities;
- Third party liability insurance for all of our activities and operations; and
- Life and health insurance for all of our employees.

All our insurance policies are contracted jointly with OMV or locally by OMV Petrom with top reputed international or local insurers of excellent financial rating. We believe the level of insurance maintained by our operations is in accordance with international industry practice.

Intellectual Property

Petrom is a strong brand with tradition, placing first in the top 50 most powerful Romanian brands for many years. The trademark logo represents the competence and success of the Company's brand, while technical documentation and know-how are important Company resources. We encourage inventive activity and promote our brands by registering representative trademarks. We currently hold 88 patents (including one protected in France and one patent application), one utility model, two nationally registered designs in Romania and a trademark portfolio consisting of 158 trademarks (including 13 registered community trademarks, three international trademarks and 12 nationally registered trademarks in several countries).

Legal Proceedings

We are party to various proceedings arising in the ordinary course of our business, both as plaintiff and as defendant. Other than as described in this Prospectus, we are not involved in, nor are we aware of, any legal, arbitral or administrative proceedings or governmental investigations that could reasonably be expected to have a material adverse effect on our business, financial condition or results of operations. The Company was subject to several tax audits in recent years, which ended with various tax decisions communicated by the tax authorities to the Company, imposing supplementary amounts to be paid by the Company. While we have challenged the results of such tax audits via administrative appeals and court actions, we have already paid all supplementary tax liabilities in full, in order to mitigate the risk of having to pay late payment penalties until the final resolution of the administrative appeals and court actions.

PSV Company Fiscal Case

Following a Business Transfer Agreement ("BTA") concluded by the Company with PSV Company S.A. ("PSV") in 2007, regarding which it was agreed between the parties that the transaction was subject to VAT (paid and deducted from regular VAT settlement by the Company), a subsequent final decision of the tax authority concluded that the transaction should have not been subject to VAT.

We challenged the decision of the tax authority. Currently, after several stages in courts (the last one resulting in the case being resent to the tax authority), the matter is pending before the High Court of Cassation and Justice.

In the meantime, as a result of a fiscal inspection, the tax authority decided that the Company should have not deducted the VAT regarding this transaction and requested payment of the deducted VAT and of ancillaries, in total value of RON 437 mn. The entire amount was paid by the Company at the beginning of 2013. We challenged the decision of the tax authority before the Bucharest Court of Appeal. The case is currently suspended, pending final decision on the case before the High Court of Cassation and Justice, described above.

The Company is also a creditor in the insolvency of PSV for the amount of RON 228 mn representing the counter-value of VAT paid in relation with the BTA and shall remain a creditor if, in the fiscal lawsuit before the High Court of Cassation and Justice, it is concluded that BTA is not subject to VAT.

Challenges to Fiscal Inspection

At the beginning of 2015, the tax authority imposed on the Company a supplementary amount of RON 142 mn for the years 2009 – 2010 (representing less than 1% of the total amount of taxes paid by the Company for the mentioned period), plus ancillaries, representing additional amounts allegedly owed by us to the state budget as a result of the re-assessment by the tax authorities of the factual situation. In addition, the fiscal authorities determined supplementary amounts to be paid also for the period 2007, 2008, 2011 and 2012. The Company paid all the additional amounts calculated by the tax authorities for the years 2007 – 2012, in total value of RON 413 mn (including all ancillaries).

The Company challenged entirely the amounts requested for the period 2007 – 2012 following this fiscal inspection and challenged the solutions granted by the fiscal authority in an administrative appeal via two court actions which are currently pending: a court action at the Bucharest Court of Appeal (with first hearings in October 2016) and a court action at the Bucharest Court of Appeal (rejected in the first instance in July 2016).

Fraud Case Possibly in Relation to Environmental Obligations

The Company was informed of criminal investigations related to fraud, possibly in connection with environmental obligations. The Company was summoned in May 2015 by the Prosecutor's Office of the Constanta Court of Appeal, but the hearing was postponed with no other date for a future hearing being communicated. No charges were officially made against or communicated to the Company. The file has been taken over by the Directorate for Investigating Organized Crime and Terrorism. The investigation is ongoing, with witnesses currently being heard.

Involuntary Manslaughter Case

OMV Petrom has been accused of involuntary manslaughter in a criminal claim pending before the Ploiesti Local Court. The accusation is related to an incident which occurred near one of the Company's wells located in Aricestii Rahtivani in Prahova County, where the victim, a 9 year old child, was found dead. In the same case, the civil parties (i.e., the child's family) have indicated a claim for damages of EUR 9 mn. The proceedings are ongoing. A future court ruling will be subject to appeal. The Company has recorded a provision of around EUR 1.5 mn in relation to the case.

Eco Premium Case

The Competition Council has alleged breach of antitrust regulations by us with respect to our withdrawal of the retail product Eco Premium (unleaded gasoline pre-mixed with lead substitute) from the Romanian fuel market. During the time of the alleged breach, Eco Premium had a market share of approximately 2% of the Romanian fuel market. Our decision to withdraw Eco Premium from the market was based on environmental and economic reasons, duly considering consumers' interests, and we are of the opinion that the allegations are unjustified. The Competition Council imposed a fine of RON 367 mn on us as well as a fine of RON 137 mn on our wholly-owned subsidiary OMV Petrom Marketing S.R.L. as a result of the antitrust investigation. We and OMV Petrom Marketing S.R.L. have already paid the fine.

The Company challenged the decision with the Bucharest Court of Appeal, which claim was denied in November 2013. Thereafter, the Company filed a recourse (second degree appeal). On 21 April 2016, the High Court of Cassation and Justice admitted our recourse (second degree appeal) and decided to partially annul the Competition Council decision, reducing the fine applied to us from RON 367 mn to RON 298 mn. The decision is final. Moreover, on 19 September 2016, the Company received approximately RON 69 mn, representing the amount by which the initial fine was reduced.

OMV Petrom Marketing S.R.L. challenged the decision with the Bucharest Court of Appeal, which claim was denied in September 2013. Thereafter, OMV Petrom Marketing S.R.L. filed a recourse (second degree appeal). On 23 March 2016, the High Court of Cassation and Justice admitted OMV Petrom Marketing S.R.L.'s recourse (second degree appeal) and decided to partially annul the Competition Council decision, reducing the fine applied to OMV Petrom Marketing S.R.L. from RON 137 mn to RON 110 mn. Also this decision is final. Moreover, on 7 September 2016, OMV Petrom Marketing S.R.L. received approximately RON 27 mn, representing the amount by which the initial fine was reduced.

Glencore Litigation

We are the claimant in litigation against Glencore International AG and Glencore Limited (together, "Glencore") involving Glencore's supply of quantities of crude oil which did not fulfil the contracted quality

and typology specifications between 1993 and 1996. In March 2015, we were awarded USD 40 mn plus interest up to the date of payment. In April 2015, Glencore paid us USD 87 mn in principal and interest. Glencore appealed the judgment. Following the appeal launched by Glencore, a provision in the amount of USD 30 mn was booked which led to final net income recognised in 2015 in the amount of USD 57 mn. Glencore's appeal was heard by the Court of Appeal on 11 and 12 May 2016 and was fully rejected by the Court of Appeal on 21 July 2016. We have also filed an appeal for certain issues concerning the interest awarded for the period between April 2014 and April 2015, and the hearing date for our appeal is currently scheduled for 7 March 2017. According to the verifications performed at the court – Civil Appeals registry, it was confirmed that no further documents have been put on the Court file since judgment was handed down on 21 July 2016. Therefore, Glencore has not sought permission to appeal the judgment from the Court of Appeal and the period for filing such an application expired on 18 August 2016. Therefore, based on the current data, it can be considered that the Company irrevocably won Glencore's appeal.

Employee Litigation

Since the end of 2007, we have been involved in litigation initiated by a number of former and current employees based on differing interpretations of several clauses included in our collective bargaining agreement relating to Easter and Christmas bonuses. In the following years, further claims were raised against the Company based on the differing interpretations of other provisions of the collective bargaining agreements. As of the date of this Prospectus, the main types of claims involve profit sharing rights, special rights to be granted to employees working offshore and one noxious conditions claim in the Suplac area. The total allocation to the provision for such claims was RON 1,506 mn. As of 30 June 2016, the provision amounted to RON 312 mn following payments made under the claims and reductions after reassessment of the related risks in 2015. The above figures represent the Company's assessment of potential liabilities and its best estimate of likely cash outflows with respect to the ongoing litigation. Since 2009, the collective bargaining agreement has been renegotiated regularly. Starting on 1 January 2016, a new collective bargaining agreement has been in force. The provisions of such agreement were also drafted and negotiated taking into consideration the litigation experience and the view the courts have of employees' rights in the agreement and are also meant to mitigate further litigation deriving thereof.

Astra Refinery Case

In 2004 (prior to our privatisation), the Romanian Ministry of Economy initiated a strategy to develop Romanian production of industrial and motor lubricants and, pursuant to this strategy, we concluded two purchase contracts with Rafinaria Astra Romana S.A. ("Astra") in March 2004, under one of which we are the seller and Astra is the buyer of various types of crude oil, and under the other of which we are the buyer and Astra is the seller of various types of industrial and motor lubricants.

In 2005, Astra filed a claim against us, alleging that we did not fulfil our contractual obligations. In November 2005, we were ordered by the court of law to purchase the lubricants refined by Astra and to sell crude oil to Astra, both for the entire period of the contract (i.e., until the end of 2010). All appeals filed by us were dismissed. In December 2009, Astra initiated the enforcement of the court decision and in November 2010 filed a claim requesting the court to compel us to pay penalties for alleged damages resulting from failure to comply with the court decision. An extrajudicial expert's appraisal estimated the damages (for the period October 2004 to 31 December 2010) at approximately RON 491 mn, which was later increased to RON 624 mn.

On 26 July 2013, the district court delivered its ruling, rejecting Astra's claim and obliging Astra to pay our legal expenses. On 4 March 2014, Astra filed a second degree appeal against this award. On 19 December 2014, the court of second degree appeal (Bucharest Tribunal) delivered its ruling, admitting the second degree appeal filed by Astra, quashing the ruling from 26 July 2013 and sending the case back to the district court

(District 1 Local Court). On 21 March 2016, the District 1 Local Court rendered a decision in favour of the Company, which rejected the first claim count as breaching the statutory term for filing the claim, rejected the second claim count as ungrounded and took notice of Astra's intention to separately request legal expenses. The court obliged Astra to pay the Company's legal expenses. The decision is subject to second degree appeal within 15 days since its communication. As of the date of this Prospectus, the decision was not communicated to the Company. As we estimate a low likelihood of losing this case, no provision was recorded for this litigation.

Investigations by Bulgarian Competition Authorities

In 18 January and 25 February 2016, the Bulgarian competition authority announced the initiation of two investigations into the alleged infringement of competition rules on the fuel market. Our subsidiary, OMV Bulgaria OOD, is subject to these investigations along with other major fuel retailers in the 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. Several requests for information were received from the competition authority and an unannounced inspection was carried out at our subsidiary's headquarters in April 2016. As at the date of this Prospectus, we are unable to evaluate the outcome of these investigations and have not recorded any provisions in this respect.

European Commission Inspections of the Natural Gas Market

Between 6 and 10 June 2016, officials of the European Commission have carried out unannounced inspections at our premises and at the premises of several other companies active in the production and transport of natural gas in Romania. The European Commission through its press release dated 7 June 2016 has expressed concerns that the companies involved may have violated EU antitrust rules that prohibit cartels and restrictive business practices and/or the abuse of a dominant market position (Articles 101 and 102 respectively of the Treaty on the Functioning of the European Union) and announced that it is analysing potential anticompetitive practices in the transmission and supply of natural gas in Romania, in particular relating to suspected anticompetitive behaviour aimed at hindering natural gas exports from Romania to other Member States. The European Commission officials were accompanied by their counterparts from the Competition Council. During the inspection the officials have requested access to certain information and documents related to our business. We have not been informed about any further developments and we are not aware of any investigation being initiated against OMV Petrom, however, we will continue to provide information when and if so requested by the European Commission.

MANAGEMENT

General

The Company has a two-tier board structure, consisting of the Executive Board and the Supervisory Board. The Executive Board is responsible for executive management and represents the Company to third parties. The Supervisory Board appoints the Executive Board and supervises its activity. Members of the Supervisory Board are appointed by the General Meeting of Shareholders. The corporate bodies of the Company are bound by applicable Romanian law, the Articles of Association, the Internal Rules for the Executive Board, as approved by the Supervisory Board, and the Internal Rules for the Supervisory Board, as adopted by the Supervisory Board.

The Company has adhered to the Corporate Governance Code since the 2010 financial year. For further information on the Company's compliance with the principles and recommendations under the Corporate Governance Code, see the Company's "Corporate Governance Statement" on pages 60 – 70 of the 2015 Annual Report. As of 4 January 2016 a new Corporate Governance Code issued by the Bucharest Stock Exchange became effective and applicable to all issuers of shares admitted to trading on a regulated market in Romania, including the Company and with it, also the mechanism of continuous reporting through current reports, regarding the level of compliance with the Corporate Governance Code. Under the new Corporate Governance Code, issuers must include a corporate governance statement as a specific section of the annual report which shall contain a self-assessment on how the "provisions to comply with" are observed and include the measures taken in order to comply with provisions that are not fully met. Issuers were required to publish on 4 January 2016, a current report on the Corporate Governance Code compliance statement, listing the provisions that were not complied with as of 31 December 2015, and explaining briefly the reason for such deviation. The Company published such a report on 4 January 2016. Any change that may occur to the compliance statement should be communicated to the market via a dedicated current report. The new Corporate Governance Code provides more stringent requirements in certain areas compared to the previous Code; furthermore, the new Corporate Governance Code regulates new areas such as the publication of forecasts and analyst participation at shareholder meetings.

Executive Board

The Executive Board consists of the following members:

Name	Date of birth	Position
Mariana Gheorghe	12 April 1956	Chief Executive Officer ("CEO") and President of the Executive Board
Andreas Matje	25 November 1964	Chief Financial Officer and Member of the Executive Board
Peter Rudolf Zeilinger	6 April 1965	Member of the Executive Board
Neil Anthony Morgan	16 November 1959	Member of the Executive Board
Lăcrămioara Diaconu-Pințea	19 October 1973	Member of the Executive Board

The current mandate of each member of the Executive Board runs until 17 April 2019.

Mrs. Mariana Gheorghe

Mariana Gheorghe graduated from the Academy of Economic Studies Bucharest with a degree in International Relations in 1979. In 1989 she graduated from the Law School at the University of Bucharest. In 1995 she graduated from the London Business School, specialising in Corporate Finance. She began her career in 1979, holding various positions in two Romanian companies, Policolor and Chimica/Romferchim until 1991. Between 1991 and 1993, Mrs. Gheorghe worked for the Romanian Ministry of Finance where she held the position of Deputy General Director of the International Finance Department. Since 1993, she worked for the EBRD first as an Associate Banker and then as a Senior Banker for South-Eastern Europe and the Caucasus Region. After the Company was privatised in 2004, Mrs. Gheorghe became a member of the Company's Board of Directors as EBRD representative until 15 June 2006, when she was appointed as the Company's CEO. As of 17 April 2007, following the adoption of the two-tier management system, she is also the President of the Executive Board.

Mr. Andreas Matje

Andreas Matje studied Business Administration at the University of Vienna, specialising in Industrial Management and Marketing. He then followed a doctoral and various management programmes, including a Global Executive MBA with Rotman Business School, University of Toronto. Between 1995 and 1999 he was employed with OMV as division controller of Upstream. After several years spent in management positions with Polyfelt GmbH (a subsidiary of OMV until 2005, then known as TenCate Geosynthetics Austria), Mr. Matje re-joined OMV in 2009 as Senior Vice President of Controlling. He joined OMV Petrom on 1 January 2013 as member of the Executive Board and Chief Financial Officer.

Mr. Peter Rudolf Zeilinger

Peter Rudolf Zeilinger was born in 1965 in Freising, Germany. He holds a Masters of Engineering degree in Petroleum Engineering from the Technical University of Clausthal-Zellerfeld in Germany. Mr. Zeilinger held various technical and management positions within OMV Group and also in OMV Petrom including the position as OMV Petrom's Head of Domestic Assets from 2008 to 2011. He was appointed member of the OMV Petrom Executive Board starting 1 April 2016.

Mr. Neil Anthony Morgan

Neil Anthony Morgan graduated Chemical Engineering from the University of Salford, Manchester, UK. His experience spans over 20 years in the refining and petrochemicals business. Before joining OMV Petrom, he worked four years for Petronas Penapisan (Malaysia) where he held the position of Project Director Refinery Expansion Project. Prior to Petronas, he worked for 12 years for Engen Petroleum in Durban (South Africa), where he held various technical and operations management positions. After joining Engen Petroleum in 1992 as a Process Control Specialist he progressed through several promotions. These varied from Chief Engineer Process Control and Information Technology to Technical Services Manager and Operations Manager. During 1985-1990, Mr. Morgan was Production Manager, Operations Manager and Chief Process Engineer in Sentrachem Ltd (Johannesburg, South Africa). He joined OMV Petrom in 2008 and was assigned responsibility for Refining and Petrochemicals. Further to the consolidation of the Group's marketing activities in OMV Petrom Marketing S.R.L., under the management of Rainer Schlang, the latter's responsibilities as former Executive Board member responsible for Marketing were taken over by Mr. Morgan, starting 17 April 2011.

Mrs. Lăcrămioara Diaconu-Pințea

Lăcrămioara Diaconu-Pințea graduated the Academy of Economic Studies Bucharest in 1997 with a degree in Finance and the MBA programme of the University of Economics Vienna in 2008. She started her career in OMV Petrom in 1998 in the Strategy, Planning, Development Division. Subsequently she held various managerial positions within OMV Petrom, from Corporate Development Director having responsibilities in Mergers & Acquisitions, Investors Relations and Strategy, to Director of Business Unit Power since its

establishment in October 2007. From January 2012 to September 2013, Mrs. Diaconu-Pințea was Vice President Investor Relations for OMV Group. From September 2013 until April 2015 she was in charge of Exploration & Production Business Support of OMV E&P GmbH in Vienna. She was appointed as Member of the Executive Board as of 17 April 2015.

Senior Officers

The Company relies on the expertise and performance of its senior officers. The senior officers are highly qualified and skilled specialists with significant experience in the oil and gas industry, appointed by decision of the Executive Board. The Company has 34 directors reporting to Executive Board members, each in charge with a function within the division they belong to, as follows:

Name	Year of birth	Position	Division	Years of experience (in the industry)
Vladislav Atanassov	1975	Divisional CFO Downstream Oil	CFO	14
Irina Bentu-Sersun-Gurtler	1982	Director of Logistics & Black Sea Business Unit	Downstream Gas	11
Mihai Berinde	1950	Senior Head of PetrOmbudsman	CEO	9
Radu Sorin Caprau	1974	Director of Product Supply & Sales East	Downstream Oil	16
Florian Ioan Constantinescu	1953	Head of Secretary General Refining / Petrochemicals	Downstream Oil	39
Mircea-Alexandru David	1980	Head of Business Support	Downstream Gas	8
Irina-Nadia Dobre	1976	Director of Finance Department	CFO	10
Livia Dumitrescu	1967	Director Corporate Affairs & Compliance	CEO	4
Florin Frunza	1970	Director of Supply, Marketing & Trading Business Unit	Downstream Gas	9
Andrei Gavril	1978	Director Controlling	CFO	10
Viorel Ghita	1962	Senior Department Manager – HSSE Business Partner Upstream	Upstream	29
Cristian Hubati	1971	Director Development Business Unit	Upstream	21

Name	Year of birth	Position	Division	Years of experience (in the industry)
Cristina Magda Ionescu.	1963	Human Resources Director	CEO	18
Gabriel-Liviu Ionescu....	1962	Director of Exploration	Upstream	30
Wolfram Krenn	1970	Director of Petrobrazî Refinery Operations	Downstream Oil	18
Badawi Mamdouh	1960	Director Black Sea Development	Upstream	30
Gheorghe Manole	1953	Director of Arpechim Terminal	Downstream Oil	38
Alexandru-Virgil Maximescu	1980	Director of Regulatory & Corporate Public Affairs Department	CEO	4
Adrian Mincu.....	1976	Director of Petrobrazî Refinery Administration	Downstream Oil	11
Filip-Adrian Neagu.....	1978	Director Legal Department, General Counsel	CEO	7
Luminita Iuliana Oprea	1976	Head of Business Support & Performance Management	Downstream Oil	11
Mariana Carmen Padureanu	1977	Senior Department Manager – HSSE Business Partner Downstream Oil	Downstream Oil	16
Dan Ionel Pazara	1965	Director Communication & Sustainability	CEO	9
Roland Vinzenz Perdacher	1968	Director of Domestic Assets	Upstream	19
Viorel Pintea	1967	Director of Annex P Business Unit	Downstream Oil	11
Elena Gabriela Popescu.	1980	Director Internal Audit	CEO	9
Martin Siencnik	1965	Director Finance, Controlling & Business Support Upstream	Upstream	26
Wilhelm Sackmaier	1961	Director of Workover & Drilling	Upstream	25

Name	Year of birth	Position	Division	Years of experience (in the industry)
Irinel-Alina Tilea.....	1966	Director of HSSE Department	CEO	19
Luiza Tomescu.....	1975	Director of NOA& Technical Services	Upstream	7
Mihaela Urzica	1975	Director of Strategy, Corporate Development & Investor Relations	CEO	11
Oana Alexandrescu.....	1975	Divisional CFO Downstream Gas	CFO	8
Ingrid-Georgeta Vasile...	1965	Head of Department Operational Procurement	CFO	28
Maria-Monica Voda.....	1981	Senior Department Manager – Executive Office	Upstream	9

Supervisory Board

The members of the Supervisory Board are appointed with a mandate of four years by the Ordinary General Meeting of Shareholders. The current mandate of each member of the Supervisory Board runs until 28 April 2017. The following table shows the composition of the Supervisory Board at the date of this Prospectus:

Name	Date of birth	Position
Rainer Seele	2 September 1960	Member and President of the Supervisory Board
Reinhard Florey.....	28 December 1965	Member and Deputy President of the Supervisory Board
Manfred Leitner	20 February 1960	Member of the Supervisory Board
Johann Pleininger.....	22 February 1962	Member of the Supervisory Board
Christoph Trentini	18 June 1968	Member of the Supervisory Board
George Băeșu	18 April 1970	Member of the Supervisory Board
Dan Manolescu	15 April 1976	Member of the Supervisory Board
Joseph Bernhard Mark Mobius	17 August 1936	Member of the Supervisory Board
Riccardo Puliti ¹	26 February 1962	Member of the Supervisory Board

Note:

- (1) On 22 September 2016, Mr. Puliti notified the Company of his resignation from his membership on the Supervisory Board with effect from 1 November 2016.

Mr. Rainer Seele

After his studies at the University of Göttingen, where he obtained a doctorate in Chemistry, Mr. Seele joined BASF Aktiengesellschaft, initially as a research scientist. After working in a number of different functions between 1987 and 1996, Mr. Seele was appointed as Head of Group Chemical Research and Head of Planning and Controlling at BASF Aktiengesellschaft. In 1996 he became Head of Strategic Planning at Wintershall AG in Kassel, and in 2000 he became a member of the executive board at WINGAS as Head of Sales and Trading. In 2002, Mr. Seele was also appointed Chairman of the Board of Executive Directors of WINGAS GmbH. He became Chairman of the Wintershall Board in 2009. Starting 1 July 2015, Mr. Seele is CEO and Chairman of the OMV executive board. Mr. Seele was appointed as Member and President of the Supervisory Board effective as of 22 September 2015.

Mr. Reinhard Florey

Reinhard Florey graduated in mechanical engineering and economics from Graz University of Technology while also completing his music studies at the Graz University of Fine Arts. He started his career in corporate consulting and strategy consulting. Until 2002 he worked for McKinsey & Company, Austria, and from 2002 to 2012 he occupied different management positions worldwide for Thyssen Krupp AG. In January 2013 Mr. Florey joined Outokumpu OYJ, Finland, first as Executive Vice President Strategy and Integration, and starting November 2013, as CFO and Deputy CEO. Since 1 July 2016 Reinhard Florey has been the CFO of OMV Aktiengesellschaft.

Mr. Manfred Leitner

Manfred Leitner studied commerce at the Vienna University of Economics and Business and then followed with an Executive Program at Stanford Graduate School of Business. He began his career with OMV in 1985 in the Exploration & Production division. After several years abroad as finance manager in Tripoli, he returned in 1990 to Austria to take charge of controlling in the Exploration & Production division. In 1997 he transferred to Refining & Marketing and took over management responsibility for planning and controlling. In 2003 he became Business Unit Manager for Downstream Optimisation & Supply. He has been a member of the OMV executive board since 1 April 2011 and is responsible for Downstream. Mr. Leitner was elected as Supervisory Board member at the General Meeting of Shareholders for the first time on 26 April 2011 and was re-elected on 22 April 2013.

Mr. Johann Pleininger

Johann Pleininger attended the Technical College for Mechanical Engineering and Economics in Vienna; he obtained the International Project Management certificate and graduated in Industrial Engineering. He was Executive Board member of OMV Petrom responsible for Exploration & Production activities between June 2007 and August 2013. Before joining OMV Petrom in 2005, he held various positions within OMV, ranging from field operator to shift foreman and then to production supervisor, Facility & Cost engineer, Head of the Project Management and Investments Department. Johann Pleininger was appointed Senior Vice President of the newly set-up CEE & Black Sea Region Division within OMV starting 1 September 2013. As of 1 September 2015, he was appointed as the executive board member responsible for upstream for OMV. He has been working in the oil and gas industry since 1977. Mr. Pleininger was elected as Supervisory Board member at the General Meeting of Shareholders on 29 April 2014.

Mr. Christoph Trentini

Christoph Trentini graduated the University of Innsbruck, Austria, holding a degree in Business Administration and a Senior Executive Program at Stanford Graduate School of Business. He joined OMV in 2004 as Senior Vice President responsible for Finance & Services - Refining & Marketing GmbH. Previously he held the position of Chief Financial Officer of Pipelife Group, a Joint Venture of Solvay SA and Wienerberger AG. Mr. Trentini was elected as Supervisory Board member at the General Meeting of Shareholders on 28 April 2015.

Mr. George Băeșu

George Băeșu graduated from the Lucian Blaga University in Sibiu, the Law Faculty, and was awarded the MA Degree in Business Law by the Nicolae Titulescu University. In 2011 he was awarded the PhD Degree in Law by the University of Bucharest. Between 1994 and 1999, he worked as a journalist for “Milcovul Focșani” newspaper. Between 2001 and 2004, he was Sub-prefect and Prefect of the Vrancea county. Between 2004 and 2008 Mr. Băeșu has served as a deputy in Romanian Parliament, secretary of the Committee for Legal Matters, Discipline and Immunities and member of the European Business Commission. Between 2009 and 2012 he served as an Economic Counsellor with the Ministry of Economy, Commerce and Business Environment and with the Romanian Embassy in Athens, during which he completed tasks regarding the bilateral and regional collaboration in the field of energy. Mr. Băeșu was elected as Supervisory Board member at the General Meeting of Shareholders on 22 April 2013.

Mr. Dan Manolescu

Dan Manolescu holds a PhD in Economics, awarded by the Academy of Economic Studies from Bucharest and a bachelor's degree from the Faculty of Law of the University of Craiova. Since 2007 he has been a certified fiscal consultant and member of the Romanian Chamber of Fiscal Consultants, where he currently also serves as vice president. Since 2008 he has been a certified financial auditor. In January 2013 he was appointed Secretary of State in the Ministry of Public Finance where he lead the efforts behind a major legislative revision enacted in January 2016 that restructured Romania's tax codes. Mr. Manolescu occupied various positions in the corporate bodies of banking institutions such as member of the board of directors of CEC Bank SA from 2015 to 2016, member of the board of directors of the National Credit Guarantee Fund for Small and Medium Enterprises SA from 2013 to 2015 and was elected as member of the Supervisory Board of OMV Petrom in April 2016. He was awarded the Eisenhower Fellowship in 2016.

Mr. Mark Mobius

Mark Mobius earned bachelor's and master's degrees from Boston University, and a Doctor of Philosophy (Ph.D) in economics and political science from the Massachusetts Institute of Technology. Mr. Mobius has spent more than 40 years working in emerging markets all over the world. He joined Franklin Templeton in 1987 as president of the Templeton Emerging Markets Fund, Inc. In 1999, he was appointed joint chairman of the Global Corporate Governance Forum Investor Responsibility Taskforce of the World Bank and Organisation for Economic Cooperation and Development. Mark Mobius has been Executive Chairman, Templeton Emerging Markets Group and directs analysts based in Franklin Templeton's 18 emerging markets offices and manages the emerging markets portfolios. Mr. Mobius was elected as Supervisory Board member at the General Meeting of Shareholders for the first time on 29 April 2010 following the proposal of Fondul Proprietatea SA. and was re-elected on 22 April 2013.

Mr. Riccardo Puliti

Riccardo Puliti has an MBA from Instituto de Estudios Superiores de la Empresa and a postgraduate alumnus of the Kennedy School of Government, Harvard University, and Imperial College. Mr. Puliti started his career at Istituto Mobiliare Italiano Group in 1987. He then moved to Banque Indosuez in Paris where he worked in M&A and equity capital markets. He then joined NM Rothschild and Sons in London where he held several positions in M&A and equity capital markets. Mr. Puliti joined EBRD in 1996 in the power and energy

utilities department, and moved to natural resources in 1998. In 2000, he was appointed Deputy Director of Municipal and Environmental Infrastructures and, in 2002, Director of Transport Infrastructures. In 2007, he became Managing Director in charge of the Energy and Natural Resources sectors within EBRD. Mr. Puliti holds various supervisory board and board of directors memberships in investee companies. Mr. Puliti was elected as Supervisory Board member at the General Meeting of Shareholders for the first time on 28 April 2009 and was re-elected on 22 April 2013. On 22 September 2016, Mr. Puliti notified the Company of his resignation from his membership on the Supervisory Board with effect from 1 November 2016.

Consultative Committees constituted within the Supervisory Board

According to the Companies Law, the supervisory board of a company may set up consultative committees consisting of at least two members of the supervisory board, of which at least one member must fulfil the independence criteria and, in the case of the audit committee, at least one member must have accounting or financial audit experience. The role of the consultative committees is to carry out analyses and to issue, on a regular basis, recommendations for the board in areas such as (i) auditing, (ii) remuneration of members of the executive board and of the supervisory board as well as of the employees and (iii) nomination of the candidates for various management positions.

The Supervisory Board has set up an audit committee currently consisting of the following members: Mr. Riccardo Puliti (president), Mr. Reinhard Florey (deputy president) and Mr. George Băeșu (member). On 22 September 2016, Mr. Puliti also notified the Company of his resignation from his membership on the audit committee of the Supervisory Board with effect from 1 November 2016. According to the internal rules of the Supervisory Board, the responsibility of the audit committee is to review and prepare the adoption of the annual accounts, the proposal for the distribution of profits and the consolidated accounts. The audit committee also reviews the annual financial statements of the Company and of the Group and proposes all actions for the adoption of such statements. In addition, the audit committee shall supervise the Company's risk management arrangements and its financial performance and monitor the information provided by its internal auditors. Another responsibility of the audit committee is to propose to the Supervisory Board a candidate for the appointment of the independent financial auditor which will be nominated and submitted for the approval of the Ordinary General Meeting of Shareholders.

On 31 December 2015, the roles and functions of the audit committee in this area were further detailed in the audit committee's terms of reference and include:

- (1) undertaking an annual assessment of the internal control system;
- (2) evaluating the efficiency of the internal control system and risk management system;
- (3) monitoring the application of statutory and generally accepted standards of internal auditing;
- (4) receiving a regular summary of the main findings of the audit reports and evaluating the reports of the internal audit team;
- (5) reviewing conflicts of interests in transactions of the Company and its subsidiaries with related parties;
- (6) examining and reviewing, before their submission to the Supervisory Board for approval, related-party transactions that exceed or may be expected to exceed 5% of the Company's net assets in the previous financial year in accordance with the related party transactions policy.

Positions held by the Members of the Supervisory and Executive Boards

In addition to their positions in the Company and its subsidiaries (see “*Business—Corporate Structure*”), the members of the Executive Board and Supervisory Board hold, or have held in the past five years, the following management or supervisory positions:

Name	Entity	Position	Currently held (Yes/No)
Rainer Seele	OMV	President of the executive board/CEO	Yes
	Wintershall Holding GmbH	Chairman of the board of executive directors	No
	OMV Exploration & Production GmbH	Chairman of the supervisory board	Yes
	OMV Gas & Power GmbH	Chairman of the supervisory board	Yes
	OMV Refining & Marketing GmbH	Chairman of the supervisory board	Yes
	OMV Solutions GmbH	Chairman of the supervisory board	Yes
	Nord Stream AG	Member of the shareholders’ committee	No
	South Stream Transport B.V.	Member of the board of directors	No
	Wintershall AG	Chairman of the supervisory board	No
	VNG – Verbundnetz Gas AG	Chairman of the supervisory board	No
	Erdgas Münster GmbH	Chairman of the supervisory board	No
	Gas-Trading S.A.	Member of the supervisory board	No
	Wintershall Erdgas Handelshaus GmbH & Co.KG	Vice-chairman of the advisory board	No
	Borealis AG	Vice Chairman of the supervisory board	Yes
	Wintershall Oil AG	Member of the administrative board	No
	WINGAS GmbH	Chairman of the advisory board	No
	WIGA Transport Beteiligungs-GmbH & CO.KG	Chairman of the advisory board	No

	W&G Beteiligungs-GmbH & Co.KG	Chairman of the advisory board	No
	NUMOV-Nah-und Mittelost-Verein	Chairman of the executive board	No
Reinhard Florey.....	OMV	Member of the executive board/CFO	Yes
	OMV Solutions GmbH	Member of the management board	Yes
	OMV Refining & Marketing GmbH	Vice Chairman of the supervisory board	Yes
	OMV Gas & Power GmbH	Vice Chairman of the supervisory board	Yes
	OMV Exploration & Production GmbH	Vice Chairman of the supervisory board	Yes
	OMV Trading GmbH	Vice Chairman of the supervisory board	Yes
	Central European Gas Hub AG	Member of the supervisory board	Yes
	OMV Petrol Ofisi Holding Anonim Şirketi	Director (Vice Chairman of Board of Directors)	Yes
	OMV Petrol Ofisi Anonim Şirketi	Director (Vice Chairman of Board of Directors)	Yes
	OMV Gaz ve Enerji Holding Anonim Şirketi	Director (Vice Chairman of Board of Directors)	Yes
	Outokumpu OYJ	CFO, deputy CEO	No
	ThyssenKrupp Stainless Global/ Inoxum, Krefeld, Germany	Member of the Executive Board - CFO	No
	Shanghai Krupp Stainless Co Ltd	Board member	No
	Acciai Speciali Terni S.p.A.	Board member	No
Manfred Leitner	OMV Supply & Trading Limited	Chairman of the board of directors	Yes
	OMV Petrol Ofisi Holding Anonim Şirketi	Director	Yes
	OMV Petrol Ofisi A.Ş.	Chairman of Board of Directors	Yes
	OMV Gaz ve Enerji Holding Anonim Şirketi	Chairman of Board of Directors	Yes

	OMV Refining & Marketing GmbH	Managing director	Yes
	OMV Gas & Power GmbH	Managing director	Yes
	OMV	Member of the executive board	Yes
	Central European Gas Hub AG	Chairman of the supervisory board	Yes
	Borealis AG	Member of the supervisory board	Yes
	OMV Trading GmbH	Chairman of the supervisory board	Yes
	OMV Solutions GmbH	Vice Chairman of the supervisory board	Yes
	OMV Gas Storage GmbH	Chairman of the supervisory board	Yes
	OMV Deutschland GmbH	Chairman of the supervisory board	No
	Gas Connect Austria GmbH	Chairman of the supervisory board	Yes
	EPS Ethylen-Pipeline-Süd GmbH & Co KG	Member of the supervisory board	No
	OMV Exploration & Production GmbH	Vice Chairman of the supervisory board	Yes
	OMV Supply & Trading AG	Member of the supervisory board	Yes
	Erdöl-Lagergesellschaft m.b.H.	Member (chairman) of the supervisory board	No
	OMV Gas & Power GmbH	Vice Chairman of the supervisory board	No
Johann Pleininger	OMV	Member of the executive board	Yes
	OMV Exploration & Production GmbH	Managing director	Yes
	OMV Austria Exploration & Production GmbH	Chairman of the supervisory board	Yes
	OMV Gas & Power GmbH	Vice Chairman of the supervisory board	Yes
	OMV Refining & Marketing GmbH	Vice Chairman of the supervisory board	Yes
	OMV Solutions GmbH	Member of the supervisory	Yes

		board	
Christoph Trentini	OMV (U.K) Limited	Director	Yes
	APK-Pensionskasse Aktiengesellschaft	Member of the supervisory board	No
	OMV Trading GmbH	Member of the Supervisory Board	No
	OMV Finance Limited	Director	No
	OMV Clearing and Treasury GmbH	Managing Director	No
	OMV Finance Services GmbH	Managing Director	No
	OMV Insurance Broker GmbH	Managing Director	No
	Amical Insurance Limited	Alternate Director	No
	Diramic Insurance Limited	Alternate Director	No
George Băeșu	National Authority for Property Restitution	President – State Secretary	Yes
	Ministry of Economy, Trade and Business Environment – BCPE Athens, Greece	Economic Counsel	No
Dan Manolescu.....	Soter SRL	Tax Partner	Yes
	Ministry of Public Finance	State Secretary	No
	CEC Bank SA	Member of the Board of Directors	No
	National Credit Guarantee Fund for Small and Medium- Sized Enterprises SA	Member of the Board of Directors	No
Mark Mobius.....	Lukoil OAO	Independent Director	No
	China Life Franklin Asset Management Co Limited	Director	Yes
	TSEMF III (Jersey) Limited	Director	Yes
	Franklin Templeton Investments (Asia) Limited	Director	Yes

	Franklin Templeton Asset Management (India) Private Limited	Director	No
	Templeton China Research Limited	Director	Yes
	Franklin Templeton Investments Poland SP z.o.o.	Director	Yes
	H.E.A. (Holdings) Corporation Ltd	Director	No
	Franklin Templeton Investment Funds (“SICAV” within Franklin Templeton)	Director	Yes
	Mayfair Hanoi Limited	Director	No
	Templeton Asset Management (Poland) TFI S.A.	Director	Yes
	Franklin Templeton Investments (ME) Limited	Director	No
	TSEMF IV (Jersey) Limited	Director	Yes
	Templeton Restructured Investments IV, Ltd	Director	Yes
	Templeton Restructured Investments III, Ltd	Director	Yes
Riccardo Puliti.....	EBRD	Managing Director head of the power and energy and natural resources sectors	Yes
	Iberdrola Polska	Member of the supervisory board	No
	PJSC Inter RAO UES	Member of the Strategy and Investment Committee of the Board of Directors	Yes
Mariana Gheorghe.....	ING Groep	Member of the supervisory board	Yes
	ING Bank	Member of the supervisory board	Yes
Andreas Matje.....	OMV Finance Limited	Director	No
Peter Rudolf Zeilinger.....	OMV New Zealand Ltd.	Director	No

	Petroleum Infrastructure Limited	Director	No
	Maui Development Limited	Director	No
	OMV Australia Pty Ltd.	Director	No
	OMV Barrow Pty Ltd	Director	No
	OMV Beagle Pty Ltd	Director	No
	OMV Petroleum Pty Ltd	Director	No
Neil Anthony Morgan.....	N.A.	N.A.	N.A.
Lăcrămioara Diaconu-Pințea..	N.A.	N.A.	N.A.

Remuneration of Members of the Supervisory and Executive Boards and of Senior Management

For 2016, the General Meeting of Shareholders approved a net remuneration for each member of the Supervisory Board amounting to EUR 20,000 per year and an additional net remuneration for each committee member of EUR 4,000 per meeting of the respective committee of the Supervisory Board.

The remuneration of members of the Executive Board and of the directors reporting to Executive Board members paid by the Company consists of a fixed monthly salary, bonuses and other benefits, including benefits in kind. The aggregate amount of remuneration and other benefits, including benefits in kind paid by the Company in 2015 to the benefit of the members of the Executive Board and of the directors reporting to Executive Board members, collectively as a group, for activities performed to the benefit of the Company in all capacities, amounted to RON 54 mn.

Mrs. Gheorghe, Mr. Matje, Mr. Morgan and Mr. Zeilinger are party to employment contracts with OMV entities, as amended by international assignment agreements during the time they serve as members of the Executive Board. Pursuant to these international assignment agreements, these members of the Executive Board receive certain compensation and benefits from the employing OMV entities. Such compensation and benefits are recharged to the Company as the work has been performed for the benefit of the Company via international assignment and are included in the aggregate amount of management remuneration presented above.

The members of the Executive Board have concluded management agreements with the Company which provide for compensation equal to six months of fixed gross remuneration in the event of unilateral termination of such management agreement by the Company without cause.

Ownership of Shares and Options

The table below shows the number of shares held by the members of the Executive Board as of the date of this Prospectus. There were no shares held by members of the Supervisory Board. As of the date of this Prospectus, there were no outstanding share options granted by the Company.

Name	Shares
Mariana Gheorghe	60,100
Andreas Matje	0
Peter Rudolf Zeilinger	0
Neil Anthony Morgan	0
Lăcrămioara Diaconu-Pințea	100

Litigation Statement relating to the Members of the Supervisory and Executive Boards and to Senior Management

To the best of our knowledge, at the date of this Prospectus, there is no ongoing litigation against any member of the Executive or Supervisory Board of the Company or senior officers directly linked with their activity in the Company having a significant impact upon the price of the Company shares or the capacity to hold the position of members of such corporate bodies.

At the date of this Prospectus, none of the members of the Supervisory Board or Executive Board has at any time within the last five years: (i) had any convictions in relation to fraudulent offences; (ii) held an executive function in the form of a senior executive officer or a member of the administrative, management or supervisory bodies of any company at the time of or preceding any bankruptcy, receivership or liquidation; or (iii) been subject to any official public incrimination and/or sanctions by statutory or regulatory authority (including any designated professional body) or ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.

Conflicts of Interest

There are no conflicts of interest between the obligations assumed by members of the Executive and Supervisory Boards as well as by the senior officers toward the Company and their private interests or other obligations.

The Supervisory Board's working procedures and approach to conflicts of interest and self-dealings are governed by relevant internal regulations. As required by the Companies Law, none of the Supervisory Board members holds an executive position in the Company.

The members of the Executive Board have the duty to disclose immediately to the Supervisory Board any material personal interests they may have in transactions of the Company as well as all other conflicts of interest. Furthermore, they have the duty to notify other Executive Board members of such interests forthwith. All business transactions between the Company and the Executive Board members as well as persons or companies closely related to them must be in accordance with normal industry standards and applicable corporate regulations. Such business transactions as well as their terms and conditions require the prior approval of the Supervisory Board. In addition to their positions in the Company, members of the Executive Board hold positions within various of the Group's subsidiaries, and the Company applies internal rules to prevent conflicts of interest.

Directors and Management Liability Insurance Policies

Currently the Company has in place liability insurance policies/contracts for members of the Executive Board and members of the Supervisory Board.

PRINCIPAL SHAREHOLDERS

The Selling Shareholder is Fondul Proprietatea S.A., offering 3,641,100,108 Shares. The table below sets forth information regarding the ownership of the Shares prior to and immediately after the Offering, assuming all the Offer Shares and Offer GDRs are sold in the Offering:

	Shares owned before the Offering		Shares owned after the Offering	
	(Number)	(%)	(Number)	(%)
Shareholder				
OMV	28,894,467,414	51.0105	28,894,467,414	51.0105
Romanian State through the Ministry of Energy	11,690,694,418	20.6389	11,690,694,418	20.6389
Fondul Proprietatea S.A.	10,758,648,186	18.9934	7,117,548,072	12.5654
Free float	5,300,298,317	9.3572	8,941,398,425	15.7852
Total	<u>56,644,108,335</u>	<u>100</u>	<u>56,644,108,335</u>	<u>100</u>

The major shareholders referred to in the table above have the same voting rights as any other shareholder of the Company, the shares issued by Company granting equal voting rights to all shareholders of the Company.

OMV exercises control over the Company, as a result of holding the majority of shares and voting rights in the Company. Despite the control exercised by OMV over the Company, the Romanian applicable legislation and the Company's by-laws prevent the majority shareholder from exercising its control power in an abusive manner.

To the best of the Company's knowledge, there is no agreement or understanding that may result in future changes in the control of the Company, except for a potential dilution of the holding of the current shareholders, as a result of the expected share capital increase in the Company by incorporation of the value of certain real estate in the share capital of the Company.

DESCRIPTION OF SHARE CAPITAL AND CORPORATE STRUCTURE

General

The Company was incorporated on 23 October 1997, is organised and operating as a joint stock company under the laws of Romania and is registered in Bucharest, Romania with the Romanian Trade Registry Office under number J40/8302/1997 and sole registration code 1590082. Our legal name and commercial name is OMV Petrom S.A. The telephone number of the Company's registered office is +4 (021) 40.222.01.

The Company's registered seat is in Bucharest, Romania at 22 Coralilor street, postal code 013329 (Petrom City). We conduct our business in accordance with our Articles of Association, as updated on 23 May 2011, based on the General Meeting of Shareholders, resolution no. 1 of 26 April 2011 and *inter alia* with the Companies Law. The shares representing the Company's share capital are admitted to trading on the spot regulated market operated by the Bucharest Stock Exchange, under market ticker "SNP" and ISIN code ROSNPPACNOR9 and we are thus subject to compliance with the Capital Markets Law as well as other applicable capital markets regulations issued by the Romanian FSA.

Corporate Purpose and Main Business Objects

According to article 5 of the Articles of Association, the Company's purpose is the exploration and exploitation of crude oil and natural gas deposits, as well as the import and export of crude oil and natural gas and the manufacturing and refining, transport and wholesale and retail trade of crude oil and crude oil products.

Pursuant to article 6 of the Articles of Association, our main business field and object of activity is crude oil extraction, classified in the Classification of Activities in the National Economy under code no. 061 (for main field) and code no. 0610 (for main object). Our core business consists of exploration and exploitation of petroleum and natural gas deposits.

We also carry out a series of other main business activities, as well as secondary business activities, including a variety of activities that are listed in article 6 of the Articles of Association that are incorporated herein by reference.

Share Capital

Issued share capital

The Company's share capital is fully subscribed and paid-up and amounts to RON 5,664,410,833.5, out of which (i) RON 5,602,816,732.8 and the RON equivalent of EUR 9,544,163.19 represent the cash contribution, and (ii) RON 26,697,708.8 represent the contribution in kind by the Romanian State as shareholder, acting through the Ministry of Energy.

The share capital of the Company is divided into 56,644,108,335 ordinary, nominative, freely transferable, fully paid shares, each with a nominal (par) value of RON 0.1, which are issued in dematerialised (book entry) form by registration with the Romanian Central Depository. There are no shares issued that do not represent the share capital of the Company. The Company has issued one class of shares: ordinary.

According to the shareholders' registry excerpt (synthetic shareholders' structure) issued by the Romanian Central Depository, as at 13 September 2016 the synthetic shareholders' structure of the Company was:

- (a) OMV holding 28,894,467,414 shares, representing 51.0105% of the Company's share capital;

- (b) Romanian State, through the Ministry of Energy, holding 11,690,694,418 shares, representing 20.6389% of the Company's share capital;
- (c) Fondul Proprietatea S.A. holding 10,758,648,186 shares, representing 18.9934% of the Company's share capital; and
- (d) Other shareholders, natural and legal persons holding in aggregate 5,300,298,317 shares, representing 9.3572% of the Company's share capital.

As at 30 June 2016, the date of the most recent balance sheet included in the Financial Statements, the Company's share capital was as follows:

Number of shares authorised	0 shares
Par value per share	RON 0.1
Subscribed and paid in share capital	RON 5,664,410,833.5
Subscribed and not paid in the share capital	RON 0
Treasury shares	204,776 shares, with a book value of RON 20,477.6 and a face value of RON 20,477.6
Shares held by the Company's subsidiaries	0
Total number of shares	56,644,108,335 shares

On the date of this Prospectus, the Company's share capital was as follows:

Number of shares authorised	0 shares
Par value per share	RON 0.1
Subscribed and paid in share capital	RON 5,664,410,833.5
Subscribed and not paid in the share capital	RON 0
Treasury shares	204,776 shares, with a book value of RON 20,477.6 and a face value of RON 20,477.6
Shares held by the Company's subsidiaries	0 shares
Total no. of shares	56,644,108,335 shares

According to the Articles of Association, the Company is also entitled to issue bonds.

Authorised share capital

Currently, the Company's share capital is fully subscribed and paid. The Company, at present, has not authorised the management bodies of the Company to issue any other shares (authorised capital) and, to the best of our knowledge, the Company is not aware of any acquisition rights and/or obligations over unissued capital of the Company. Nevertheless, it is expected that the share capital of the Company will increase in the future by incorporation of the value of certain real estate owned by the shareholder Romanian State, acting through the Ministry of Energy, with the observance of the pre-emptive right of the other shareholders of the Company.

History of the Company's share capital

Date of change	Date of the General Meeting of Shareholders	Type of operation	Final number of shares	Face value/ share (RON)	Final share capital value (RON)
25.07.2002.....	18.12.2001	decrease	37,973,781,523	0.1	3,797,378,152.3
02.12.2002.....	30.07.2002	decrease	37,734,522,958	0.1	3,773,452,295.8
22.03.2004.....	19.12.2003	increase	38,210,381,859	0.1	3,821,038,185.9
14.12.2004.....	14.09.2004	increase	56,000,506,078	0.1	5,600,050,607.8
11.05.2006.....	22.11.2005	increase	56,644,108,335	0.1	5,664,410,833.5

There have been no changes to the share capital of the Company in the last five years.

Rights, preferences and restrictions attaching to existing shares

According to the Articles of Association, each share subscribed and fully paid by the shareholders grants equal rights and confers on its holder, in accordance with the law, the right to one vote in the General Meeting of Shareholders of the Company, the right to elect and to be elected to the management bodies of the Company, the right to partake in the distribution of the profits in accordance with the Articles of Association and applicable law and other rights. Holding a share issued by the Company certifies the holder's adherence to the Articles of Association.

Treasury shares of the Company do not grant voting or dividend rights.

According to the Companies Law, every shareholder must exercise its rights in good faith, by observing the rights and legitimate interests of the company and of other shareholders. Such rights are essentially related to the shareholders' involvement in the life of the company by attending and casting votes in the general meeting of shareholders, exercising the right to elect and be elected in the company's management bodies and taking part in the profit distribution.

Pre-emptive right

The Companies Law and the Articles of Association provide the Company's shareholders with a pre-emptive right to subscribe for new shares issued by the Company pro rata to their holdings on the record date set by the General Meeting of Shareholders for the respective share capital increase.

The period for exercising the pre-emptive right for the subscription of new shares must be of at least one month as of the date indicated in the prospectus/proportionate disclosure document, which may not be earlier than the record date set for the respective share capital increase or the date of publication of the resolution of the extraordinary general meeting of shareholders/executive board on increase of the share capital in the Official Gazette of Romania, Part IV.

According to the Capital Markets Law and the Companies Law, in the case of a rights issue by contribution in cash, the pre-emptive rights may be excluded and, in this sense, EGM must approve, based on well-founded reasons, the exclusion of shareholders' pre-emptive rights to subscribe for newly issued shares. The quorum requirement for such action is 85% of the subscribed share capital, and the decision must be adopted with the affirmative vote of shareholders representing at least three-fourths of the voting rights.

The General Meeting of Shareholders may approve the trading of the pre-emptive rights on a regulated market.

Voting right and the right to participate at the General Meeting of Shareholders

The shareholders' fundamental rights include the right to attend the General Meeting of Shareholders and the right to vote. See "*General Meeting of Shareholders*" below.

In addition to the provisions of the Articles of Association and the Companies Law, capital markets legislation under Romanian FSA Regulation no. 6/2009 regarding the exercise of certain shareholders' rights at the General Meeting of Shareholders sets out the following shareholders' rights that may be exercised in connection with a General Meeting of Shareholders:

- the right of one or more shareholders representing severally or jointly at least 5% of the share capital: (i) to add items to the agenda of the General Meeting of Shareholders, provided that each item is accompanied by a justification or a draft resolution proposed to be adopted by the General Meeting of Shareholders and (ii) to submit draft resolutions for the items included or proposed to be included on the agenda of the General Meeting of Shareholders. The respective rights may be exercised only in writing and within a maximum of 15 days from the publication of the convening notice for the respective General Meeting of Shareholders. In case the exercise of the right mentioned at point (i) above triggers a change to the agenda already published, the Company must re-publish the convening notice with the updated agenda, using the same procedure as the one used for the previous agenda, before the reference date and no later than 10 days before the date of the General Meeting of Shareholders;
- the right of all shareholders to receive equal treatment as concerns attendance and exercise of voting rights in the General Meeting of Shareholders;
- the right of all shareholders to have access to sufficient information and documents with respect to items to be discussed at the General Meeting of Shareholders, as well as to those that would enable them to exercise their rights at the General Meeting of Shareholders;
- the right of all shareholders to fast and non-discriminatory access to the convening notice of the General Meeting of Shareholders;
- the right of each shareholder to ask questions regarding the items on the agenda of the General Meeting of Shareholders and to receive answers from the Company;
- the right to attend the General Meeting of Shareholders, directly or indirectly, including by electronic means, by correspondence or by proxy.

Rights to dividends

According to the Articles of Association, dividends are distributed to shareholders pro rata to the number of shares held in the Company. Dividends may be distributed only if the Company registers profit, as recorded in the annual financial statements approved by the General Meeting of Shareholders and if the Ordinary General Meeting of Shareholders decides to distribute dividends.

According to the Companies Law, the deadline for dividend payment cannot exceed six months from the date of the General Meeting of Shareholders approving the dividend distribution. Dividends that are not claimed within three years from the date on which their payment becomes due may be retained by the Company.

Distribution of dividends out of fictitious profits or from sources that cannot be distributed, in the absence of financial statements or in excess of the figures set out in the financial statements, results in the civil and criminal liability of the director, manager or legal representative of the company, including members of the

boards. Furthermore, where there is a loss in the net assets, the share capital must be replenished or reduced before any dividend distribution.

Right to information

According to the Articles of Association, the shareholders have the right to receive complete and correct information with respect to the Company's business in the General Meeting of Shareholders. In particular, in relation to any General Meeting of Shareholders, shareholders have the right to be provided with supporting documents for each item on the agenda of the General Meeting of Shareholders, with information regarding the exercise of voting rights and voting results. Furthermore, on the occasion of each annual General Meeting of Shareholders, the Company is required to make available and the shareholders may request copies of the financial statements, annual reports, and the proposal of the Executive Board for dividend distribution, as of the date of convocation of the General Meeting of Shareholders having on the agenda the approval of such items.

Furthermore, the shareholders have the right to receive information on the Company's shareholder structure and view the registries kept by the Company, such as the one kept to record the General Meetings of Shareholders. Moreover, the Company is required to make available various documents in relation to certain corporate events such as a share capital increase, merger, or spin-off.

Withdrawal right

According to the Companies Law, shareholders that do not vote in favour of a certain corporate action submitted to voting in the General Meeting of Shareholders have the right to withdraw from the Company and to request that the Company acquire their shares. This right may be exercised only if the corporate actions referred to above: (i) change the Company's main object of activity as set out in the Articles of Association; (ii) relocate the Company's registered seat to another country; (iii) change the Company's legal form; or (iv) are in relation to the Company's merger or spin-off.

In addition, according to the Capital Markets Law, shareholders of a company admitted to trading on a regulated market who do not agree with the decisions of the General Meeting of Shareholders to merge or spin off the company as a result of which the company's shareholders would be allotted shares that are not admitted to trading on a regulated market, have the right to withdraw by selling their shares to the company.

Right to challenge the resolutions of the General Meeting of Shareholders

According to the Companies Law, a shareholder who was absent at a General Meeting of Shareholders or who has voted against a certain shareholders' resolution and has requested that its vote be expressly recorded into the minutes of that General Meeting of Shareholders is entitled to challenge the respective resolution within 15 days of publication of that resolution in the Official Gazette of Romania, Part IV if the respective resolution is passed in breach of the provisions of the Articles of Association or of the applicable legal regulations.

Claims of absolute nullity of a shareholders' resolution may be filed in court at any time, as they are not time barred.

Other rights of the shareholders

Certain shareholders' rights are set out in the Companies Law and the Capital Markets Law only in favour of shareholders holding a minimum percentage of the share capital of the Company, such as:

- the right of the shareholder(s) holding individually or together at least 5% of the total voting rights to request the financial auditors to investigate allegations concerning the Company's management;

- the right of the shareholder(s) holding individually or together at least 5% of the share capital of the Company to request the convening of a General Meeting of Shareholders;
- the right of the shareholder(s) holding individually or together at least 10% of the share capital of the Company to request the court to appoint one or more experts for the purpose of investigating certain matters concerning the management of the Company;
- where a General Meeting of Shareholders fails to resolve upon commencement of a court action to engage the liability of founders, directors, managers, members of the Executive Board or of the Supervisory Board or of internal or financial auditors of the Company having caused losses (Romanian: *daune*) to the Company by being in breach of its/their duties towards the Company, the right of the shareholder(s) holding, individually or together, at least 5% of the share capital of the Company to take legal action in this respect. In these cases, such actions are initiated in the name of the claimant shareholder(s) but for the account of the Company; and
- the right of a significant shareholder to request the appointment of members of the Company's Supervisory Board using the cumulative voting method and, where the cumulative voting method is not used when voting in the General Meeting of Shareholders on the appointment of the Supervisory Board members, the respective shareholder has the right to ask the court immediately to convene the General Meeting of Shareholders. Under the Capital Markets Law, a "significant shareholder" is a natural person, legal person or group of persons acting in concert who directly or indirectly holds a participation of at least 10% of the share capital of a company or of the voting rights, or holds enough to exercise a significant influence on decision-making process at a General Meeting of Shareholders or on the Supervisory Board, as applicable.

Obligation to refrain from deliberations

A shareholder that, in a certain operation, has an interest contrary to the interests of the Company, either personally or as a representative of another person, must refrain from deliberations. A shareholder who fails to observe this legal requirement may be held liable for damages incurred by the Company if, without the vote of such shareholder, the required majority for the adoption of the respective resolution would not have been met.

Obligation to notify a major shareholding

According to the Capital Markets Law and the implementing regulations issued by the Romanian FSA, if, following the acquisition or sale of the securities issued by the Company, the proportion of voting rights held by a person reaches, exceeds or falls below one of the thresholds of 5%, 10%, 15%, 20%, 25%, 33%, 50%, 75% or 90% of the total voting rights, that person must notify, within a maximum of three working days from acknowledging this operation, the Company, the Romanian FSA and the Bucharest Stock Exchange. Neither the Articles of Association nor any other by-laws of the Company provide any other obligation to disclose ownership of shares above a certain threshold.

Obligation to launch a mandatory takeover bid

According to the Capital Markets Law, where a person, as a result of a direct acquisition or an acquisition by persons acting in concert therewith, holds more than 33% of the voting rights in the Company, the respective person is required to launch a mandatory takeover bid addressed to all security holders for all their holdings as soon as possible, but no later than two months after the date when the respective holding is reached.

Prior to launching the mandatory takeover bid, the voting rights attached to securities exceeding 33% of the total voting rights in the Company are suspended and the respective shareholder, together with persons acting in concert therewith, are prohibited from acquiring, by any other operations, shares in the Company.

The obligation to launch a mandatory takeover bid does not apply to persons that have acquired the respective holdings: (i) prior to the entry into force of the Capital Markets Law; (ii) as a result of an excepted transaction; or (iii) unintentionally.

An excepted transaction is the acquisition of securities that lead to the respective holding position:

- within the privatisation process;
- by acquisition of shares from the Ministry of Public Finance or from other legally authorised entities, within the process of enforcement of budgetary claims;
- as a result of a transfer of shares between a parent company and its subsidiaries or between subsidiaries of the same parent company; or
- resulting from a voluntary takeover bid addressed to all holders of the respective securities for all their holdings.

An acquisition of holdings exceeding 33% of the voting rights in the Company will be deemed to be unintentional if the respective position results from operations such as:

- share capital reduction, by share buy-back followed by cancellation of treasury shares;
- exercise of the pre-emptive, subscription or conversion rights in relation to certain rights initially conferred, as well as a result of conversion of the preferential shares into ordinary shares; or
- merger/spin-off or inheritance.

Furthermore, the Capital Markets Law grants the bidder who has carried out a bid addressed to all shareholders for all their holdings the right to require the shareholders that have not transferred the shares in the bid to sell those shares at an equitable price, provided that the respective bidder fulfils one of the following requirements:

- holds shares representing at least 95% of the total number of shares with voting rights representing share capital and at least 95% of the voting rights that may be effectively exercised; or
- has acquired, in the bid addressed to all shareholders for all of their holdings, shares representing at least 90% of the total number of shares with voting rights representing share capital and at least 90% of the total number of shares with voting rights that were targeted in the bid.

The squeeze-out right granted to the bidder as set out above corresponds to the right of the other shareholders of the Company to request sell-out, by requiring the respective bidder to acquire their shares. If any of the remaining shareholders exercises this right, the bidder is compelled to buy the shares held by the selling shareholder.

The squeeze-out and the sell-out rights may be exercised within three months from the closing date of the bid.

Obligations of statutory insiders

Persons discharging managerial responsibilities within the Company shall notify the Company and the Romanian FSA about transactions in shares and debt instruments issued by the Company. Notification to the Company shall be effected in case of any subsequent transaction once a total amount of EUR 5,000 (on a no netting basis) has been reached within a calendar year. The Romanian FSA may increase this threshold up to EUR 20,000. All transactions conducted on the own account of persons discharging managerial responsibilities shall be notified by those persons to the Romanian FSA promptly, but no later than three business days after the transaction date.

Rules regarding changes in the share capital of the Company

According to the Articles of Association, the share capital increase and the share capital decrease are powers assigned to the EGM.

Under applicable law, the EGM may authorise the Executive Board to increase, subject to approval by the Supervisory Board, the share capital up to a maximum limit decided by the meeting that cannot exceed half of the subscribed share capital outstanding at the time of authorisation. The validity period of the delegation given by the EGM cannot exceed one year and any renewal of this authorisation may be given for subsequent one-year periods. The Articles of Association provide for an authorisation of the Executive Board to increase the share capital; however, such authorisation has expired.

According to the Companies Law, the share capital may be decreased by: (i) decreasing the number of shares; (ii) reducing the shares' nominal value; or (iii) acquiring own shares followed by cancellation thereof. Where not justified by losses, the decrease of the share capital may also be effected by: (i) total or partial write-off of contributions due by the shareholders; (ii) returning to shareholders a part of their contribution, pro rata to the share capital decrease and calculated equally for each share; or (iii) other methods permitted by law.

The share capital may be effectively decreased only upon expiry of a two-month period as of the publication of the resolution of the General Meeting of Shareholders approving the share capital decrease in the Official Gazette of Romania, Part IV.

According to the Companies Law, the share capital increase or the share capital decrease must be decided by a majority of at least two-thirds of the voting rights of shareholders who are present or represented in the General Meeting of Shareholders duly assembled with a minimum attendance of shareholders representing at least one-fourth of the total number of voting rights in the first convocation or a minimum quorum of one-fifth of the total number of voting rights in subsequent convocations.

However, the Articles of Association provide higher quorum requirements for all EGMs (including meetings having on the agenda the increase or decrease of the share capital), by requiring shareholders representing more than 50% of the share capital to be present or represented at the first and second convening of the meeting.

Under the Capital Markets Law, the share capital increase by in-kind contribution must be decided by a majority of at least three-fourths of the total voting rights in a General Meeting of Shareholders duly assembled with a minimum presence of shareholders representing at least 85% of the subscribed share capital. The in-kind contribution may consist only of performing assets necessary for the carrying out of the Company's activities.

According to Law No. 137/2002, if a privatised company (such as the Company) obtains certificates attesting to its ownership of certain plots of land, its share capital is to be increased to include the value of that land (deemed to be a contribution in kind of the Romanian State as shareholder). The value of the land for the purposes of the increase is to be determined by an independent certified valuator to be appointed in accordance with the law. In order to enable the other shareholders of the Company to maintain their ownership quota in the Company, the pre-emptive right of such shareholders must be observed, for which purpose the Company shall issue shares in addition to the shares that will be allocated to the Romanian State in exchange for its in-kind contribution. The price per share to be paid by the shareholders intending to subscribe for newly issued shares and the price at which the Romanian State will be allocated shares in this type of share capital increase is the nominal value of the share. In addition, according to the privatisation laws, the purchaser or its successor in title under the privatisation contract is entitled to a pre-emptive right to purchase from the Romanian State such number of additional shares in the Company as would be necessary to maintain the level of its shareholding in the Company prior to the share capital increase. Hence, in the case of

a share capital increase by incorporation of the value of land, OMV has the option either to (a) exercise its pre-emptive right by subscribing for newly issued shares in the share capital increase or (b) exercise its pre-emptive right to buy from the Romanian State a number of shares that would allow it to maintain its proportional ownership in the Company's share capital prior to such increase. The share capital increase referred to above must also be carried out in compliance with the special provisions of the Privatisation Agreement concluded between the Romanian State and OMV in relation to the Company and of Petrom Privatisation Law no. 555/2004.

At the signing date of the Privatisation Agreement, OMV Petrom was using certain land plots for which it was entitled to obtain ownership certificates. Such land plots were not part of the share capital of the Company at the signing date of the Privatisation Agreement. Therefore, through the Privatisation Agreement, the Romanian State and OMV agreed that the increase of the Company's share capital with the value of such land plots will be performed in two stages. The first stage of this capital increase was completed in 2006. However, at the date of this Prospectus, the process for obtaining land ownership certificates is still ongoing due to factors beyond the Company's control and the very large number of land plots for which the Company had to obtain land ownership certificates. Thus, the second stage of the share capital increase is still pending and no estimation can be made as to when this will be implemented.

According to the information publicly disclosed by OMV, on 3 August 2015 OMV delivered a notification pursuant to Clause 7.1.1 of the Privatisation Agreement relating to a potential dispute arising out of or in connection with the abovementioned share capital increase. The matter of such potential dispute relates to the detailed implementation mechanism of the share capital increase. Since this matter has not been resolved by amicable negotiations and 180 days from the notification have elapsed, OMV could request the initiation of arbitration proceedings against the Romanian State in accordance with ICC Rules, the place of arbitration being Paris, France.

Corporate bodies

General Meeting of Shareholders

The General Meeting of Shareholders is convened by the Executive Board whenever necessary, by publication of the convening notice in Romania's Official Gazette, Part IV, and in a widely circulated national newspaper, at least 30 days before the date of the meeting. The convening notice must provide for the following minimum information: (i) place, date and time of the meeting; (ii) reference date; (iii) agenda; (iv) deadline by which nominations may be submitted, in case an agenda item is the election of Supervisory Board members; (v) full text of the proposed amendments to the Company's Articles of Association, in case an agenda item is an amendment thereof; (vi) means by which and date as of which the documents and information regarding the items on the agenda are made available to the shareholders; (vii) means by which the special power of attorney form for representation at the meeting may be procured; (viii) deadline and place where the special powers of attorney will be submitted/received; (ix) proposal for the record date and (x) place, date and time of the second meeting if the statutory quorum laid down by the Companies Law and/or the Articles of Association was not met at the first convening. The reference date is a date the calculation of which is set out by capital markets legislation and is used to identify the shareholders that may attend and vote in a specific General Meeting of Shareholders. The record date is a date set out by the General Meeting of Shareholders on which the shareholders that benefit from the effects of the specific shareholders' resolutions are identified (e.g. share capital increase).

Moreover, in addition to the minimum content set out in the Articles of Association, according to the Capital Markets Law, the convening notice should also contain a clear and precise description of the procedures to be followed by shareholders in order to participate and vote at the General Meeting of Shareholders (e.g. information regarding shareholders' rights, as well as the periods during which such rights may be exercised

according to capital markets legislation, the procedure for voting based on power of attorney and procedures allowing the vote by correspondence or by electronic means). The General Meeting of Shareholders is held in the Romanian language and the Company must provide, at its expense, an interpreter at each meeting for the simultaneous translation into the English language.

According to the Articles of Association, in exceptional circumstances, the Supervisory Board may convene the General Meeting of Shareholders.

The Company's General Meeting of Shareholders is generally held at the registered seat of the Company, unless the members of the Executive Board decide otherwise, in which case the convening notice must expressly indicate the address of the location where the meeting is convened.

According to the Articles of Association, the responsibilities of the Ordinary General Meeting of Shareholders are:

- (i) to discuss, approve or modify the annual financial statements after having reviewed the reports of the Executive Board, Supervisory Board and the financial and internal auditors;
- (ii) to distribute the profit and to establish the dividends;
- (iii) to elect and revoke the members of the Supervisory Board and the financial auditor and to approve the minimum term of the contract concluded with the auditor for the audit of the financial statements;
- (iv) to establish the remuneration of the members of the Supervisory Board and of the financial auditor for the ongoing financial year;
- (v) to assess the carrying out of management duties by the members of the Executive Board and the activity of the members of the Supervisory Board, to assess their performance and to discharge them of their liability in accordance with the legal provisions;
- (vi) to decide on whether to commence court action to hold liable the members of the Executive Board or Supervisory Board, as the case may be, for damages caused to the Company;
- (vii) to approve the income and expenditure budget, as well as the business programme for the following financial year;
- (viii) to approve the reports prepared by the Supervisory Board with respect to the supervisory activity performed by it; and
- (ix) to decide upon other matters related to the Company for which it is legally entitled to do so, provided such matters are on the agenda of the Ordinary General Meeting of Shareholders.

The minimum quorum for the first convening of the Ordinary General Meeting of Shareholders is presence of the shareholders representing more than half of the share capital of the Company. If the required minimum quorum is met at the first convening, resolutions on the items included in the published meeting agenda may be validly passed with affirmative votes of the shareholders representing the majority of the share capital of the Company. The quorum requirements provided by the Articles of Association for the first convening of the Ordinary General Meeting of Shareholders are higher than those provided by the Companies Law.

If within 30 minutes from the time scheduled for the first convening of the meeting (or any other time period the meeting chairman may think fit) the quorum requirements are not met or if during the meeting the quorum requirements cease to be met, the ordinary meeting is to be held in a second convening on the day, time and place specified in the convening notice. The ordinary meeting assembled in the second convening can decide on the items included on the published agenda of the first scheduled meeting, irrespective of the numbers of the present shareholders, by the majority of the votes cast during the second meeting. The Companies Law

prohibits a company from setting higher quorum or majority requirements for the second convening of the Ordinary General Meeting of Shareholders.

According to the Articles of Association, the responsibilities of the EGM are:

- (i) to change the corporate form of the Company;
- (ii) to change the business object of the Company;
- (iii) to increase or decrease the share capital of the Company;
- (iv) to merge the Company with other companies;
- (v) to split up the Company;
- (vi) to decide early dissolution of the Company;
- (vii) to convert shares from one class to another;
- (viii) to issue bonds and to convert bonds from one class to another or to shares;
- (ix) to enter into any agreements for the acquisition, disposal, exchange or encumbrance of certain assets classified as fixed assets of the Company the value of which exceeds, individually or in aggregate throughout a fiscal year, 20% of the book value of the Company's total fixed assets less the receivables;
- (x) to decide on any changes to the Articles of Association;
- (xi) to reconfirm or to change internal rules of the Supervisory Board; and
- (xii) to decide on any other matter which requires the approval of the EGM.

The minimum quorum for the first convening of the EGM is the presence of the shareholders representing more than half of the share capital of the Company. If the required minimum quorum is met in the first convening, resolutions on the items included in the published meeting agenda may be validly passed by affirmative vote of the shareholders representing the majority of the share capital of the Company. The quorum requirements provided by the Articles of Association for the first convening of the EGM are higher than those provided by the Companies Law.

If within 30 minutes from the time scheduled for the first convening of the meeting (or any other time period the meeting chairman may think fit) the quorum requirements are not met or if during the meeting the quorum requirements cease to be met, the EGM is to be held in a second convening on the day, time and place, as specified in the convening notice. The same minimum quorum and majority requirements for the first convening apply correspondingly to the second convening.

For certain corporate actions, the law imposes special quorum or majority requirements that override the provisions of the Articles of Association. According to the Companies Law, decisions with respect to: (i) changes to the Company's main business objects; (ii) increase or decrease of the share capital; (iii) change of the Company's corporate form; and (iv) merger, spin-off, or dissolution of the Company are taken with a majority of at least two-thirds of the voting rights held by the shareholders present or represented in the meeting. Also, according to the Capital Markets Law, decisions to cancel pre-emptive rights of the shareholders to subscribe for newly issued shares are taken with a majority of at least two-thirds of the voting rights held by the shareholders present or represented in the meeting with a minimum quorum of three-fourths of the subscribed share capital.

The shareholders may attend the shareholders' meeting in person or may be represented either by their legal representative or by an appointed representative ("**Proxy Holder**") having been granted (i) a general power of attorney, which is valid for a period that cannot exceed three years and which must be granted by the shareholder to an intermediary or an attorney at law (who should not be in a situation creating a conflict of interests), of which the respective shareholder is a client and submitted together with a copy of an identification document of the Proxy Holder to the Company 48 hours prior to the first use of it by the Proxy Holder or (ii) a special power of attorney, based on the template special power of attorney made available by the Company in accordance with the law, duly filled in and submitted together with a copy of an identification document of the Proxy Holder to the Company 48 hours prior to the meeting in the first convening. The special power of attorney has to contain specific voting instructions for each item on the agenda in respect of which the Proxy Holder is to vote on behalf of the shareholder (i.e. vote "for" or "against" or "abstention"). A shareholder may be represented only by one Proxy Holder holding a special power of attorney granted specifically for the relevant General Meeting of Shareholders.

On the day of the General Meeting of Shareholders, upon entering the meeting room, the shareholders (in case they attend in person) and the Proxy Holders must present to the Company's representative their original identity cards.

The shareholders of the Company may also vote by correspondence, prior to the General Meeting of Shareholders, by using the voting bulletin in the format made available by the Company.

The Company is managed in a two-tier system by a Supervisory Board, the members of which are appointed by the Ordinary General Meeting of Shareholders and by an Executive Board, the members of which are appointed by the Supervisory Board.

The Supervisory Board

According to the Articles of Association, the Supervisory Board consists of nine persons who are appointed for a mandate of four years by the Company's General Meeting of Shareholders. The chairman of the Supervisory Board is appointed by the members of the Supervisory Board.

The meetings of the Supervisory Board can be convened by: (i) the chairman of the board (or by a member of the board based on an authorisation received from the chairman) whenever necessary, but in any event at least quarterly; (ii) the chairman of the board based on the reasoned request of any two of the board's members or based on the reasoned request of the entire Executive Board, provided that the items proposed to be included on the agenda are within the competence of the Supervisory Board; or (iii) any two members of the Supervisory Board or by the Executive Board, if the chairman of the Supervisory Board fails to convene the meeting in accordance with (i) and (ii) above.

If convened upon the request of the Executive Board, the meeting of the Supervisory Board shall take place no later than seven days after the receipt of such request.

A meeting of the Supervisory Board is convened by a notice sent to all members of the board in writing, by facsimile, electronic mail or other legal means of serving notification, at least three days before the proposed meeting (exclusive of the day the notice is served and the meeting is to be held). The notice shall specify the date, time and location of the meeting and shall include the agenda of the meeting. The Supervisory Board is prohibited from resolving upon matters that have not been included on the agenda of the meeting, except for urgent matters.

The meetings of the Supervisory Board are chaired by the chairman of the Supervisory Board or, in the absence thereof, by a member of the Supervisory Board based on a mandate received from the chairman. The meetings may be organised by telephone or video conference or by other communication means which allow the persons attending the meeting to hear each other.

At least five members of the Supervisory Board must be present at the meeting to constitute a quorum and decisions may be adopted by a simple majority of the votes cast by the members present (or represented) at the meeting. In the case of deadlock, the chairman (or its representative) casts the decisive vote.

If the chairman of the Supervisory Board deems a matter to be urgent, the Supervisory Board may adopt resolutions without assembling into a meeting, with a simple majority of the votes cast.

According to the Articles of Association, the main responsibilities of the Supervisory Board are:

- (i) to exercise control over the way the Executive Board manages the Company;
- (ii) to determine the structure and the number of members of the Executive Board; to appoint and revoke members of the Executive Board;
- (iii) to create an audit committee and other specialised committees, if appropriate, comprising no less than two of its members;
- (iv) to check whether the activity performed in the name and on behalf of the Company is in accordance with the law, the Articles of Association and any relevant resolutions of the General Meeting of Shareholders;
- (v) to present to the General Meeting of Shareholders a report on the supervisory activity performed;
- (vi) to represent the Company in its relations with the Executive Board;
- (vii) to approve the internal rules of the Executive Board;
- (viii) to verify the Company's financial statements;
- (ix) to verify the reports of the Executive Board;
- (x) to propose to the General Meeting of Shareholders the appointment and the revocation of the financial auditor, as well as the minimum term of the audit contract;
- (xi) to approve any transfer with respect to the Campina Research and Technological Institute and the Ploiesti INCERP Institute, in accordance with applicable regulations; and
- (xii) to approve the decisions of the Executive Board relating to authorised share capital increase.

The internal rules for the Supervisory Board set out further details on the responsibilities of the board and the procedures to be followed.

The Executive Board

The Executive Board members are elected by the Supervisory Board for a mandate of four years. The number of members forming the Executive Board is set by the Supervisory Board; however, the number may not be less than three or more than seven. A member of the Executive Board is appointed chairman of the Executive Board/CEO.

The Executive Board typically meets once a week and whenever necessary to resolve upon the current issues of the Company. At least half of its members must be present at a meeting to constitute a valid quorum and decisions may be validly adopted by the affirmative vote of the majority of the members present (or represented) at such meeting. In certain cases, the Executive Board can pass a resolution by circulation based on the written unanimous agreement, without an actual meeting being held.

The Executive Board is responsible for the executive management of the Company and represents the Company in its transactions and interactions with third parties.

According to the Articles of Association, the main responsibilities of the Executive Board are:

- (i) to approve material lease agreements (with the Company acting either as lessor or lessee);
- (ii) to negotiate collective bargaining agreements with the employees' representatives;
- (iii) to establish the strategy and the policies for the development of the Company, including the organisational chart of the Company and the operational divisions;
- (iv) to approve the opening or closing of company premises (branches, agencies and representative offices);
- (v) to submit annually for the approval of the General Meeting of Shareholders, within four months as of the end of the fiscal year, the report regarding the business operations and budget plan of the Company for the current year;
- (vi) to conclude legal acts for and on behalf of the Company, in accordance with the Articles of Association rules on double signature and with observance of the matters reserved to the General Meeting of Shareholders or to the Supervisory Board;
- (vii) to hire and to dismiss, and to establish the duties and responsibilities of the Company's personnel, in line with the Company's personnel policy;
- (viii) to take all measures necessary and useful for the management of the Company, required by the daily management of each division or delegated by the General Meeting of Shareholders or by the Supervisory Board, with the exception of those reserved to the General Meeting of Shareholders or to the Supervisory Board through operation of the law or of the Articles of Association;
- (ix) to make recommendations to the shareholders regarding the distribution of profits; and
- (x) to exercise any competence delegated by the General Meeting of Shareholders, including a share capital increase competence under the Articles of Association.

According to the Articles of Association, the Executive Board represents the Company in its transactions and interactions with third parties, the Company being unrestrictedly and validly represented by two authorised signatories, as follows:

- each and every member of the Executive Board, including the CEO, together with another member of the Executive Board;
- each and every member of the Executive Board, including the CEO, together with a person empowered by another member of the Executive Board;
- a person empowered by a member of the Executive Board together with another person empowered by another member of the Executive Board.

By way of exception, whenever application of these rules may hinder the carrying out of the Company's business, each and every member of the Executive Board, including the CEO, can validly represent the Company by co-signing together with one of his/her line managers to whom such co-signature powers have been specifically granted by the Executive Board.

Each and every member of the Executive Board, including the CEO, may delegate his/her powers to represent the Company to other persons based on general or specific powers of attorney countersigned by another member of the Executive Board.

The “two joint signatures” requirement shall be observed for any document that is binding on the Company, with the exception of where, by special power of attorney, two authorised representatives of the Company, acting jointly, have expressly granted the authority to represent the Company to a single person acting individually in respect of a certain document.

The heads of the branches or the heads of other secondary offices of the Company do not have the authority to represent the Company in commercial transactions, unless such authority was expressly granted to them by power of attorney.

RELATED PARTY TRANSACTIONS

For information on material transactions with related parties as defined in IAS 24 “Related Parties Disclosure”, in accordance with IFRS, as of and for the periods ended 31 December 2013, 2014 and 2015, see Note 29 of the 2014 and 2015 Financial Statements. In the ordinary course of business and on a constant and regular basis, we enter into transactions for the supply of goods and services, on arm’s length terms, with companies from OMV Group, including entities jointly owned by us and OMV. The balances of purchases, payables, revenues and receivables (as applicable) in respect of significant transactions with related parties as at 30 June 2016 are disclosed in our Interim Financial Statements. Other than the types of transactions described above, we have not entered into any further significant transactions with related parties since 30 June 2016.

MATERIAL CONTRACTS

Other than as described below, the Company is not party to any material contracts that have been entered into outside the ordinary course of business.

Material Financing Facilities

For details of the material financing facilities that we have entered into and that are outstanding or committed as of the date hereof, see “*Operating and Financial Review – Liquidity and Capital Resources – Indebtedness*”.

Agreements Relating to the Offer

Company Agreement

We entered into the Company Agreement with the Managers in relation to the Offering. See “*Subscription and Sale – Company Agreement*”.

Deposit Agreements

On or before the Closing Date, we and the GDR Depositary will enter into the Deposit Agreements for the establishment and maintenance of (i) the Regulation S facility (the “**Regulation S Facility**”) and the Regulation S GDRs pursuant thereto and (ii) the Rule 144A facility (the “**Rule 144A Facility**”) and the Rule 144A GDRs issued pursuant thereto. See “*Terms and Conditions of the Global Depositary Receipts*”.

REGULATORY MATTERS

Regulation of the oil sector (upstream)

The oil and gas sector is mainly regulated by the Petroleum Law, as implemented by the methodology norms approved by Government Decision 2075/2004, as subsequently amended (the “**Norms**”). The competent authority in this field is ANRM, a specialised Governmental body.

Under the Petroleum Law, oil resources are the exclusive public property of the Romanian State. The NTS for both oil and gas is also the public property of the Romanian State and considered to be of strategic importance to Romania. Investments in the NTS from public funds are not subject to depreciation. Privately financed investments made by a concession holder and resulting in developments and modernisation of the NTS become public property, but are subject to depreciation. Where the titleholder of the concession invests private funds resulting in new assets which are not part of the NTS, such assets remain privately owned and may connect with the NTS.

Transit

Crude oil transit is performed on a contractual basis, by way of agreements negotiated between the entities designated by the relevant states. Such agreements should not include unjustifiably restrictive clauses or endanger security of supply and quality of services, and must have regard to the available reserves, storage capacity and efficiency of management of the existing system.

Transportation

Transportation of oil is regulated under the Petroleum Law and transportation of gas (as well as access or refusal of access to the gas NTS) is regulated under the Energy Law.

Oil transportation through the NTS is a public service of national interest and of strategic significance, performed for transmission tariffs set by ANRM. The concessionaire for the NTS is regarded as a “common” transporter (“**TSO**”), and is obliged to ensure free access to the available NTS capacity for all applicants, authorised legal persons, under equal, non-discriminatory and transparent terms. Access to the NTS may only be refused in limited circumstances (such as lack of available capacity, compelling technical, operational or security reasons which could affect safe operation of the NTS, or a failure to meet oil quality standards) and any such refusal must be communicated to ANRM and the applicant in writing and state the reasons for refusing access.

The TSO should be independent and not engaged in exploration, development, exploitation, oil processing, refining or commercialising activities, and should be separate from any entities engaged in such activities.

Concessions

Petroleum operations and related public assets are subject to concessions granted pursuant to the rules established by the Petroleum Law and the Norms. The Government approves concessions for the following activities:

- exploration-development-exploitation;
- development-exploitation;
- exploitation;
- underground storage of natural gas;
- operating the NTS; and

- operating oil terminals.

Exploration may be carried out separately on the basis of a non-exclusive prospecting permit, issued by ANRM on receipt of a written request, which covers a defined block. The prospecting permit is valid for a maximum of three years, without any extension rights.

The concession award process may be initiated by the ANRM itself or by private legal entities. ANRM determines the list of blocks for which petroleum operations are to be granted under concession and the requisite assets. The list is published in the Romanian Official Gazette and the Official Journal of the European Union. Public tenders are then held. Offers submitted in response to the tenders should include, among others: an exploration/development-exploitation/exploitation programme (as the case may be); proof of financial and technical good standing of the applicant; an environmental impact assessment and recovery plan; and details of personnel training and a know-how transfer programme. The winner of the tender process enters into a concession agreement, which becomes binding when Governmental approval has been granted. The provisions of the agreement remain in full force and effect, unless legal regulations more favourable to the titleholder are adopted. The commencement of operations is authorised separately.

The titleholder of a concession may be any Romanian or foreign legal entity. Foreign entities (including EU entities) which have obtained the right to perform petroleum operations are obliged to establish a subsidiary or branch office in Romania within 90 days of the concession agreement entering into force and to maintain it for the entire duration of the concession. If there are joint concessionaires with regard to the same block, this obligation is incumbent upon the party designated to represent their interests.

An oil concession may be fully or partially transferred only with ANRM's prior written approval. The transferee should also be able to prove, *inter alia*, that it has the necessary technical and financial capabilities, it does not have any outstanding debts in relation to the Romanian State budget and that it undertakes all outstanding obligations under the existing concession agreement. A partial transfer may regard: a share of the rights and obligations under the concession agreement relating to the entire petroleum block; a share of the rights and obligations under the concession agreement, relating to a particular petroleum area; or all rights and obligations under the concession agreement relating to a particular petroleum area. The entities thus acquiring rights and obligations under the concession agreement have joint liability, unless the transferred rights and obligations refer to different petroleum areas.

The initial duration of a concession may be up to 30 years and this can then be extended by government decision for a further period of up to 15 years. The concession ends upon expiry, relinquishment by the titleholder (provided certain cumulative conditions are met), termination for cause by ANRM (e.g. for the titleholder's failure to perform) or upon the titleholder's request on the basis of force majeure.

If a titleholder is sanctioned for certain breaches, as regulated under the Petroleum Law, ANRM may suspend the concession for as long as the breach persists, but not to exceed one year. Failure by the titleholder to remedy the breach entitles ANRM to rescind the concession.

Royalties are payable by a titleholder to the Romanian State as follows:

- a percentage quota of the value of the gross production on a reservoir basis. The percentage is set based on the reservoir gross production levels as follows:

	Royalty	Gross production
		Crude oil/condensate 10³ tons/trimester
%		
3.5%	for reservoirs producing	under 10
5%	for reservoirs producing	between 10 and 20

	Royalty	Gross production
7%	for reservoirs producing	between 20 and 100
13.5%	for reservoirs producing	over 100
%		Natural gas 10⁶ m³/trimester
3.5%	for reservoirs producing	under 10
7.5%	for reservoirs producing	between 10 and 50
9%	for reservoirs producing	between 50 and 200
13%	for reservoirs producing	over 200

- a quota of 10% of the value of the gross income obtained from the transportation and transit of oil through the national pipeline system and from oil operations carried out through oil terminals that are owned by the Romanian State;
- a percentage quota of the value of the gross income obtained from the transportation of oil through transmission systems other than NTS, and from oil operations carried out through oil terminals other than those held as the public property of the Romanian State, such quota being determined according to a methodology approved by the Government; and
- a quota of 3% of the value of the gross income obtained from underground storage of gas.

Law no. 360/2013, which came into force on 24 December 2013, transposes Council Directive 2009/119/EC of 14 September 2009, imposing an obligation on EU member states to maintain minimum stocks of crude oil and/or petroleum products. The compulsory stocks allocated to Romanian operators starting January 2015 increased by reallocation of the quantities obligation of the state during 2014. The new compulsory stock obligation limit for each operator is established annually by government decision per operator based on Law 360/2013.

EU context

Regulation 2011/1227 on wholesale energy market integrity and transparency (“**REMIT**”) is applicable to market participants that enter into European wholesale energy transactions and contains rules that prohibit the use of inside information, require the public disclosure of that inside information and prohibit certain behaviour constituting market manipulation. The Agency for the Cooperation of Energy Regulators (“**ACER**”) is positioned to operate as a central European regulator collecting and screening wholesale transaction market data, performing initial assessments of anomalous events and then reporting to the national regulators for enforcement if necessary.

The key features of REMIT are outlined below:

- the regulation prohibits insider trading and market manipulation in relation to wholesale energy products; this includes supply contracts to certain large consumers;
- the regulation requires timely public disclosure of inside information; this extends to information regarding the business or facilities which a market participant, or its parent or a related undertaking, owns, controls or operates, in whole or in part;
- reporting obligations regarding transactions and the status of operational assets apply;

- national regulatory authorities had to be given enhanced investigatory and enforcement powers and penalty rules must be devised and implemented.

All market participants will need to ensure that appropriate measures are in place regarding the disclosure and use of information between group entities (and related undertakings) to minimise the impact of these measures.

Market participants entering into transactions that are required to be reported to ACER are obliged to register as market participants, the requirement to register being applicable to any person, legal or natural. Implementing its Order 1/2015, ANRE launched the Romanian register of wholesale energy market participants in March 2015.

On 24 July 2015, ACER approved the first third-party registered reporting mechanisms (“**RRM**”) under REMIT. The Romanian gas and electricity market operator Opcom was included in the list of first third-party RRM applicants that have received a code following the initial administrative registration completeness checks. First phase REMIT transaction reporting started on 7 October 2015, followed by a second phase on 7 April 2016 concerned with the bilateral energy contracts.

Regulation of the electricity sector

General

The Energy Law came into force on 19 July 2012 and regulates all the activities in the Romanian energy sector.

ANRE is the sole national regulatory authority responsible for regulating and monitoring the electricity and gas markets. ANRE implements the rules established by Regulation (EC) No 714/2009 of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity and monitors market participations with regard to the observance thereof. ANRE is an autonomous public institution under parliamentary control, financed entirely from its own resources. The Ministry of Energy is in charge of setting electricity strategy and policies. The electricity market was formally liberalised on 1 July 2007; liberalisation for non-households has already been completed while liberalisation for households is expected to be finalised at the end of 2017.

Authorisation and Licensing

Construction of a new power generation unit or revamping of an existing one is subject to ANRE’s establishment authorisation procedure.

An establishment authorisation is independent of a construction permit and is required for the construction of power plants with an installed capacity above 1 MW. Where the installed capacity of a plant is between 500 KW and 1 MW (both inclusive), an establishment authorisation is not necessary, but it is necessary to notify ANRE regarding the investment project and regularly to report the status of its development. Where the installed capacity is below 500 KW, such notification and reporting obligations are incumbent upon the distribution network operators. Upon obtaining the establishment authorisation, the plant will enjoy various statutory rights (e.g. easement or use rights) over third-party property required for the development and construction of the plant. The duration of an establishment authorisation varies according to the time required for the relevant works, being in any case valid for at least one year.

Licences are required for: electricity generation (*licenta pentru exploatarea comerciala*); transmission (*licenta pentru prestarea serviciului de transport al energiei electrice*); system operation (*licenta pentru prestarea serviciului de sistem*); distribution (*licenta pentru prestarea serviciului de distributie a energiei electrice*); centralised market operation (*licente pentru administrarea pietelor centralizate*), whereby a single licence is

granted for the energy market operator and a single licence is granted for the balancing market operator; supply (*licenta pentru activitatea de furnizare a energiei electrice*); and trading (*licenta pentru activitatea traderului de energie electrica*).

Electricity supply and trading licences are valid for a period of 10 years and all other licences are valid for 25 years. Applications for authorisations/licences must be accompanied by supporting documentation as set out in ANRE Order no 12/2015, including corporate documents, financial statements, a feasibility study, an environmental authorisation and title deeds for the land on which the facilities are located. Once the complete documentation has been submitted, ANRE will decide whether to grant an authorisation/licence within 60 days. For renewable energy and high efficiency cogeneration projects, ANRE issues its decision within 30 days. A fee is payable for the grant of authorisations or licences, which are typically subject to certain conditions. In addition, licences must pay ANRE annual contributions of 0.08% of their annual turnover derived from electricity and heat activities.

Authorisation/licence holders originating from a third-party country (outside the EU) have to establish at least a secondary seat (i.e. a presence without legal personality, such as a branch or representative office) in Romania in order to hold an authorisation or licence. The TSO fully unbundled its transmission and system activities from generation and supply activities in 2000. As a general rule, the transmission network is the public property of the Romanian State, but the TSO may acquire transmission assets. Romania has implemented the ISO model through the Energy Law. In August 2014, the TSO C.N.T.E.E. Transelectrica S.A. was certified as ISO.

Third Party Access Regime

In general, access to all assets in the public or private ownership of the Romanian State and services of national interest in the electricity sector may be granted to private parties by concession. Suppliers and customers are granted regulated access to the public power network on payment of a regulated tariff. Under Law 220/2008 on the promotion of renewable energy production, as amended (the “**Renewable Energy Act**”), renewable electricity benefiting from the support scheme receives guaranteed access to the network (save for renewable electricity sold for a feed-in tariff which only benefits from priority access and dispatch, depending on the capacity of the grid connection and the availability of eligible resources). Interconnection capacity is allocated based on auctions according to European rules.

Public Service Obligations and Smart Metering

Authorisation and licence holders have various obligations relating to the safety, quality, price and continuity of electricity supplied, energy efficiency, and labour, security, health and environmental norms, in addition to their contractual obligations to their customers. Public service obligations may be established by the Romanian Government or by ANRE through specific regulations or conditions attached to authorisations and licences. Obligations imposed by ANRE must be notified to the European Commission.

The Energy Law required ANRE to determine long-term costs and benefits, profitability and reasonable implementation terms of smart metering systems by 3 September 2012. As a follow-up, ANRE Order 145/2014, which entered into force on 19 December 2014, provides that smart metering implementation by distribution system operators should target 80% of the customers by 2020. In 2015, distribution system operators were able to implement smart metering pilot projects.

Electricity Trading

The Energy Law defines the participants in the Romanian electricity market as comprising:

- producers;
- the TSO;

- the market operator (Opcom);
- the eight distribution system operators;
- suppliers;
- traders; and
- end customers.

The electricity market is divided into the regulated market and the competitive market. Transactions are classified as wholesale or retail. Transactions on the competitive market should be concluded in a transparent, public, centralised and non-discriminatory manner. This implies that wholesale freely negotiated bilateral electricity transactions cannot be entered into and power may thus only be traded on the centralised platforms Opcom and BRM. As an exception, holders of power plants of up to 1 MW per producer or 2 MW per producer for co-generation plants from biomass are allowed to enter into bilateral sale-purchase agreements for electricity directly negotiated with suppliers to end consumers. Another exception from centralised trading of electricity is available for renewable energy producers holding plants with an installed power between 1 and 3 MW per producer (or 2 and 3 MW, in case of high efficiency cogeneration from biomass) which qualify as small or medium enterprises.

The available centralised forward platforms are the Over-the-Counter Market and the Centralised Market for Electricity Bilateral Contracts, with its three mechanisms: extended auctions; continuous negotiation; and fuel processing. The spot markets are the Intraday and the Day-Ahead Market. For the safe functioning of the system and its interconnection with neighbouring countries, the Balancing Market, the Ancillary Services Market, and the Market for Allocation of International Interconnection Capacities are in place and are operated by the TSO. The balancing market functions within the wholesale market. On the balancing market, Transelectrica purchases electricity from, and sells electricity to, market participants with a view to compensating them for any deviation from production or consumption forecasts.

ANRE is entitled to suspend the functioning of the competitive market if the Government decides, following receipt of a proposal from the TSO, to adopt measures to cure unexpected crisis situations or restore the physical safety, security and integrity of people, equipment, installations or the system.

The regulated market operates on the basis of commercial contracts with prices regulated by ANRE. On this market, ANRE establishes the quantities of electricity required in wholesale transactions between producers and last resort suppliers.

On the domestic electricity market, the following types of prices and tariffs are applicable:

- negotiated prices on the competitive market; and
- regulated tariffs for:
 - transmission and distribution;
 - the last resort supply of electricity to end customers that did not exercise their eligibility right and to households and non-households with less than 50 employees and an annual turnover of less than EUR 10 mn;
 - last resort supply;
 - the acquisition of technological system services and network connections;
 - connection to the network;

- the operation of centralised markets; and
- heat generated in cogeneration plants.

Regulated electricity supply prices were gradually eliminated between 1 September 2012 and 31 December 2013 for non-households; the phase-out for households began on 1 July 2013 and will be complete by 31 December 2017, based on a published timetable. Regulated prices and tariffs are established by ANRE based on its approved and published calculation norms. When setting the regulated tariffs, ANRE considers the justified costs for each of the activities, together with development costs, environmental protection costs, and a reasonable profit margin. The tariff-setting process involves market participants submitting to ANRE their pricing and tariff proposals, based on ANRE's calculation rules. ANRE then publishes an order approving both the regulated prices and tariffs and the methodology used to calculate them in the Romanian Official Gazette. If the system becomes severely unbalanced (i.e. demand and supply are mismatched) the Government, following receipt of a proposal from ANRE and consultation with the Competition Council, may limit price tariff increases or suspend them for a period of up to six months, which may be extended further for as long as the circumstances persist. For example, ANRE may:

- set an upper limit on the price in the centralised market; and/or
- limit income receivable from regulated activities (any costs for which recovery is postponed will subsequently be fully reimbursed under the provisions of a special procedure).

Regulation of the gas sector

General

The gas market is primarily regulated by the Energy Law. Natural gas policy is set out in a government programme, approved by the Romanian Parliament. In 2001, 10% of the gas market was liberalised. Complete liberalisation was achieved formally in July 2007 under Government Decision 638/2007. Steps to ensure full liberalisation in practice are ongoing. ANRE is the regulatory authority for the natural gas sector (as well as the electricity sector). Natural gas transmission and distribution services are public services of national interest (with the exception of closed distribution systems). The NTS is public property. As in the electricity sector, Romania has chosen to implement the ISO unbundling model. Natural gas distribution is subject to licensing under a concession agreement. The Energy Law provides that an end customer can only consume natural gas and is prohibited from reselling it. According to the National Gas Regulatory Authority of Romania (ANRE's predecessor) Decision 1368/2006, non-households were, from 1 January 2007, considered to be eligible (i.e. able to choose their supplier) if they met the requirements set out under the aforementioned decision.

Pursuant to the Energy Law, ANRE was able to establish: (i) up to 31 December 2014, respectively up to 31 December 2015, (1) a specific domestic/imported basket of natural gas for the gas quantity used by households and by producers of thermal energy, but only for the gas quantity used for production of thermal energy in co-generation plants and in the thermal plants for ensuring heating for the households, and (2) a specific domestic/imported basket of natural gas for the quantity designated to the other non-households, and (ii) starting from 1 January 2015 respectively 1 January 2016, and up to 30 June 2021, a domestic/imported basket of natural gas for the quantity designated to households and to thermal energy producers, solely for the natural gas quantity used for producing thermal energy in cogeneration plants and in thermal power plants, destined for household consumption. The methodology for setting the gas basket is regulated by ANRE Order No. 160/2014. At the end of 2014, the Government decided that the gas price convergence for non-households had been achieved, so the basket under (i) (2) was stopped on 31 December 2014. From 1 January 2015, only (ii) applies. For households and heat producers for households, the structure of the gas basket is renewed or

reset monthly. In 2016, an import quota was only published for January (2%) and February (3%), while in March ANRE provided notice that household and district heating consumers will consume exclusively domestic gas for the period from 1 April 2016 to 31 March 2017, with no need for imports.

Third Party Access Regime to Gas Transportation Networks

Third party access to upstream pipelines, storage facilities, transmission and distribution systems and LNG facilities is regulated and granted in accordance with the relevant legislation.

Access to upstream pipelines and the transmission network is only available to:

- holders of a distribution concession;
- operators of LNG terminals;
- operators of underground storage facilities;
- new industrial customers;
- holders of distribution licences; and
- natural gas producers.

Access to natural gas facilities may be refused where:

- there is insufficient capacity;
- access to the facility would impede public service and safe exploitation obligations;
- granting access to the facility would trigger important technical and/or economical difficulties for the licensee in relation to the “take-or-pay” agreements it has entered into; or
- the natural gas to be injected does not reach the requisite quality set out in the applicable regulations.

Refusals to grant access must be given in writing and include reasons for the decision. Public property assets related to natural gas transmission and storage objectives/systems, as well as natural gas transportation, storage and distribution services are subject to concession arrangements for Romanian and foreign legal entities.

LNG and Gas Storage

There are currently no LNG terminals in Romania. Following the Prague Declaration of 8 May 2009, Romania concluded a memorandum of understanding with Azerbaijan and Georgia on 13 April 2010 with the aim of developing an interconnector between the three countries to transport LNG. The AGRI LNG Project Company was established for this purpose in Romania in January 2011 and during the same year the Hungarian MVM became a shareholder. The technical code for LNG approved by ANRE Order 109/2013 sets out the minimum technical conditions for LNG and the competent authorities regulating the storage, transportation, distribution and utilisation of LNG. For setting up an LNG terminal, an establishment authorisation issued by ANRE is necessary. For the operation of the terminal and supply of LNG separate licences from ANRE should be obtained.

Market Entry

Activities in the gas sector can only be carried out with the appropriate authorisations/licences from ANRE. Authorisations are required to set up upstream pipelines, new storage facilities, biogas/biomethane generation facilities, new transmission or distribution systems and LNG, facilities for CNG and CNG for vehicles, closed distribution systems and direct pipelines (*magistrale directe*).

Licences are required for:

- the supply of natural gas, biogas/biomethane, LNG, CNG, CNG for vehicles, and LPG;
- operating of transmission, distribution and underground storage systems;
- operating upstream pipelines;
- operating LNG terminals;
- operating closed distribution systems; and
- administrating the centralised markets.

In order to be granted an authorisation/licence in the gas sector a foreign entity must establish at least a secondary seat in Romania (i.e. a local presence without legal personality, such as a branch or representative office).

Public Service Obligations

Gas storage, transmission, distribution and supply licence holders, as well as the holder of the licence for the operation of an LNG terminal, have certain public service obligations to:

- ensure security, quality and continuity of supply;
- ensure energy efficiency, and comply with health and security norms and environmental protection standards; and
- comply with their contractual obligations with third parties.

ANRE is obliged to establish the public service obligations applicable to all licence or authorisation holders, in a transparent and non-discriminatory manner. Public service obligations must not impede market liberalisation, constitute barriers to market entry or distort competition and market functionality. Any public service obligation which could affect the natural gas market must be notified to the Competition Council. Any costs incurred as a result of public service obligations can be recovered through the prices or tariffs charged by the respective operators in accordance with ANRE regulations. Every two years, ANRE evaluates the need for, and ways of, imposing public service obligations and reports to the Romanian Parliament and the European Commission.

Gas Trading

The domestic gas market consists of the regulated market and competitive market.

The competitive gas market is sub-divided into the wholesale and retail markets. In the wholesale competitive market, transactions are concluded bilaterally between market participants or via the centralised markets. In the retail market, suppliers sell natural gas to end customers based on negotiated agreements or standardised offers. Prices in the competitive market are based on supply and demand. For the period starting on 15 July 2014 and ending on 31 December 2018, Romanian gas producers or their affiliates are obliged to conclude transactions on the centralised Romanian markets, in a transparent and non-discriminatory manner, for the sale of a minimum quantity of gas from their own production, designated for internal consumption. A relatively similar obligation applies to gas producers between 1 January 2015 and 31 December 2016. However, there has been a recent proposal to change these minimum quantities starting with the fourth quarter of 2016 and ending in 2021 for both producers and suppliers.

The regulated gas market includes:

- the supply of gas to non-households until 31 December 2014, based on framework contracts (if there was a significant difference at that date between the internal trading price and the European import price which could have jeopardised market stability, the framework contracts could have been extended until 31 December 2015);
- the supply of natural gas to households and heat producers for households, until 30 June 2021, based on framework contracts;
- the last resort supply of gas to end customers;
- transmission;
- transportation through upstream pipelines;
- underground storage;
- gas storage into pipelines;
- natural gas and biogas/biomethane distribution;
- related activities carried out by licence holders; and
- activities related to the operation of the LNG terminal.

In the regulated market, participants must ensure that their contracts comply with the framework approved by ANRE. The regulated gas supply prices were gradually eliminated starting from 1 February 2013 for non-households and from 1 July 2013 for households. In terms of prices, for non-households (with the exception of heat producers for households), the market was fully liberalised starting on 1 January 2015, while for households and for heat producers for households the gas price liberalisation calendar continues until 30 June 2021. ANRE monitors the results of the elimination and may propose that the Government use internal gas production on the internal market until the completion of the calendar. ANRE sets regulated prices and tariffs based on its approved and published calculation methods. ANRE's orders approving the regulated prices and tariffs, and their calculation methodologies, are published in the Romanian Official Gazette. The Government may also limit natural gas prices and/or tariffs under a procedure similar to that described above for electricity.

The new code of the national natural gas transportation network was approved and came into force on 1 April 2013 pursuant to ANRE Order 16/2013, as amended to date.

Legal entities in the natural gas market carrying out more than one regulated activity must ensure that their accounts (revenue and expenditure for each activity) are separated.

Climate change

Renewable Energy

Since 2005, Romania has used a combined system of E-RES mandatory quotas and GCs to incentivise renewable energy deployment. This system was further developed when the Renewable Energy Act was published in 2008, and in the following years when major amendments to the Renewable Energy Act took effect. The incentive mechanism involves granting each renewable energy producer GCs for the power they feed into the electricity network, with such GCs being tradable on competitive terms. Energy suppliers, as well as certain producers, are obliged to purchase GCs in proportion to the quantity of electricity they supply. A failure by a supplier to obtain the requisite number of GCs obliges them to pay a penalty.

Government Decision no. 1069/2007, approving the Romanian Energy Strategy for the years 2007-2020, sets national targets regarding the percentage of electricity to be produced from renewable sources of 35% for 2015 and will be 38% for 2020. Romania's target for renewable sources under the Renewable Energy Directive is to achieve 24% of final gross energy consumption by 2020. The GC system, as regulated by the Renewable Energy Act, is considered as state aid and was approved by the European Commission in July 2011. Producers can trade electricity generated from renewable sources and GCs separately. Since directly negotiated GC purchase agreements were banned as of 1 July 2013, GCs may be traded on two dedicated centralised markets organised by Opcom, one spot and one forward. Spot transactions on the Centralised Green Certificates Market are entered into based on firm sale and purchase offers that are submitted into the trading system. The forward market for bilateral contracts was created after July 2013. The contracts are concluded after a bidding session. The bid is won by the answering party offering the best price. The party initiating an offer on this market is free to propose its own draft contract, which will become mandatory for the winning bidder.

There is an exemption from the centralised trading of GCs applicable to producers holding plants of up to 1 MW installed (or 2 MW, in case of high efficiency cogeneration from biomass), which may sell their GCs via directly negotiated bilateral contracts entered into with suppliers to end customers.

Prices for GCs are regulated and range from €27 to €55, taking into account indexation. Suppliers pass the costs of purchasing GCs onto customers.

Emission trading

Romania was the first country to ratify the Kyoto Protocol, committing to reduce its GHG emissions by 8% compared to 1990 levels during the first trading period. The main piece of legislation setting out the rules for trading EU emissions trading system ("ETS") allowances ("EUAs") is Government Decision 780/2006 on GHG emissions trading, reinforced by secondary legislation (Order 1474/2007 approving the regulation on managing the national registry for GHG emissions; Order 3420/2012 on the procedure for GHG emissions certificates for the trading phase 2013 to 2020; Government Decision 60/2008 which approved the National Allocation Plan for 2007 and for 2008 to 2012; Order 254/2009 which approved the methodology for allocating EUAs from the new entrants reserve for 2008 to 2012; Order 297/2008 on approving the national scheme regarding the joint implementation mechanisms; and Order 89/2013 on approving the methodology for allocating EUAs from the new entrants reserve, for new entrants, for installations with significant capacity changes and for installations which partially or totally shut down, for 2013 to 2020). The Ministry of Environment, Waters and Forests oversees the implementation of EU legislation in this area and the National Environmental Agency ("ANPM") is responsible for managing matters relating to EUA allocation and trading. ANPM is a subordinate body to the Ministry of Environment, Waters and Forests and is entirely financed by the Romanian State. EUAs can be traded over-the-counter or via a broker, bank or an exchange. Romania's first trading period followed its accession to the EU in January 2007 and ran for one year. The current trading period started, as for all EU member states, in January 2013 and continues until the end of 2020. Romanian operators are permitted to use certified emission reductions ("CERs") and emission reduction units ("ERUs") from joint implementation projects and the clean development mechanism under the Kyoto Protocol in order to fulfil a certain proportion of their obligations under the EU ETS (set out in Romania's National Allocation Plan). ANPM issues and surrenders one EUA for each CER and ERU which is registered in the National EUAs Register. Permits are issued, as required by EU legislation, by ANPM.

The Romanian GHG Registry Regulation (Regulation on managing and operating the national GHG registry approved by Order of the Ministry of Environment 1474/2007, Romanian Official Gazette 680 of 5 October 2007) sets out the terms and conditions for accessing the online registry and setting up accounts. All operators must open an account with the National Register. The register is an electronic, standardised and secure data base that is open to the public. Private entities not subject to the obligations under the EU ETS scheme can

also open accounts allowing them to trade EUAs. Trading EUAs via the register can be suspended if the monitoring report has not been cleared by ANPM by 31 March of each year. Apart from the EU ETS, no additional emission trading schemes operate in Romania.

Energy Efficiency

Law no. 121/2014 on energy efficiency transposes Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency. The target of the policy is to reduce energy consumption by 19% by 2020. The Energy Efficiency Department is established within ANRE as the responsible body. Obligations are imposed on business operators, which must appoint experts to perform an energy audit every four years and prepare energy efficiency improvement programmes that include short, medium, and long-term measures. The specialised fund created for investments in energy efficiency will be accessible to a wide range of suppliers of energy efficiency improvement measures.

In order to ensure an efficient level of energy consumption in buildings, 3% of the overall surface area of the buildings owned and occupied by the central public administration must be renovated annually in order to comply with the minimum energy performance requirements provided by the legislation in force. In order to achieve energy savings, measures, which commenced on 1 January 2014 and will conclude on 31 December 2020, are in place with the aim of achieving annual savings of 1.5% in the annual energy sales volume provided to consumers by all distributors or suppliers of energy volume, calculated as an average of three years prior to 1 January 2013. Business operators failing to comply with legal obligations are subject to fines, their amount varying according to the operator's annual fuel consumption and the type of contravention.

Cogeneration

A bonus scheme for high efficiency cogeneration was introduced by Government Decision 1215/2009, translated into a monthly cash bonus for each MWh of electricity generated from high efficiency cogeneration that is fed into the grid and sold on the competitive and/or regulated market. The support scheme is funded by contributions from customers. The scheme started in 2010 and runs to 2023; it is available to producers for 11 consecutive years, not exceeding 2023. All electricity producers qualify for the bonus scheme in principle, which is subject to certain limitations, including the requirement that producers of heat and power from renewable energy sources have the right to choose between this bonus scheme and the GC system.

Biofuel

The Renewable Energy Act sets a national target of at least 10% of the final national consumption of energy used in transport to come from renewable sources. To this end, Government Decision 935/2011, as amended, provides that only diesel containing a minimum of 6.5% (this started on 1 January 2016) and only gasoline containing a minimum of 4.5% (this started on 1 January 2014) and a minimum of 8% (starting on 1 January 2018) of biofuel by volume can be sold on the market (and the biofuel must not be produced from waste, residues, non-food cellulosic material and lignocellulosic material).

Environmental Protection

General rules

According to Emergency Government Ordinance no. 195/2005 relating to environmental protection, activities which can impact the environment are subject to permit requirements. Given the Company's line of business, its activities fall into this category.

Depending on the type of activity, the relevant authorities will issue "ordinary" or "integrated" environmental authorisations. An ordinary environmental authorisation is valid for five years, while an integrated environmental permit is valid for 10 years. Some of the Company's activities (e.g. storage of chemicals,

production of electricity) are subject to environmental authorisation while others (e.g. refining activities) are subject to integrated environmental authorisation.

When issuing environmental authorisations, the authorities may attach a compliance schedule (in cases of ordinary environmental authorisations) or action plan (in cases of integrated environmental authorisations) containing measures the holder must take in order to ensure that the authorised activity is legally compliant. The compliance schedule or action plan will include deadlines for implementation of each measure and an estimate of the corresponding costs. Environmental authorisations including a compliance schedule will be valid for the entire time the schedule is being carried out, without, however, exceeding 60 days as of the deadline set for implementation of the last compliance measure.

Not obtaining the environmental authorisation where required or non-observance of the issued environmental authorisation (including the relevant compliance schedule or action plan) is a misdemeanour (*contravention*) subject to fines. Further, in the case of non-compliance with the issued authorisation, the authorities may grant a 60-day term for the holder to comply. Failure to do so results in suspension of the authorisation for up to six months. During this time, the authorisation holder must remedy the non-compliance. At the same time, the holder is forbidden from carrying on the relevant activity while the authorisation is suspended. Continuing activity after suspension of the authorisation is a crime (*infraction*) punishable by imprisonment or fine, if human, animal or plant health or life is thus endangered. Failure to ensure compliance with the authorisation during the suspension term results in cancellation of the authorisation.

Regulations relating to measures for preventing and covering environmental damage

Emergency Government Ordinance no. 68/2007 on environmental liability for preventing and covering environmental damage essentially establishes the “polluter pays” principle. Specifically, the operator is liable for the environmental damage (transposing Directive 2004/35/EC relating to environmental liability with regard to the prevention and remediation of environmental damage) it generates. The operator is not obliged to bear the cost of preventive or remediation actions taken when the operator can prove that: (i) the damage or the imminent threat is caused by a third party and occurred even though all safety measures were taken; (ii) the damage or the imminent threat is caused following a mandatory instruction from a public authority other than a disposition issued as a result of an emission or incident caused by the operator’s activities; (iii) the operator was not at fault or negligent and it was not technically possible, in accordance with the technical and scientific knowledge existing at the date when the event/emission took place, to produce the damage; or (iv) the event/emission was explicitly authorised and in full accordance with the conditions of an authorisation conferred in accordance with the regulations which implement the measures provided in Appendix 3 to Emergency Government Ordinance no. 68/2007, valid at the date when the event/emission took place.

Regulations relating to water management and prevention of water pollution

Law no. 107/1996 on water management (transposing Directive 2000/60/EC relating to the establishment of the European water framework regulation and Directive 2007/60/EC on the assessment and management of flood risks) prohibits an operator from polluting or modifying the characteristics of water sources. To prevent water pollution, the operator must comply with the provisions of the authorisation for water management issued by the environmental authorities. Also, Government Decision 351/2005 approving the programme of measures against chemical pollution (transposing Directive 80/68/CEE and related directives on pollution caused by certain dangerous substances discharged into the aquatic environment of the European Community) was adopted to reduce pollution caused by dangerous substances and to eliminate pollution caused by the most dangerous substances.

Regulations relating to major accidents caused by dangerous substances

Law no. 59/2016 relating to the control of major accident threats involving dangerous substances (“**Seveso Law**”) establishes measures for preventing major accidents involving dangerous substances in order to limit

the consequences on human health and environment. The Seveso Law transposes Directive 2012/18/EU (Seveso III) of the European Parliament and of the Council. The deadline for transposition was 31 May 2015, however the Seveso Law came into force on 21 April 2016. The new regulations establish stringent provisions on inspections of the Seveso sites and enforcement of compliance and additional obligations for the operators concerning the public access to safety information.

There are 23 active Company sites, authorised by the Romanian authorities, that either contain or are expected to contain dangerous substances in sufficient quantities so as to fall under the Seveso Law. The number of facilities classified under Seveso III will increase as additional locations have been notified to the authorities, but the assessment and scoping process has not been finalised.

The Seveso Law obliges operators of such sites to take all measures necessary to prevent major accidents and to limit consequences thereof to public health and the environment. Specifically, the holder must draw up and implement a policy for major accident prevention, as well as an emergency plan; further, the holder has various reporting obligations. Breaches of the Seveso Law are generally considered misdemeanours (*contraventii*) subject to fines. Failure to report immediately a major accident is a crime (*infractiune*) punishable by imprisonment or fine if human, animal or plant health or life is thus endangered.

Foreign Exchange

The Romanian foreign exchange regime is regulated by the NBR Regulation No. 4/2005, which established the full liberalisation of foreign exchange operations from 1 September 2006. However, if significant short-term currency inflows were to put significant pressure on the foreign exchange market and seriously affect the NBR's monetary and foreign exchange policies with a significant effect on internal liquidity, the NBR may enforce certain safeguard measures on capital movements, for a period not exceeding six months, including: (i) temporary withholding of incoming and/or outgoing foreign currency amounts; (ii) maturity restrictions; (iii) minimum reserve increases; and (iv) trading fees.

TERMS AND CONDITIONS OF THE GLOBAL DEPOSITARY RECEIPTS

*The following terms and conditions (the “**Conditions**”), subject to completion and amendment and excepting sentences in italics, will apply to the global depositary receipts (the “**GDRs**”) and will be endorsed on each global depositary receipt certificate (the “**GDR Certificates**”).*

The GDRs are issued in respect of the ordinary shares, having a par value of RON 0.10 each (the “**Shares**”), of OMV Petrom S.A. (the “**Company**”), pursuant to and subject to (i) in the case of the Regulation S GDRs, the Regulation S Deposit Agreement dated on or around 19 October 2016 by and between the Company and Citibank, N.A., as depositary (the “**Depositary**”) (the “**Regulation S Deposit Agreement**”) and (ii) in the case of the Rule 144A GDRs, the Rule 144A Deposit Agreement dated on or around 19 October 2016 by and between the Company and the Depositary (the “**Rule 144A Deposit Agreement**”). References in the Conditions to the “**Deposit Agreement**” shall mean, in the case of Regulation S GDRs, the Regulation S Deposit Agreement and, in the case of Rule 144A GDRs, the Rule 144A Deposit Agreement. Each GDR represents the right to receive, subject to the terms of the Deposit Agreement and the Conditions, 150 Shares on deposit under the terms of the Deposit Agreement.

Pursuant to the provisions of the Deposit Agreement, the Depositary has appointed Citibank Europe plc, Dublin – Romania Branch as custodian to receive and hold on its behalf the Shares from time to time deposited under the Deposit Agreement (the “**Deposited Shares**”), and all rights, securities, property and cash deposited with the Custodian which are attributable to the Deposited Shares (such rights, securities, property and cash together with the Deposited Shares, the “**Deposited Property**”). The Depositary shall hold Deposited Property for the benefit of the Holders (as defined below) as bare trustee in proportion to the number of Shares in respect of which the GDRs held by them are issued. In these Conditions references to the “**Depositary**” are to Citibank, N.A. and/or any other depositary which may from time to time be appointed under the Deposit Agreement, references to the “**Custodian**” are to Citibank Europe plc, Dublin – Romania Branch or any other custodian which may from time to time be appointed under the Deposit Agreement and references to the “**Office**” mean, in relation to the Custodian, the principal office of the Custodian in Romania (currently at Calea Victoriei 145 Sector 1, Bucharest 010072, Romania).

References in the Conditions to the GDRs shall include the GDRs issued pursuant to the terms of the Regulation S Deposit Agreement (the “**Regulation S GDRs**”) and the GDRs issued pursuant to the terms of the Rule 144A Deposit Agreement (the “**Rule 144A GDRs**”).

References in these Conditions to the “**Holder**” of any GDR shall mean the person registered as the holder of any GDR on the books of the Depositary maintained for such purpose. References in these Conditions to “**Beneficial Owner**” of any GDR shall mean any person who is the beneficial owner of GDRs as determined in accordance with Rule 13d-3 and Rule 13d-5 under the Exchange Act. These Conditions include summaries of, and are subject to, the detailed provisions of the Deposit Agreement, which includes the forms of the GDR Certificate in respect of the GDRs. Copies of the Deposit Agreement are available for inspection at the principal office of the Depositary. Holders and Beneficial Owners are deemed, by virtue of being a Holder or Beneficial Owner, to have notice of, and be subject to, all of the applicable provisions of the Deposit Agreement and the Conditions. Terms used in the Conditions and not defined herein but which are defined in the Deposit Agreement have the meanings ascribed to them in the Deposit Agreement.

The Depositary shall hold Deposited Property for the benefit of the Holders as bare trustee in proportion to the number of Shares in respect of which the GDRs held by them are issued and the Holders will accordingly be tenants in common of such Deposited Property to the extent of the Deposited Property corresponding to the GDRs in respect of which they are the Holders. For the avoidance of doubt, in acting hereunder the Depositary shall have only those duties, obligations and responsibilities expressly specified in the Deposit Agreement and these Conditions and, other than holding the Deposited Property as bare trustee as aforesaid,

does not assume any relationship of trust for or with the Holders or the Beneficial Owners or any other person. Any right or power of the Depositary in respect of Deposited Property is reserved by the Depositary under its declaration of trust contained in this paragraph and is not given by way of grant by any Holder or Beneficial Owner.

Holders and Beneficial Owners of GDRs are not parties to the Deposit Agreement and thus, under English law, have no contractual rights against, or obligations to, the Company or Depositary. However, the Deed Poll executed by the Company in favour of the Holders provides that, if the Company fails to perform the obligations imposed on it by certain specified provisions of the Deposit Agreement, any Holder may enforce certain specified provisions of the Deposit Agreement as if it were a party to the Deposit Agreement and was the “**Depositary**” in respect of that number of Deposited Shares to which the GDRs of which it is the Holder relate.

Holders and Beneficial Owners are deemed, by virtue of being a Holder or Beneficial Owner and owning, acquiring or holding, as the case may be, a GDR, to have notice of and be subject to all applicable provisions of the Deposit Agreement and the Conditions. The Depositary is under no duty to enforce any of the provisions of the Deposit Agreement or the Conditions on behalf of any Holder or Beneficial Owner of a GDR or any other person.

GDRs will initially take the form of global GDRs evidenced by one or more Master GDR Certificates (each a “**Master GDR Certificate**”) registered (i) in the case of Regulation S GDRs, in the name of Citivic Nominees Limited as nominee for Citibank Europe plc, as Common Depositary (the “**Common Depositary**”), and will initially be held by the Common Depositary for Euroclear Bank, SA/NV, as operator of the Euroclear System (“**Euroclear**”) and Clearstream Banking, Société Anonyme (“**Clearstream**”) and for the account of accountholders in Euroclear or Clearstream (“**Euroclear Participants**” and “**Clearstream Participants**”, respectively), as the case may be, and (ii) in the case of Rule 144A GDRs, in the name of Cede & Co., as nominee for The Depository Trust Company (“**DTC**”) for the account of accountholders in DTC (“**DTC Participants**”). The Master GDR Certificates will be exchangeable for a GDR Certificate in definitive registered form in the limited circumstances as described below.

If at any time DTC, Euroclear or Clearstream, as the case may be, ceases to make its respective book-entry settlement systems available for the GDRs, the Company and the Depositary will attempt to make other arrangements for book-entry settlement. If alternative book-entry settlement arrangements cannot be made, the Depositary will make available GDR Certificates in definitive registered form.

Under the terms of the GDRs, each purchaser of GDRs is deemed to have represented and agreed, among other things, that the GDRs have not been and will not be registered under the Securities Act and may be offered, sold, pledged or otherwise transferred only in a transaction exempt from, or not subject to, the registration requirements of the Securities Act. Each GDR will contain a legend to the foregoing effect.

For a description of the restrictions on the transfer of the GDRs, see “*Selling and Transfer Restrictions*” and “*Subscription and Sale*”.

1. Deposit of Shares

A. The Depositary may, in accordance with the terms of the Deposit Agreement, but subject to the Conditions, and upon delivery of (x) a duly executed or electronically submitted order (in a form approved by the Depositary) and (y) a duly executed or electronically submitted deposit certification substantially in the form attached to the Deposit Agreement by or on behalf of any investor who is to become the Beneficial Owner of the GDRs (other than in the case of a deposit of Shares by the Company or an Affiliate of the Company which shall be subject to Clause 7.1.4 of the Deposit Agreement), from time to time issue and deliver further GDRs having the same terms and conditions as the GDRs which are then outstanding in all

respects and, subject to the terms of the Deposit Agreement, the Conditions and applicable law, the Depositary shall accept for deposit any further Shares in connection therewith, so that such further GDRs shall form a single series with the already outstanding GDRs. References in these Conditions to the GDRs include (unless the context requires otherwise) any further GDRs issued pursuant to this Condition and forming a single series with the already outstanding GDRs.

The deposit certificate to be provided pursuant to the Regulation S Deposit Agreement certifies, among other things, that the person providing such certificate is not an “affiliate” of the Company, has acquired, or has agreed to acquire and will have acquired, the Shares to be deposited in an “offshore transaction” (as defined in Regulation S) and will comply with the restrictions on transfer applicable to Regulation S GDRs set forth under “*Selling and Transfer Restrictions*”.

The deposit certificate to be provided pursuant to the Rule 144A Deposit Agreement certifies, among other things, that the person providing such certificate is not an “affiliate” of the Company, is a “Qualified Institution Buyer” (as defined in Rule 144A), and will comply with the restrictions on transfer applicable to Rule 144A GDRs set forth under “*Selling and Transfer Restrictions*”.

B. Subject to the terms and conditions of the Deposit Agreement and applicable law, upon (i) physical delivery to the Custodian of Shares, or book-entry transfer of Shares to an account of the Custodian at the Romanian Central Depository, (ii) physical or electronic delivery to the Depositary of the applicable deposit certification unless the deposit of Shares is made by the Company or an Affiliate of the Company in which case such deposit will be subject to Section 7.1.4 of the Deposit Agreement, and (iii) payment of necessary taxes, governmental charges (including transfer taxes) and other charges as set forth in the Deposit Agreement and fees of the Depositary as set forth in Clause 10.1 of the Deposit Agreement and Condition 19, the Depositary will (i) adjust its records for the number of GDRs issued in respect of the Shares so deposited, (ii) notify DTC or the Common Depositary, as the case may be, to increase the number of GDRs evidenced by a Master GDR Certificate, and (iii) make delivery of the GDRs so issued to the applicable DTC Participant, Euroclear Participant or Clearstream Participant specified in applicable order received for such purpose.

C. Subject to Condition 1(I) below, the limitations set forth in the Deposit Agreement and applicable law, the Depositary may (but is not required to) issue GDRs prior to the delivery to it of Shares in respect of which such GDRs are to be issued against evidence to receive rights from the Company (or any agent of the Company involved for the Company in the maintenance or ownership or transactions records for the Shares) in the form of a written blanket or specific guarantee of ownership furnished by the Company (or any agent of the Company involved for the Company in the maintenance or ownership or transactions records for the Shares). No such issue will be deemed a “Pre-Release Transaction” as defined in Condition 1(E).

D. Any further GDRs issued pursuant to Condition 1(A) which (i) represent Shares which have rights (whether dividend rights or otherwise) which are different from the rights attaching to the Shares represented by the outstanding GDRs, or (ii) are otherwise not fungible (or are to be treated as not fungible) with the outstanding GDRs, will, subject to Clause 3.16 of the Deposit Agreement be represented by a separate master partial entitlement GDR certificate (each a “**Master Partial Entitlement GDR Certificate**”). Upon becoming fungible with outstanding GDRs, such further GDRs shall be evidenced by a Master GDR Certificate (by increasing the total number of GDRs evidenced by the relevant Master GDR Certificate or by the number of such further GDRs, as applicable).

E. Subject to Condition 1(I) below and the further terms and provisions of the Deposit Agreement, Citibank, N.A., its agents and affiliates, on their own behalf, may own and deal in any class of securities of the Company and its affiliates and in GDRs. In its capacity as Depositary, the Depositary shall not lend Shares or GDRs; provided, however, that the Depositary may (i) issue GDRs prior to the receipt of Shares pursuant to Condition 1 and Clause 3 of the Deposit Agreement, and (ii) deliver Shares prior to the receipt and

cancellation of GDRs pursuant to Condition 2 and Clause 3 of the Deposit Agreement, including GDRs which were issued under (i) above but for which Shares may not have been received (each such transaction a “**Pre-Release Transaction**”). The Depositary may receive GDRs in lieu of Shares under (i) above and receive Shares in lieu of GDRs under (ii) above. Each such Pre-Release Transaction will be (a) subject to a written agreement whereby the person or entity (the “**Applicant**”) to whom GDRs or Shares are to be delivered (1) represents that at the time of the Pre-Release Transaction the Applicant or its customer owns the Shares or GDRs that are to be delivered by the Applicant under such Pre Release Transaction, (2) agrees to indicate the Depositary as owner of such Shares or GDRs in its records and transfer all beneficial right, title and interests in and to such Shares or GDRs, as the case may be, to the Depositary and to hold such Shares or GDRs in trust for the Depositary until such Shares or GDRs are delivered to the Depositary or the Custodian, (3) unconditionally guarantees to deliver to the Depositary or the Custodian, as applicable, such Shares or GDRs, (4) agrees not take any action with respect to such Shares or GDRs, as the case may be, that is inconsistent with such transfer of beneficial ownership other than to deliver such Shares or GDRs, as the case may be, to the Depositary in satisfaction of such Pre-Release Transaction and (5) agrees to any additional restrictions or requirements that the Depositary deems appropriate, (b) at all times fully collateralised with cash, U.S. government securities or such other collateral as the Depositary deems appropriate, (c) terminable by the Depositary on not more than five (5) business days’ notice, and (d) subject to such further indemnities and credit regulations as the Depositary deems appropriate. The Depositary will normally limit the number of GDRs and Shares involved in such Pre- Release Transactions at any one time to thirty per cent (30%) of the GDRs outstanding (without giving effect to GDRs outstanding under (i) above), provided, however, that the Depositary reserves the right to change or disregard such limit from time to time as it deems appropriate. The Depositary may also set limits with respect to the number of GDRs and Shares involved in Pre- Release Transactions with any one person on a case by case basis as it deems appropriate.

The Depositary may retain for its own account any compensation received by it in connection with the foregoing. Collateral provided pursuant to (b) above, but not the earnings thereon, shall be held for the benefit of the Holders (other than the Applicant). The Depositary may require that the person to whom any Pre-Release Transaction is to be made pursuant to this Condition 1(E) deliver to the Depositary a duly completed certification and agreement in substantially the form set forth as Schedule 3 to the Regulation S Deposit Agreement or Schedule 3, Part A to the Rule 144A Deposit Agreement, as the case may be.

F. Any person delivering Shares for deposit under the Deposit Agreement and Condition 1 and any Holder or Beneficial Owner may be required and will be deemed to accept, by virtue of being a Holder or a Beneficial Owner, that, from time to time, it will be required to furnish the Depositary or the Custodian with such proof, certificates and representations and warranties as to matters of fact, including without limitation the citizenship and residence of the depositor, taxpayer status, payment of all applicable taxes or governmental charges, exchange control approvals, legal or beneficial ownership of GDRs and Deposited Property, compliance with all applicable laws, the terms of the Deposit Agreement, the Conditions and the provisions of, or governing, the Deposited Property and the identity and genuineness of any signature on any of the supporting instruments or other documents, and with such further documents and information as the Depositary may deem necessary or appropriate for the administration or implementation of the Deposit Agreement and the Conditions. The Depositary, the Registrar or the Custodian may withhold acceptance of Shares for deposit, withhold delivery or registration of issuance or transfer of all or part of any GDR Certificate, withhold adjustment of the Master GDR Certificate to reflect increases in Shares represented thereby or withhold the distribution or sale of any dividend or distribution of rights or of the net proceeds of the sale thereof or the delivery of any Deposited Property, until such proof or other information is filed or such certifications are executed, or such representations are made or such other documentation or information is provided in each case to the satisfaction of the Depositary, the Registrar or the Custodian.

G. Notwithstanding anything else contained in the Deposit Agreement or the Conditions, the Depositary shall not be required to accept for deposit or maintain on deposit with the Custodian (a) any fractional Shares or fractional Deposited Property, or (b) any number of Shares or Deposited Property which, upon application of the ratio of GDRs to Shares or Deposited Property, as the case may be, would give rise to fractional GDRs. No Share shall be accepted for deposit unless accompanied by evidence, if any is required by the Depositary or the Custodian, that is reasonably satisfactory to the Depositary or the Custodian that all conditions for such deposit have been satisfied by the person depositing such Shares under the laws and regulations of Romania and any necessary approval has been granted by any applicable governmental body in Romania (if any), including, without limitation, if applicable, any regulator of currency exchange.

H. Each person depositing Shares under the Deposit Agreement and the Conditions shall be deemed thereby to represent and warrant that (i) such Shares (and the certificates therefor) are duly authorised, validly issued, fully paid, nonassessable and legally obtained by such person, (ii) all pre-emptive (and similar) rights with respect to such Shares have been validly waived or exercised, (iii) the person making such deposit is duly authorised so to do, (iv) the Shares presented for deposit are free and clear of any lien, encumbrance, security interest, charge, mortgage or adverse claim, (v) the Shares presented for deposit have not been stripped of any rights or entitlements, and (vi) in the case of the Regulation S Deposit Agreement, that the Shares are not, and the Regulation S GDRs will not be, "restricted securities" (as defined in Rule 144(a)(3) under the Securities Act). Such representations and warranties shall survive the deposit and withdrawal of Shares and the issuance and cancellation of GDRs in respect thereof and the transfer of such GDRs. If any such representations or warranties are false in any way, the Company and the Depositary shall be authorised, at the cost and expense of the person depositing Shares, to take any and all actions necessary to correct the consequences thereof.

Each person depositing Shares, taking delivery of or transferring GDRs or any beneficial interest therein, or surrendering GDRs or any beneficial interest therein and withdrawing Shares under the Deposit Agreement and the Conditions shall be deemed thereby to acknowledge that the GDRs and the Shares represented thereby have not been and will not be registered under the Securities Act, and may not be offered, sold, pledged or otherwise transferred except in accordance with the restrictions on transfer set forth in the applicable Securities Act Legend, and such person shall be deemed thereby to represent and warrant that such deposit, transfer or surrender or withdrawal complies with the foregoing restrictions. Such representations and warranties shall survive any such deposit, taking delivery of, transfer, surrender or withdrawal of the Shares or the GDRs or any beneficial interest therein.

I. The provisions of Condition 1(C) and Condition 1(E) shall only apply to the extent that the transactions described therein would be permissible under applicable Romanian law.

2. Withdrawal of Deposited Property

A. Subject to the terms and provisions of the Deposit Agreement, the Conditions the procedures of the Romanian Central Depository and applicable law, any Holder may request withdrawal of the Deposited Property attributable to any GDR upon production of such evidence that such person is the Holder of, and entitled to, the relative GDR as the Depositary may reasonably require at the principal office of the Depositary accompanied by:

- (i) a duly executed order (in a form approved by the Depositary) requesting the Depositary to cause the Deposited Property being withdrawn or evidence of the electronic transfer thereof to be delivered to or upon the order in writing of, the person or persons designated in such order;
- (ii) the payment of such fees, taxes, duties, charges and expenses as may be required under the Conditions or the Deposit Agreement including, but not limited to the fees of the Depositary set forth in Clause 10.1 of the Deposit Agreement and Condition 19;

(iii) (x) surrender of a GDR Certificate at the Principal New York Office or Principal London Office, if DTC, Euroclear or Clearstream book-entry settlement system is not then available for GDRs, or (y) receipt by the Depositary at the Principal New York Office of instructions from DTC, Euroclear or Clearstream, or a DTC Participant, Euroclear Participant or Clearstream Participant or their respective nominees, on behalf of any Beneficial Owner together with a corresponding credit to the Depositary's account at DTC, Euroclear or Clearstream for the GDRs so surrendered, if the book-entry settlement system is then available for GDRs, in either case for the purpose of withdrawal of the Deposited Property represented thereby; and

(iv) the delivery to the Depositary of, in the case of Rule 144A GDRs, a duly completed withdrawal certificate in the form of Schedule 3, Part B to the Rule 144A Deposit Agreement.

B. Withdrawals of Deposited Shares may be subject to such transfer restrictions or certifications, as the Company or the Depositary may from time to time determine to be necessary for compliance with applicable laws.

C. Upon production of such documentation and the making of such payment as aforesaid in accordance with paragraph (A) of this Condition 2, the Depositary will direct the Custodian, within a reasonable time after receiving such direction from such Holder, to deliver at its office, to, or to the order in writing of, the person(s) designated in the accompanying order:

(i) a certificate for, or other appropriate instrument of title to, or evidence of book-entry transfer of, the relevant Deposited Shares, registered in the name of the Depositary or its nominee and accompanied by such instruments of transfer in blank or to the person or persons specified in the order for withdrawal and such other documents, if any, as are required by law for the transfer thereof; and

(ii) all other property forming part of the Deposited Property attributable to such GDR, accompanied, if required by law, by one or more duly executed endorsements or instruments of transfer in respect thereof as aforesaid or evidence of the electronic transfer of such other Deposited Property;

provided that the Depositary:

(x) may make delivery of (a) any cash dividends or cash distributions or (b) any proceeds from the sale of any distributions of Shares or rights which are held by the Depositary in respect of the Deposited Property represented by the GDRs surrendered for cancellation and withdrawal (to the extent that such a sale would be permissible under applicable Romanian law); and

(y) at the request, risk and expense of any Holder surrendering a GDR for cancellation and withdrawal, will direct the Custodian to forward any cash or other property (other than securities) held by the Custodian in respect of the Deposited Property represented by such GDRs to the Depositary,

in each case at the Principal New York Office or the Principal London Office (if permitted by applicable law from time to time).

D. Delivery by the Depositary and the Custodian of all certificates, instruments, dividends or other property forming part of the Deposited Property as specified in this Condition will be made subject to any laws or regulations applicable thereto.

E. If any GDR surrendered and cancelled represents fractional entitlements in Deposited Property, the Depositary shall cause the appropriate whole number of Deposited Property to be withdrawn and delivered in accordance with the terms of the Deposit Agreement and this Condition 2 and shall, at the discretion of the Depositary, either (i) issue and deliver to the person surrendering such GDR a new GDR representing any remaining fractional Share, or (ii) sell or cause to be sold the fractional Share represented by the GDR surrendered and remit proceeds of such sale (net of (a) fees and charges of, and expenses incurred by, the Depositary, and (b) taxes withheld) to the person surrendering the GDR.

F. Notwithstanding anything to the contrary in the Deposit Agreement or the Conditions, the Depositary shall not knowingly accept any Rule 144A GDRs for cancellation and withdrawal of the Deposited Property represented thereby if the recipient thereof has instructed the deposit of such Deposited Property into any unrestricted depositary receipt facility, unless the Depositary shall have received evidence satisfactory to it that the Deposited Property so withdrawn are not at such time “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act.

3. Suspension of Issue of GDRs and of Withdrawal of Deposited Property

The issuance and delivery of GDRs against deposits of Shares generally or deposits of particular Shares may be suspended or withheld, or the registration of transfer of GDR Certificates in particular instances may be refused, or the registration of transfers generally may be suspended or refused, during any period when the transfer books of the Depositary, the Company, a registrar of GDRs or any registrar of Shares are closed, or if any such action is deemed necessary or advisable by the Company or the Depositary in good faith, at any time or from time to time because of any requirement of law, any government or governmental body or commission or any securities exchange on which the GDRs or Shares are listed, an applicable court order, or under any provision of the Deposit Agreement, the Conditions, or the provisions of or governing the Deposited Property, or any meeting of shareholders of the Company or for any other reason. The Depositary may restrict the transfer of Deposited Shares where the Depositary becomes aware of the fact that such transfer may result in ownership of Shares exceeding any limit under any applicable law, government resolution or the Articles of Association or would otherwise violate any applicable laws.

The Depositary will refuse to accept Shares for deposit under the Rule 144A Deposit Agreement, if it has been notified by the Company in writing that the Deposited Shares or any depositary receipts corresponding to Shares are listed on a U.S. national securities exchange or quoted on a U.S. automated inter-dealer quotation system unless accompanied by evidence satisfactory to the Depositary that any such Shares are eligible for resale pursuant to Rule 144A under the Securities Act.

Notwithstanding any provision of the Deposit Agreement, the Conditions or any GDR Certificate to the contrary, Holders and Beneficial Owners are entitled to surrender outstanding GDRs to withdraw the Deposited Shares at any time subject only to (i) temporary delays caused by closing the transfer books of the Depositary or the Company or the deposit of Shares in connection with voting at a shareholders’ meeting or the payment of dividends, (ii) the payment of fees, taxes and similar charges, (iii) compliance with any laws or governmental regulations or an applicable court order relating to the GDRs or to the withdrawal of the Deposited Shares.

4. Transfer and Ownership

A. GDRs are to be issued in registered form. Title to the GDRs passes upon registration in the records of the Depositary. The Depositary will refuse to accept for transfer any GDRs if it reasonably believes that such transfer would result in a violation of applicable laws. The Holder of any GDR will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not any payment or other distribution in respect of such GDR is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or the theft or loss of, any certificate issued in respect of it) and no person will be liable for so treating the Holder.

The Depositary will maintain Holder records, including a register of Holders, at its principal office in New York.

Any interest in GDRs represented by one of the Master GDR Certificates that is transferred to a person whose interest in such GDRs is subsequently represented by the other Master GDR Certificate, will, upon transfer, cease to be an interest in the GDRs represented by such first Master GDR Certificate and, accordingly, will be

subject to all transfer restrictions and other procedures applicable to interests in GDRs represented by such other Master GDR Certificate for so long as it remains such an interest.

For a description of the restrictions on the transfer of the GDRs, see “*Selling and Transfer Restrictions*”.

B. Notwithstanding any other provision of the Deposit Agreement or the Conditions, each Holder and Beneficial Owner, by virtue of their ownership of any GDR or any Deposited Property, shall be deemed thereby to agree to comply with requests from the Company or the Depositary pursuant to Romanian law and any other stock exchange on which the Shares are, or may be registered, traded or listed, or the Articles of Association, which are made to provide information, inter alia, as to the capacity in which such Holder or former Holder, Beneficial Owner or former Beneficial Owner holds or held, owns or owned a beneficial ownership interest in GDRs (and Deposited Property, as the case may be) and regarding the identity of any other person interested in such GDRs (and Deposited Property), the nature of such interest and various related matters, whether or not they are Holders and/or Beneficial Owners at the time of such request.

C. Applicable laws and regulations may require holders and beneficial owners of Shares, including the Holders and Beneficial Owners of GDRs, to satisfy reporting requirements or obtain regulatory approvals in certain circumstances. Holders and Beneficial Owners of GDRs are solely responsible for complying with such reporting requirements and obtaining such approvals. By virtue of their ownership of any GDR or any Deposited Property, each Holder and Beneficial Owner shall be deemed thereby to agree to file such reports and obtain such approvals to the extent and in the form required by applicable laws and regulations as in effect from time to time. None of the Depositary, the Custodian, the Company or any of their respective agents or affiliates shall be required to take any actions whatsoever on behalf of Holders or Beneficial Owners to satisfy such reporting requirements or obtain such regulatory approvals under applicable laws and regulations.

5. Cash Distributions

Whenever the Depositary receives, or receives confirmation from the Custodian of the receipt from the Company of, any cash dividend or other cash distribution on or in respect of the Deposited Shares or receipt of proceeds from the sale of any Shares, rights, securities or other entitlements under the terms of the Deposit Agreement or the Conditions (to the extent that such a sale would be permissible under applicable Romanian law), the Depositary shall, if at the time of receipt thereof any amounts received in Foreign Currency can in the judgment of the Depositary (pursuant to Condition 11) be converted on a practicable basis into Dollars transferable to the U.S., promptly convert, or cause to be converted, such dividends, distribution or proceeds into Dollars in the terms described in Condition 11 and will promptly distribute the amount thus received (net of (a) applicable fees and charges of, and expenses incurred by, the Depositary and (b) taxes withheld) to the Holders entitled thereto. The Depositary shall distribute only such amount, however, as can be distributed without attributing to any Holder a fraction of one cent, and any balance not so distributable shall be held by the Depositary (without liability for interest thereon) and shall be added to and become part of the next sum received by the Depositary for distribution to Holders of GDRs then outstanding at the time of the next distribution. If the Company, the Custodian or the Depositary is required to withhold and does withhold from any cash dividend or other cash distribution in respect of any Deposited Property an amount on account of taxes, duties or other governmental charges, the amount distributed to Holders in respect of the GDRs representing such Deposited Property shall be reduced accordingly. Such withheld amounts shall be forwarded by the Company, the Custodian or the Depositary to the relevant governmental authority. Evidence of payment thereof by the Company shall be forwarded by the Company to the Depositary promptly after such payment evidence is issued by the relevant authorities.

6. Distributions of Shares

If any distribution upon any Deposited Property consists of a dividend in, or free distribution of, Shares, the Company shall cause such Shares to be deposited with the Custodian and, if applicable, registered in the name of the Depositary, the Custodian or any of their nominees, as the case may be. Upon receipt of confirmation of such deposit from the Custodian, the Depositary shall establish the GDR Record Date upon the terms described in Condition 10 and shall, subject to the terms of the Deposit Agreement and the Conditions, either (i) distribute to the Holders as of the GDR Record Date in proportion to the number of GDRs held as of the GDR Record Date, additional GDRs, which represent the aggregate number of Shares received as such dividend or free distribution, subject to the other terms of the Deposit Agreement and Conditions and net of (a) the applicable fees and charges of, and expenses incurred by, the Depositary and (b) taxes, by either (x) if GDRs are not available in book-entry form, issuing additional GDR Certificates for an aggregate number of GDRs representing the number of Shares received as such dividend or free distribution, or (y) if GDRs are available in book-entry form, reflecting on the records of the Depositary such increase in the aggregate number of GDRs representing such Shares and give notice to the Common Depositary of the related increase in the number of GDRs evidenced by the Master GDR Certificate, or (ii) if additional GDRs are not so distributed, each GDR issued and outstanding after the GDR Record Date shall, to the extent permissible under applicable law, thenceforth also represent rights and interests in the additional Shares distributed upon the Deposited Property represented thereby, net of (a) the applicable fees and charges of, and expenses incurred by, the Depositary and (b) taxes. In lieu of delivering fractional GDRs, the Depositary shall sell the number of Shares represented by the aggregate of such fractions and distribute the net proceeds of such sale upon the terms described in Condition 5, if such sale would be permissible under applicable Romanian law. In the event that the Depositary determines that any distribution in Shares would violate applicable law, is not operationally practicable, is subject to any tax or other governmental charges which the Depositary is obligated to withhold, or if the Company, in the fulfillment of its obligations under Clause 7.1.4 of the Deposit Agreement, has furnished an opinion of U.S. counsel determining that the distribution to Holders of the Shares and the GDRs representing such Shares must be registered under the Securities Act or other laws in order to be distributed to Holders (and no such registration statement has been declared effective), the Depositary may dispose of all or a portion of such Shares in such amounts and in such manner, including by public or private sale, as the Depositary deems necessary and practicable, and the Depositary shall distribute the net proceeds of any such sale, after deduction of (a) taxes and (b) fees and charges of, and expenses incurred by, the Depositary, to Holders entitled thereto upon the terms described in Condition 5, if such sale or other disposal would be permissible under applicable Romanian law. The Depositary shall hold and/or distribute any unsold balance of such property in accordance with the provisions of the Deposit Agreement and the Conditions.

7. Distributions Other than Cash or Shares

Whenever the Depositary receives from the Company property other than cash, Shares or rights to purchase additional Shares and receives a notice from the Company indicating that the Company wishes such distribution to be made available to Holders of GDRs, upon receipt of satisfactory documentation within the terms of Clause 7.1.4 of the Deposit Agreement and after making the requisite determinations set forth in Clause 5.1 of the Deposit Agreement, the Depositary shall distribute the property so received to the Holders of record as of the GDR Record Date set in accordance with Condition 10, in proportion to the number of GDRs held by them respectively and in such manner as the Depositary may deem practicable for accomplishing such distribution (i) upon receipt of payment or net of the applicable fees and charges of, and expenses incurred by, the Depositary, and (ii) net of any taxes withheld. The Depositary may dispose of all or a portion of the property so distributed and deposited, in such amounts and in such manner (including public or private sale) as the Depositary may deem practicable or necessary to satisfy any taxes (including applicable interest and penalties) or other governmental charges applicable to the distribution, if such sale or other disposal would be permissible under applicable Romanian law. If (i) the Company does not request the

Depository to make such distribution to Holders or requests not to make such distribution to Holders, (ii) the Depository does not receive documentation within the terms of Clause 7.1.4 of the Deposit Agreement, or (iii) the Depository determines (in accordance with Clause 5.1 of the Deposit Agreement) that all or a portion of such distribution is not lawful or is not reasonably practicable, the Depository shall sell or cause such property to be sold (to the extent such sale would be permissible under applicable Romanian law) in a public or private sale, at such place or places and upon such terms as it may deem practicable and shall (x) cause the proceeds of such sale, if any, to be converted into Dollars in accordance with Condition 11, and (y) distribute the proceeds of such conversion received by the Depository (net of (a) applicable fees and charges of, and expenses incurred by, the Depository and (b) taxes) to the Holders as of the GDR Record Date upon the terms of Condition 5. If the Depository is unable to sell such property, the Depository may dispose of such property in any way it deems reasonably practicable under the circumstances, if such disposal would be permissible under applicable Romanian law.

8. Rights Issues

A. Whenever the Company intends to distribute to the holders of the Deposited Property rights to subscribe for additional Shares, and provides a notice to the Depository indicating that the Company wishes such rights to be made available to Holders of GDRs, upon receipt of satisfactory documentation within the terms of Clause 7.1.4 of the Deposit Agreement and after making the requisite determinations set forth in Clause 5.1 of the Deposit Agreement, the Depository shall (x) establish a GDR Record Date (upon the terms described in Condition 10), (y) establish procedures to distribute such rights (by means of warrants or otherwise) and/or to enable the Holders to exercise the rights (upon payment of (a) the applicable fees and charges of, and expenses incurred by, the Depository and (b) taxes), and (z) issue and deliver GDRs upon the valid exercise of such rights. The Company shall assist the Depository in establishing such procedures, to the extent such assistance is necessary and reasonably practicable.

Nothing herein shall obligate the Depository to make available to the Holders a method to exercise such rights to subscribe for Shares (rather than for GDRs).

B. In the event that (i) the Depository fails to receive satisfactory documentation within the terms of Clause 7.1.4 of the Deposit Agreement or determines that it is not lawful or not reasonably practicable to make the rights available to Holders or (ii) the Company requests that the rights not be made available to Holders of GDRs or (iii) any rights made available are not exercised and appear to be about to lapse, the Depository shall determine whether it is lawful and reasonably practicable to sell such rights, in a riskless principal capacity, at such place and upon such terms (including public and private sale) as it may deem practicable. The Company shall assist the Depository to determine such legality and practicability, to the extent such assistance is necessary and reasonably practicable. If the Depository sells such rights (which it may only do if such sale would be permissible under applicable Romanian law), the Depository shall, upon such sale, (x) cause the proceeds of such sale, if any, to be converted into Dollars upon the terms described in Condition 11, and (y) distribute the proceeds of such sale (net of (a) applicable fees and charges of, and expenses incurred by, the Depository and (b) taxes) upon the terms set forth in Condition 5.

If the Depository is unable to make any rights available to Holders upon the terms described in the Deposit Agreement or to arrange for the sale of the rights upon the terms described above, the Depository shall allow such rights to lapse.

The Depository shall not be responsible for (i) any failure to determine that it may be lawful or practicable to make such rights available to Holders in general or any Holder in particular, (ii) any foreign exchange exposure or loss incurred in connection with any sale or exercise, or (iii) the content of any materials forwarded to the Holders on behalf of the Company in connection with the rights distribution.

C. Notwithstanding anything to the contrary in the Deposit Agreement or this Condition 8, if registration (under the Securities Act or any other applicable law) of the rights or the securities to which any rights relate may be required in order for the Company to offer such rights or such securities to Holders and to sell the securities represented by such rights, the Depositary will not distribute such rights to the Holders unless and until a registration statement under the Securities Act covering such offering is in effect. In the event that the Company, the Depositary or the Custodian shall be required to withhold and does withhold from any distribution of rights an amount on account of taxes or other governmental charges, the amount distributed to the Holders of GDRs representing such Deposited Property shall be reduced accordingly. In the event that the Depositary determines that any distribution of Deposited Property or rights to subscribe therefor is subject to any tax or other governmental charges which the Depositary is obligated to withhold, the Depositary may dispose of all or a portion of such Deposited Property or rights to subscribe therefor in such amounts and in such manner, including by public or private sale, as the Depositary deems necessary and practicable to pay any such taxes or charges. There can be no assurance that Holders generally, or any Holder in particular, will be given the opportunity to exercise such rights on the same terms and conditions as the holders of Deposited Property or to exercise such rights. Nothing in the Deposit Agreement or this Condition 8 shall obligate the Company to file any registration statement in respect of any rights or Deposited Property or other securities to be acquired upon the exercise of such rights.

9. Redemption

If the Company intends to exercise any right of redemption in respect of any of the Deposited Property, upon receipt of satisfactory documentation within the terms of Clause 7.1.4 of the Deposit Agreement and after making the requisite determinations set forth in Clause 5.2 of the Deposit Agreement, the Depositary shall send to each Holder a notice in accordance with Condition 25 setting forth the intended exercise by the Company of the redemption rights and any other particulars set forth in the Company's notice to the Depositary. The Depositary shall instruct the Custodian to present to the Company the Deposited Property in respect of which redemption rights are being exercised against payment of the applicable redemption price. Upon receipt of confirmation from the Custodian that the redemption has taken place and that funds representing the redemption price have been received, the Depositary shall convert, transfer, and distribute the proceeds (net of applicable (a) fees and charges of, and the expenses incurred by, the Depositary, and (b) taxes), retire GDRs and cancel GDRs upon delivery of such GDRs by Holders thereof and on the terms set forth in the applicable Conditions. If less than all outstanding Deposited Property is redeemed, the GDRs to be retired will be selected by lot or on a pro rata basis, as may be determined by the Depositary. The redemption price per GDR shall be the per share amount received by the Depositary upon the redemption of the Deposited Property represented by GDRs (subject to the terms of the Deposit Agreement and the applicable fees and charges of, and expenses incurred by, the Depositary, and taxes) multiplied by the number of Deposited Property represented by each GDR redeemed.

10. GDR Record Dates

Whenever the Depositary shall receive notice of the fixing of a record date by the Company for the determination of holders of Deposited Property entitled to receive any distribution (whether in cash, Shares, rights or other distribution), or whenever, for any reason, the Depositary causes a change in the number of Deposited Property that are represented by each GDR, or whenever the Depositary shall receive notice of any meeting of, or solicitation of consents or proxies of, holders of Shares or other Deposited Property, or whenever the Depositary finds it necessary or convenient in connection with the giving of any notice, solicitation of any consent or any other matter, the Depositary shall fix a record date (the "**GDR Record Date**") for the determination of the Holders of GDRs who shall be entitled to receive such dividend or distribution, to give instructions for the exercise of voting rights at any such meeting, or to give or withhold such consent, or to receive such notice or solicitation or to otherwise take action, or to exercise the rights of

Holders with respect to such changed number of Deposited Property represented by each GDR. Subject to applicable law and the provisions of the Deposit Agreement and Conditions, only the Holders of GDRs at the close of business in New York on such GDR Record Date shall be entitled to receive such distribution, to give such voting instructions, to receive such notice or solicitation, or otherwise take action. The Depositary shall make reasonable efforts to establish the GDR Record Date on the same date or as closely as possible to the applicable record date for the Deposited Property (if any) set by the Company in Romania. If the GDR Record Date is different from the applicable record date for the Shares set by the Company in Romania, the Depositary shall suspend generally the issuance and delivery of GDRs against deposits of Shares and the registration of transfers of GDRs during the period in between the GDR Record Date and the record date for the Shares.

11. Conversion of Foreign Currency

Whenever the Depositary or the Custodian shall receive any Foreign Currency by way of dividend or other distribution or as the net proceeds from the sale of securities, other property or rights, and if at the time of the receipt thereof the Foreign Currency so received can in the judgement of the Depositary be converted on a practicable basis into Dollars transferable to the U.S. and distributed to the Holders entitled thereto, the Depositary shall convert or cause to be converted by sale or in any other manner that it may determine, the Foreign Currency so received into Dollars and shall distribute such Dollars (net of applicable fees, any reasonable and customary expenses incurred on behalf of Holders in complying with currency exchange control or other governmental requirements) in accordance with the terms of the applicable Conditions. If the Depositary shall have distributed warrants or other instruments that entitle the holders thereof to such Dollars, the Depositary shall distribute such Dollars to the holders of such warrants and/or instruments upon surrender thereof for cancellation, in either case without liability for interest thereon. Such distribution shall be made upon an averaged or other practicable basis without regard to any distinctions among Holders on account of any application of exchange restrictions or otherwise. If such conversion or distribution generally or with regard to a particular Holder can be effected only with the approval or licence of any government or agency thereof, the Depositary shall have the authority to file such application, for such approval or licence, if any, as it may consider desirable, and, in the case of an approval or licence of the Romanian Government or agency thereof, the Company shall assist the Depositary in filing such application. In no event, however, shall the Depositary be obligated to make such a filing. If at any time the Depositary shall determine that in its judgement the conversion of any currency other than Dollars and the transfer and distribution of proceeds of such conversion received by the Depositary is not practicable or lawful, or if any approval or licence of any government or agency thereof which is required for such conversion, transfer or distribution is denied or, in the opinion of the Depositary, is not obtainable at a reasonable cost, or if any such approval or licence is not obtained within a reasonable period as determined by the Depositary, the Depositary may in its discretion (i) make such conversion and distribution in Dollars to the Holders for whom such conversion, transfer and distribution is lawful and practicable, (ii) distribute the Foreign Currency (or an appropriate document evidencing the right to receive such Foreign Currency) to Holders for whom this is lawful and practicable, and (iii) hold (or cause the Custodian to hold) such Foreign Currency (without liability for interest thereon) for the respective accounts of the Holders entitled to receive the same.

12. Distribution of any Payments

Any distribution of cash under Condition 5, 6, 7, 8, 9, 13 or 14 will be made by the Depositary to those Holders who are Holders of record on the GDR Record Date established by the Depositary in accordance with Condition 10 for that purpose and, distributions will be made in Dollars subject to Condition 11 by cheque drawn upon a bank in New York City or, in the case of the relevant Master GDR Certificate, according to usual practice between the Depositary and DTC, Euroclear and Clearstream, as the case may be. The Depositary may deduct and retain from all moneys due in respect of such GDR in accordance with the

Deposit Agreement all fees, taxes, duties, charges, costs and expenses which may become or have become payable under the Deposit Agreement or under applicable law in respect of such GDR or the relative Deposited Property.

13. Capital Reorganisation

Upon any change in nominal or par value, split-up, cancellation, consolidation or any other reclassification of Deposited Property, or upon any recapitalisation, reorganisation, merger or consolidation or sale of assets affecting the Company or to which it is a party, any securities which shall be received by the Depositary or the Custodian in exchange for, or in conversion, replacement or otherwise in respect of, such Deposited Property shall, to the extent permitted by law, be treated as new Deposited Property under the Deposit Agreement and the Conditions, and the GDRs shall, subject to the terms of the Deposit Agreement, the Conditions and applicable law, evidence GDRs representing the right to receive such replacement securities. The Depositary may, and shall if the Company shall so request, execute and deliver additional GDRs or make appropriate adjustments in its records, as in the case of a stock dividend on the Shares, or call for the surrender of outstanding GDRs to be exchanged for new GDRs, in either case, as well as in the event of newly deposited Shares, with necessary modifications to the form of GDR attached to the Deposit Agreement specifically describing such new Deposited Property or corporate change. Notwithstanding the foregoing, in the event that any security so received may not be lawfully distributed to some or all Holders, the Depositary may, and shall if the Company requests, upon receipt of satisfactory documentation within the terms of Clause 7.1.4 of the Deposit Agreement regarding the compliance of such transaction with applicable laws, sell such securities at public or private sale, at such place or places and upon such terms as it may deem proper, and may allocate the net proceeds of such sales (net of (a) applicable fees and charges of, and expenses incurred by, the Depositary, and (b) taxes) for the account of the Holders otherwise entitled to such securities upon an averaged or other practicable basis without regard to any distinctions among such Holders and distribute the net proceeds so allocated to the extent practicable as in the case of a distribution received in cash pursuant to Condition 5. The Depositary shall not be responsible for (i) any failure to determine that it is lawful or practicable to make such securities available to Holders in general or to any Holder in particular, (ii) any foreign exchange exposure or loss incurred in connection with such sale, or (iii) any liability to the purchaser of such securities.

14. Elective Distributions

Wherever the Company intends to distribute a dividend payable at the election of the holders of Shares in cash or in additional Shares and provides a notice to the Depositary indicating that the Company wishes such elective distribution to be made available to Holders of GDRs, upon receipt of satisfactory documentation within the terms of Clause 7.1.4 of the Deposit Agreement and after making the requisite determinations set forth in Clause 5.1 of the Deposit Agreement, the Depositary shall make such elective distribution available to Holders. If the Depositary fails to receive satisfactory documentation within the terms of Clause 7.1.4 of the Deposit Agreement or determines that it is not lawful or not reasonably practicable to make the elective distribution available to Holders of GDRs, or if the Company requests that such elective distribution not be made available to Holders of GDRs, the Depositary shall, to the extent permitted by law, distribute to the Holders, on the basis of the same determination as is made in Romania in respect of the Shares for which no election is made, either (X) cash upon the terms described in Condition 5, or (Y) additional GDRs representing such additional Shares upon the terms described in Condition 6. If the above conditions are satisfied, the Depositary shall establish a GDR Record Date in accordance with Condition 10 and establish procedures to enable Holders to elect the receipt of the proposed dividend in cash or in additional GDRs. The Company shall assist the Depositary in establishing such procedures to the extent necessary and reasonably practicable. If a Holder elects to receive the proposed dividend (X) in cash, the dividend shall be distributed upon the terms described in Condition 5, or (Y) in GDRs, the dividend shall be distributed upon the terms

described in Condition 6. Nothing in the Deposit Agreement or this Condition 14 shall obligate the Depositary to make available to Holders a method to receive the elective dividend in Shares (rather than GDRs). There can be no assurance that Holders and Beneficial Owners generally, or any Holder or Beneficial Owner in particular, will be given the opportunity to receive elective distributions on the same terms and conditions as the holders of the Deposited Property.

15. Taxation and Applicable Laws

A. Payments to Holders of dividends or other distributions made to Holders on or in respect of the Deposited Property will be subject to deduction of Romanian and other withholding taxes, if any, at the applicable rates, and notwithstanding any other provision of the Deposit Agreement or the Conditions, the Depositary and the Custodian will be entitled, subject to applicable law, to deduct from any cash dividend or other cash distribution which either of them receives from the Company such amount as is necessary in order to provide for any tax, charge, fee or other amount that is, or could become, payable by or on behalf of the Depositary to fiscal or other governmental authority on account of receiving such cash dividend or other cash distribution.

The Holder or Beneficial Owner of any GDR or any Deposited Property shall be deemed thereby to accept (by virtue of his ownership or deposit, as the case may be) that, in the event that any tax or other governmental charge shall become payable with respect to any GDR, Deposited Property or GDR Certificate, such tax or other governmental charge shall be payable by the Holder and Beneficial Owner to the Depositary. The Custodian may refuse the deposit of Shares and the Depositary may refuse to issue or deliver GDRs, to register the transfer, split-up or combination of GDR Certificates and the withdrawal of Deposited Property until payment in full of such tax, charge, penalty or interest is received. The Depositary may, for the account of the Holder or Beneficial Owner, discharge the same out of the proceeds of sale, subject to Romanian law and regulations, of an appropriate number of Deposited Shares or other Deposited Property with the Holder and Beneficial Owner remaining liable for any deficiency and being entitled to distribution of any surplus. Any such request shall be made by giving notice pursuant to Condition 25.

By virtue of its ownership of any GDR or Deposited Property, each Holder and Beneficial Owner shall be deemed to agree to indemnify the Depositary, the Company, the Custodian, and any of their agents, officers, employees and Affiliates for, and to hold each of them harmless from, any claims with respect to taxes (including applicable interest and penalties thereon) arising from any tax benefit obtained for such Holder or Beneficial Owner.

B. If any governmental or administrative authorisation, consent, registration or permit or any report to any governmental or administrative authority is required under any applicable law in Romania in order for the Depositary to receive from the Company Shares to be deposited under the Conditions or in order for Shares, other securities or other property to be distributed under Condition 5, 6, 7, 13 or 14 or to be subscribed under Condition 8, the Depositary shall request that the Company apply for or assist in the applying for, as the case may be, such authorisation, consent, registration, permit or report within the time required under such law. In this connection, the Company has undertaken in the Deposit Agreement to take such action as may be required and to the extent reasonably practicable to file or obtain or assist in obtaining or filing the same, as the case may be. The Depositary shall not distribute GDRs, Shares, other securities or other property with respect to which such authorisation, consent or permit or such report has not been obtained or filed, as the case may be, and shall have no duties to obtain any such authorisation, consent or permit or to file any such report.

16. Voting Rights

A. Holders of GDRs will have voting rights with respect to the Deposited Shares. Upon receiving the Company's notice in relation to any meeting of holders of Shares of the Company at which holders of Shares

or other Deposited Property are entitled to vote, or of solicitation of consents or proxies from holders of Shares or other Deposited Property in accordance with Clause 5.3 of the Deposit Agreement, the Depositary shall notify the Holders of such notices and will vote or cause to be voted the Deposited Shares in the manner set out in this Condition 16.

As soon as practicable after receiving the notice from the Company in accordance with Clause 5.3 of the Deposit Agreement, the Depositary will fix the GDR Record Date in respect of such meeting or solicitation of consent or proxy in accordance with Condition 10. The Depositary shall, provided no U.S., English or Romanian legal prohibitions exist, distribute to Holders as of the GDR Record Date: (a) such notice of meeting or solicitation of consent or proxy as well as any other material provided by the Company to the Depositary in connection therewith, (b) a statement that the Holders at the close of business in New York on the GDR Record Date will be entitled, subject to any applicable law, the provisions of the Deposit Agreement, the Conditions, the Articles of Association and the provisions of or governing the Deposited Property (which provisions, if any, shall be summarised in pertinent part by the Company), to instruct the Depositary as to the exercise of the voting rights, if any, pertaining to the Shares or other Deposited Property represented by such Holder's GDRs, and (c) a brief statement as to the manner in which such voting instructions may be given.

B. Voting instructions may be given to the Depositary only in respect of a number of GDRs representing an integral number of Shares or other Deposited Property. Subject to applicable law, the provisions of the Deposit Agreement, the Conditions, the Articles of Association and the provisions of the Deposited Property, if the Depositary has received voting instructions from a Holders as of the GDR Record Date to vote the Deposited Property on or before the date specified by the Depositary, the Depositary shall endeavour, in so far as is practicable and permitted by Romanian law and practice, to vote or cause the Custodian to vote Shares and/or other Deposited Property represented by GDRs for which timely and valid voting instructions have been received from GDR Holders in the manner so instructed by such Holders. The Depositary will exercise or cause to be exercised the voting rights in respect of the Deposited Property so that a portion of the Deposited Property will be voted "for", a portion of the Deposited Property will be voted "against" and a portion of the Deposited Property will be abstained from voting on any resolution specified in the agenda for the relevant meeting in accordance with and within the limit of the voting instructions it has received and in accordance with these Conditions.

C. Neither the Depositary nor the Custodian shall, under any circumstances exercise any discretion as to voting and neither the Depositary nor the Custodian shall vote, attempt to exercise the right to vote, or in any way make use of the Shares or other Deposited Property represented by GDRs except pursuant to and in accordance with such instructions from Holders. If the Depositary timely receives voting instructions from a Holder which fail to specify the manner in which the Depositary is to vote the Deposited Property represented by such Holder's GDRs, the Depositary will not vote the Deposited Property represented by such GDRs.

D. There can be no assurance that Holders generally or any Holder in particular will receive the notice described above with sufficient time to enable the Holder to return voting instructions to the Depositary in a timely manner.

By continuing to hold GDRs, all Holders and Beneficial Owners shall be deemed to have agreed to the provisions of this Condition 16 as it may be amended from time to time in order to comply with applicable Romanian law.

A valid corporate decision of the Company will bind the Depositary (as registered owner of the Shares) and the Holders and Beneficial Owners of GDRs shall be deemed to agree to being bound by such a corporate decision of the Company.

E. Notwithstanding anything else contained in the Deposit Agreement or the Conditions, the Depositary shall not have any obligation to take any action with respect to any meeting, or solicitation of consents or

proxies, of holders of Deposited Property if the taking of such action would violate U.S., English or Romanian laws.

17. Liability

A. Neither the Depositary nor the Company shall be obligated to do or perform any act which is inconsistent with the provisions of the Deposit Agreement or the Conditions or shall incur any liability (i) if the Depositary or the Company shall be prevented or forbidden from, or delayed in, doing any act or thing required by the terms of the Deposit Agreement or the Conditions, by reason of any provision of any present or future law or regulation of the U.S., England, Romania or any other country, or of any relevant governmental or regulatory authority or stock exchange, or by reason of the interpretation or application of any such present or future law or regulation or any change therein, or on account of the possible criminal or civil penalties or restraint, or by reason of any provision, present or future, of the Articles of Association or any provision of or governing any Deposited Property or by reason of any other circumstances beyond their control (including, without limitation, acts of God or war, nationalisation, expropriation, currency restrictions, work stoppage, strikes, civil unrest, acts of terrorism, revolutions, rebellions, explosions and computer failure), (ii) by reason of any exercise of, or failure to exercise, any discretion provided for in the Deposit Agreement, the Conditions or in the Articles of Association or provisions of or governing Deposited Property, (iii) for any action or inaction in reliance upon the advice or information from legal counsel, accountants, any person presenting Shares for deposit, any Holder, any Beneficial Owner or authorised representative thereof, or any other person believed by it in good faith to be competent to give such advice or information, but only insofar as the terms of this subsection (iv) are not prohibited by applicable law, (v) for the inability by a Holder or Beneficial Owner to benefit from any distribution, offering, right or other benefit which is made available to holders of Shares but is not, under the terms of the Deposit Agreement or the Conditions, made available to Holders of GDRs or (vi) for any consequential or punitive damages for any breach of the terms of the Deposit Agreement or the Conditions.

B. In acting hereunder the Depositary shall have only those duties, obligations and responsibilities expressly specified in the Deposit Agreement and these Conditions and, other than holding the Deposited Property for the benefit of Holders as bare trustee, does not assume any relationship of trust for or with the Holders or the Beneficial Owners.

C. The Depositary, its controlling persons, its agents, any Custodian and the Company, its controlling persons and its agents may rely on, and shall be protected in acting upon, any written notice, request, direction or other document believed by it to be genuine and to have been duly signed or presented by the proper party or parties (including a translation which is made by a translator believed by it to be competent or which appears to be authentic).

D. No disclaimer of liability under the Securities Act is intended by any provision of the Deposit Agreement or the Conditions.

E. Without limitation of the foregoing, neither the Depositary, nor the Company, nor any of their respective controlling persons or agents, shall be under any obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any Deposited Property or in respect of the GDRs, which in its opinion may involve it in expense or liability, unless indemnity satisfactory to it against all expense (including fees and disbursements of counsel) and liability be furnished as often as may be required (and no Custodian shall be under any obligation whatsoever with respect to such proceedings, the responsibility of the Custodian being solely to the Depositary).

F. The Depositary has no obligation under the Deposit Agreement to take steps to monitor, supervise or enforce the observance and performance by the Company of its obligations under the Deposit Agreement or the Conditions.

G. Neither the Depositary, the Custodian nor any of their agents, officers, directors or employees shall be liable (except by reason of its own negligence, bad faith or wilful default or that of its agents, officers, directors or employees) to the Company or any Holder or owner of a GDR, by reason of having accepted as valid or not having rejected any certificate for Shares or GDRs purporting to be such and subsequently found to be forged or not authentic.

H. The Depositary and each of its agents (and any holding, subsidiary or associated company of the Depositary) may engage or be interested in any financial or other business transactions with the Company or any of its subsidiaries or affiliates or in relation to the Deposited Property (including, without prejudice to the generality of the foregoing, the conversion of any part of the Deposited Property from one currency to another), may at any time hold GDRs for its own account, and shall be entitled to charge and be paid all usual fees, commissions and other charges for business transacted and acts done by it as a bank or in any other capacity, and not in the capacity of Depositary, in relation to matters arising under the Deposit Agreement (including, without prejudice to the generality of the foregoing, charges on the conversion of any part of the Deposited Property from one currency to another and any sales of property) without accounting to Holders or any other person for any profit arising therefrom.

I. The Depositary shall endeavour to effect any such sale as is referred to or contemplated in Conditions 6, 7, 8, 13 or 14 (to the extent that such a sale would be permissible under applicable Romanian law) or any such conversion as is referred to in Condition 8 in accordance with the Depositary's normal practices and procedures, but shall have no liability (in the absence of its own negligence, bad faith or wilful default or that of its agents, officers, directors or employees) with respect to the terms of such sale or conversion or if such sale or conversion shall not be legally permissible or otherwise possible.

J. The Depositary shall, subject to all applicable laws, have no responsibility whatsoever to the Company, any Holder, Beneficial Owner or person with an interest in a GDR as regards any deficiency which might arise because the Depositary is subject to any tax in respect of the Deposited Property or any part thereof or any income therefrom or any proceeds thereof.

K. In connection with any proposed modification, waiver, authorisation or determination permitted by the terms of the Deposit Agreement or the Conditions, the Depositary shall not, except as otherwise expressly provided in Condition 24, be obliged to have regard to the consequence thereof for the Holders, Beneficial Owners, a person with an interest in a GDR or any other person.

L. Notwithstanding anything else contained in the Deposit Agreement or the Conditions, the Depositary may refrain from doing anything which could or might, in its reasonable opinion, render it liable to any person and the Depositary may do anything which is, in its reasonable opinion, necessary to comply with any law, directive or regulation.

M. The Depositary shall be under no obligation to check, monitor or enforce compliance with any ownership restrictions in respect of GDRs or Shares under any applicable Romanian law. Notwithstanding the generality of Condition 3, the Depositary shall refuse to register any transfer of GDRs or any deposit of Shares against issue of GDRs if the Depositary becomes aware of the fact that such transfer or issue would be in violation of the limitations set forth above or any other applicable laws.

N. The Depositary may call for, and shall be at liberty to accept as sufficient, evidence of any fact or matter or the expediency of any transaction or thing, a certificate, letter or other communication, whether oral or written, signed or otherwise communicated on behalf of the Company, by the Board of Directors of the Company or by a person duly authorised by the Board of Directors of the Company, or such other certificate from persons which the Depositary considers appropriate and the Depositary shall not be bound in any such case to call for further evidence or be responsible for any loss or liability that may be occasioned by the Depositary acting on such certificate.

O. The Depositary and its agents shall not be liable for any failure to carry out any instructions to vote any of the Deposited Property, or for the manner in which any vote is cast or the effect of any vote (other than where such failure or action is a result of its own negligence, bad faith or wilful default or is not in accordance with the terms of the Deposit Agreement and the Conditions). The Depositary shall not incur any liability (save in the case of its own negligence, bad faith or wilful default) for any failure to determine that any distribution or action may be lawful or reasonably practicable, for the content of any information submitted to it by the Company for distribution to the Holders or for any inaccuracy of any translation thereof, for any investment risk associated with acquiring an interest in the Deposited Property, for the validity or worth of the Deposited Property, for the creditworthiness of any third party, for any tax consequences that may result from the ownership of GDRs, Shares or Deposited Property, for allowing any rights to lapse upon the terms of the Deposit Agreement and the Conditions, for the failure or timeliness of any notice from the Company.

P. No provision of the Deposit Agreement or the Conditions shall require the Depositary to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity and security against such risk of liability is not assured.

Q. The Depositary may, in the performance of its obligations hereunder, instead of acting personally, employ and pay an agent, whether a lawyer or other person, including obtaining and relying on advice of legal advisers, to transact or concur in transacting any business and do or concur in doing all acts required to be done by such party, including the receipt and payment of money. Save for the failure on the part of the Depositary to exercise reasonable care in the selection or retention of any such agent, the Depositary will not be liable to anyone for any misconduct or omission by any such agent so employed by it or be bound to supervise the proceedings or acts of any such agent.

R. None of the Depositary, the Custodian, the Company or any of their respective agents or affiliates shall be required to take any actions whatsoever on behalf of Holders or Beneficial Owners to satisfy reporting requirements or obtain regulatory approvals under applicable laws and regulations which shall be the sole responsibility of the Holders and Beneficial Owners as described in Condition 4C.

S. The Depositary shall not be liable for any acts or omissions made by a successor depositary whether in connection with a previous act or omission of the Depositary or in connection with any matter arising wholly after the removal or resignation of the Depositary, provided that in connection with the issue out of which such potential liability arises the Depositary performed its obligations without negligence, bad faith or wilful default while it acted as Depositary.

T. The Depositary shall not be liable for any acts or omissions made by a predecessor depositary whether in connection with an act or omission of the Depositary or in connection with any matter arising wholly prior to the appointment of the Depositary or after the removal or resignation of the Depositary, provided that in connection with the issue out of which such potential liability arises the Depositary performed its obligations without negligence, bad faith or wilful default while it acted as Depositary.

18. Issue and Delivery of Replacement GDRs and Exchange of GDRs

Subject to the payment of the relevant fees, taxes, duties, charges, costs and expenses and such terms as to evidence and indemnity as the Depositary may require, replacement GDRs will be issued by the Depositary and will be delivered in exchange for or in replacement of outstanding lost, stolen, mutilated, defaced or destroyed GDRs upon surrender thereof (except in the case of destruction, loss or theft) at the Principal New York Office.

19. GDR Fees and Charges

A. The following GDR fees are payable under the terms of the Deposit Agreement:

- (i) Issuance Fee: by any person depositing Shares or to whom GDRs are issued upon the deposit of Shares (excluding issuances pursuant to paragraph (iv) below), a fee not in excess of U.S.\$5.00 per 100 GDRs (or fraction thereof) so issued under the terms of the Deposit Agreement and the Conditions;
- (ii) Cancellation Fee: by any person surrendering GDRs for cancellation and withdrawal of Deposited Property, a fee not in excess of U.S.\$5.00 per 100 GDRs (or fraction thereof) so surrendered;
- (iii) Cash Distribution Fee: by any Holder of GDRs, a fee not in excess of U.S.\$5.00 per 100 GDRs (or fraction thereof) held for the distribution of cash dividends or other cash distributions (i.e., upon the sale of rights and other entitlements);
- (iv) Stock Distribution /Rights Exercise Fees: by any Holder of GDRs, a fee not in excess of U.S.\$5.00 per 100 GDRs (or fraction thereof) held for the distribution of GDRs pursuant to stock dividends or other free stock distributions or upon the exercise of rights to purchase additional GDRs;
- (v) Other Distribution Fee: by any Holder of GDRs, a fee not in excess of U.S.\$5.00 per 100 GDRs (or fraction thereof) held for the distribution of securities other than GDRs or rights to purchase additional GDRs;
- (vi) GDR Services Fee: by any Holder of GDRs, a fee not in excess of U.S.\$5.00 per 100 GDRs (or fraction thereof) held on the applicable record date(s) established by the Depositary; and
- (vii) GDR Transfer Fee: by any person presenting a GDR Certificate for transfer, a fee not in excess of U.S.\$1.50 per GDR Certificate so presented for transfer.

Certain of the GDR fees and charges (such as the GDR Services Fee) may become payable shortly after the closing of an offering of the GDRs.

In addition, the Company, Holders, Beneficial Owners and persons depositing Shares for issuance of GDRs or surrendering GDRs for cancellation and withdrawal of Deposited Property (as applicable) shall be required to pay the following charges under the terms of the Deposit Agreement:

- (i) applicable taxes (including applicable interest and penalties) and other governmental charges;
- (ii) such registration fees as may from time to time be in effect for the registration of Shares or other Deposited Property on the share register and applicable to transfers of Shares or other Deposited Property to or from the name of the Custodian, the Depositary or any nominees upon the making of deposits and withdrawals, respectively;
- (iii) such facsimile transmission and delivery expenses as are expressly provided in the Deposit Agreement to be at the expense of the person depositing or withdrawing Shares or of the Holders and Beneficial Owners of GDRs;
- (iv) the expenses and charges incurred by the Depositary in the conversion of foreign currency;
- (v) such fees and expenses as are incurred by the Depositary in connection with compliance with exchange control regulations and other regulatory requirements applicable to Shares, Deposited Property, GDRs and GDR Certificates; and
- (vi) the fees and expenses incurred by the Depositary, the Custodian or any nominee in connection with the servicing or delivery of Deposited Property.

B. Any other charges and expenses of the Depositary under the Deposit Agreement and the Conditions will be paid by the Company upon agreement between the Depositary and the Company. All fees and charges may, at any time and from time to time, be changed by agreement between the Depositary and Company but, in the case of fees and charges payable by Holders or Beneficial Owners, only in the manner contemplated by

Condition 24. The Depositary will provide, without charge, a copy of its latest fee schedule to anyone upon request.

C. GDR fees payable upon (i) deposit of Shares against issuance of GDRs and (ii) surrender of GDRs for cancellation and withdrawal of Deposited Property will be payable by the person to whom the GDRs so issued are delivered by the Depositary (in the case of GDR issuance) and by the person who delivers the GDRs for cancellation to the Depositary (in the case of GDR cancellations). In the case of GDRs issued by the Depositary into DTC, Euroclear or Clearstream, the GDR issuance and cancellation fees and charges will be payable by the DTC Participant(s), Euroclear Participant(s) or Clearstream Participant(s) receiving the GDRs from the Depositary or the DTC Participant(s), Euroclear Participant(s) or Clearstream Participant(s) surrendering the GDRs for cancellation, as the case may be, on behalf of the Beneficial Owner(s) and will be charged by the DTC Participant(s), Euroclear Participant(s) or Clearstream Participant(s) to the account(s) of the applicable Beneficial Owner(s) in accordance with the procedures and practices of the DTC Participant(s), Euroclear Participant(s) or Clearstream Participant(s) as in effect at the time. GDR fees in respect of distributions and the GDR services fee are payable by Holders as of the applicable record date established by the Depositary. In the case of distributions of cash, the amount of the applicable GDR fees is deducted from the funds being distributed. In the case of distributions other than cash and the GDR service fee, the Depositary will invoice the applicable Holders as of the record date established by the Depositary, and such GDR service fee may be deducted from distributions made to Holders. For GDRs held through DTC, Euroclear or Clearstream, the GDR fees for distributions other than cash and the GDR service fee are charged to the DTC Participants, Euroclear Participants or Clearstream Participants in accordance with the procedures and practices prescribed by DTC, Euroclear or Clearstream from time to time and the DTC Participants, Euroclear Participants or Clearstream Participants in turn charge the amount of such fees to the Beneficial Owners for whom they hold GDRs.

D. The Depositary may reimburse the Company for certain expenses incurred by the Company in respect of the Global Depositary Receipts programme established pursuant to the Deposit Agreement, by making available a portion of the GDR fees charged in respect of the Global Depositary Receipts programme or otherwise, upon such terms and conditions as the Company and the Depositary may agree from time to time. The Company shall pay to the Depositary such fees and charges and reimburse the Depositary for such out of pocket expenses as the Depositary and the Company may agree from time to time. Responsibility for payment of such charges may from time to time be changed by agreement between the Company and the Depositary. Unless otherwise agreed, the Depositary shall present its statement for such expenses and fees or charges to the Company once every three (3) months. The charges and expenses of the Custodian are for the sole account of the Depositary.

20. Listing

The Company has undertaken in the Deposit Agreement to use its reasonable endeavours to obtain and thereafter maintain for (i) at least five years from the date of the Deposit Agreement or (ii) if shorter, for so long as any GDR is outstanding, admission of trading for GDRs on the London Stock Exchange's main market for listed securities and trading of the Shares on the Bucharest Stock Exchange. For that purpose the Company will pay all fees and sign and deliver all undertakings required by the London Stock Exchange and the Bucharest Stock Exchange in connection therewith.

21. The Custodian

The Depositary has agreed with the Custodian that the Custodian will receive and hold all Deposited Property for the account and to the order of the Depositary in accordance with the applicable terms of the Deposit Agreement. The Custodian shall be responsible solely to the Depositary. Upon receiving notice of the resignation of the Custodian, the Depositary shall promptly appoint a successor Custodian, which shall, upon

acceptance of such appointment, become the Custodian under the Deposit Agreement. Whenever the Depositary, in its sole discretion, determines that it is in the best interest of the Holders to do so, it may terminate the appointment of the Custodian and, in the event of the termination of the appointment of the Custodian, the Depositary shall promptly appoint a successor Custodian, which shall, upon acceptance of such appointment, become the Custodian under the Deposit Agreement. The Depositary shall notify Holders of such change as soon as is practically possible following such change taking effect in accordance with Condition 25.

Citibank, N.A. may at any time act as Custodian of the Deposited Securities pursuant to the Deposit Agreement, in which case any reference to Custodian shall mean Citibank, N.A. solely in its capacity as Custodian pursuant to the Deposit Agreement. Notwithstanding anything contained in the Deposit Agreement or the Conditions, the Depositary shall not be obligated to give notice to the Company, any Holders of GDRs or any other Custodian of its acting as Custodian pursuant to the Deposit Agreement.

22. Resignation and Termination of Appointment of the Depositary

A. The Depositary may at any time resign as Depositary hereunder by written notice of resignation delivered to the Company, which resignation shall be effective on the earlier to occur of (i) the 90th day after delivery thereof to the Company, after which the Depositary shall be entitled to take the termination actions contemplated in Condition 23(A), and (ii) the appointment by the Company of a successor depositary and the acceptance by such successor depositary of such appointment.

The Depositary may at any time be removed by the Company by written notice of removal delivered to the Depositary, which removal shall be effective on the later to occur of (i) the 90th day after delivery thereof to the Company, after which the Depositary shall be entitled to take the termination actions contemplated in Condition 23(A), and (ii) the appointment by the Company of a successor depositary and the acceptance by such successor depositary of such appointment.

B. The Company has undertaken in the Deposit Agreement to use its reasonable endeavours to procure the appointment of a successor depositary following the receipt of a notice of resignation from the Depositary or the giving of a notice of the termination of the appointment of the Depositary. Upon any such appointment and acceptance, notice thereof shall be duly given by the successor depositary to the Holders in accordance with Condition 25.

C. Any corporation into or with which the Depositary may be merged or consolidated shall be the successor of the Depositary without the execution or filing of any document or any further act.

23. Termination of Deposit Agreement

A. The Company may at any time terminate the Deposit Agreement. Upon written direction of the Company, the Depositary shall provide notice of such termination to the Holders of all GDR Certificates then outstanding at least thirty (30) days prior to the date fixed in such notice for such termination.

If ninety (90) days shall have expired after (i) the Depositary shall have delivered to the Company a written notice of its election to resign pursuant to Clause 11.1 of the Deposit Agreement and Condition 22(A) or (ii) the Company shall have delivered to the Depositary a written notice of the removal of the Depositary pursuant to Clause 11.1 of the Deposit Agreement and Condition 22(A) and, in either case, a successor depositary shall not have been appointed and accepted its appointment as provided in Clause 11.1 of the Deposit Agreement and Condition 22(B), the Depositary may terminate the Deposit Agreement by providing notice of such termination to the Holders of all GDR Certificates then outstanding at least thirty (30) days prior to the date fixed in such notice for such termination.

The date fixed for termination of the Deposit Agreement in any termination notice distributed by the Depositary to the Holders of GDRs is referred to as the “**Termination Date**”. Until the Termination Date, the Depositary shall continue to perform all of its obligations under the Deposit Agreement and the Conditions, and the Holders and Beneficial Owners will be entitled to all of their rights under the Deposit Agreement and the Conditions.

B. If any GDRs shall remain outstanding after the Termination Date, the Registrar and the Depositary shall not, after the Termination Date, have any obligation to perform any further acts under the Deposit Agreement or the Conditions, except that the Depositary shall, subject, in each case, to the terms and conditions of the Deposit Agreement and the Conditions, continue to (i) collect dividends and other distributions pertaining to Deposited Property, (ii) sell securities and other property received in respect of Deposited Property, (iii) deliver Deposited Property, together with any dividends or other distributions received with respect thereto and the net proceeds of the sale of any securities or other property, in exchange for GDRs surrendered to the Depositary (after deducting or charging, as the case may be, in each case, the fees and charges of, and expenses incurred by, the Depositary, and all applicable taxes or governmental charges for the account of the Holders and Beneficial Owners, in each case upon the terms set forth in Clause 10.1 of the Deposit Agreement and Condition 19), and (iv) take such actions as may be required under applicable law in connection with its role as Depositary under the Deposit Agreement.

At any time after the Termination Date, the Depositary may sell the Deposited Property then held under the Deposit Agreement, if such sale would be permissible under applicable Romanian law, and shall after such sale hold un-invested the net proceeds of such sale, together with any other cash then held by it under the Deposit Agreement, in an un-segregated account and without liability for interest, for the pro-rata benefit of the Holders whose GDRs have not theretofore been surrendered. After making such sale, the Depositary shall be discharged from all obligations under the Deposit Agreement and the Conditions except (i) to account for such net proceeds and other cash (after deducting or charging, as the case may be, in each case, the fees and charges of, and expenses incurred by, the Depositary, and all applicable taxes or governmental charges for the account of the Holders and Beneficial Owners, in each case upon the terms set forth in Clause 10.1 of the Deposit Agreement and Condition 19), and (ii) as may be required at law in connection with the termination of the Deposit Agreement. After the Termination Date, the Company shall be discharged from all obligations under the Deposit Agreement and the Conditions, except for its obligations to the Depositary under Clause 10 of the Deposit Agreement and Condition 19. The obligations under the terms of the Deposit Agreement and the Conditions of Holders and Beneficial Owners of GDRs outstanding as of the Termination Date shall survive the Termination Date and shall be discharged only when the applicable GDRs are presented by their Holders to the Depositary for cancellation under the terms of the Deposit Agreement and the Conditions.

24. Amendment of Deposit Agreement and Conditions

All and any of the provisions of the Deposit Agreement and these Conditions may at any time and from time to time be amended by written agreement between the Company and the Depositary in any respect which they may deem necessary or desirable. Notice of any amendment of the Deposit Agreement and these Conditions (except to correct a manifest error) shall be duly given to the Holders by the Depositary and any amendment (except as aforesaid) which shall increase or impose fees or charges payable by Holders or which shall otherwise, in the opinion of the Depositary, be materially prejudicial to the interests of the Holders (as a class) shall not become effective so as to impose any obligation on the Holders of the outstanding GDRs until the expiry of thirty (30) days after such notice shall have been given. Every Holder or Beneficial Owner at the time any amendment or supplement so becomes effective shall be deemed, by continuing to hold GDRs or any beneficial interest therein to consent to and approve such amendment or supplement and to be bound by the terms of the Deposit Agreement and the Conditions as amended and supplemented thereby.

In no event shall any amendment impair the right of any Holder to receive, subject to and upon compliance with Clause 3 of the Deposit Agreement and Condition 2, the Deposited Property attributable to the relevant GDR except in order to comply with mandatory provisions of applicable law.

The parties hereto agree that substantial rights of Holders and Beneficial Owners shall not be deemed materially prejudiced by any amendments or supplements which (i) are reasonably necessary (as agreed by the Company and the Depositary) in order for the GDRs or Shares to be settled in electronic-book entry form and (ii) do not impose or increase any fees or charges to be borne by Holders or Beneficial Owners.

Notwithstanding anything in the Deposit Agreement or the Conditions to the contrary, if any governmental body should adopt new laws, rules or regulations which would require an amendment or supplement of the Deposit Agreement or the Conditions to ensure compliance therewith, the Company and the Depositary may amend or supplement the Deposit Agreement, and the Conditions at any time in accordance with such changed laws, rules or regulations. Such amendment or supplement to the Deposit Agreement and the Conditions in such circumstances may become effective before a notice of such amendment or supplement is given to Holders or within any other period of time as required for compliance with such laws, rules or regulations.

25. Notices

Any and all notices to be given to any Holder shall be deemed to have been duly given if (a) personally delivered or sent by mail, air courier or facsimile transmission, confirmed by letter, addressed to such Holder at the address of such Holder as it appears on the books of the Depositary or, if such Holder shall have filed with the Depositary a request that notices intended for such Holder be mailed to some other address, at the address specified in such request, or (b) if a Holder shall have designated such means of notification as an acceptable means of notification under the terms of the Deposit Agreement and the Conditions, by means of electronic messaging addressed for delivery to the e-mail address designated by the Holder for such purpose.

Notice to Holders shall be deemed to be notice to Beneficial Owners for all purposes of the Deposit Agreement and the Conditions. Failure to notify a Holder or any defect in the notification to a Holder shall not affect the sufficiency of notification to other Holders or to the Beneficial Owners of GDRs held by such other Holders.

Delivery of a notice sent by mail, air courier or facsimile transmission shall be deemed to be effective at the time when a duly addressed letter containing the same (or a confirmation thereof in the case of a facsimile transmission) is deposited, postage prepaid, in a post office letter box or delivered to an air courier service, without regard for the actual receipt or time of actual receipt thereof by a Holder. The Depositary or the Company may, however, act upon any facsimile transmission received by it from any Holder, the Custodian, the Depositary or the Company, notwithstanding that such facsimile transmission shall not be subsequently confirmed by letter.

Delivery of a notice by means of electronic messaging shall be deemed to be effective at the time of the initiation of the transmission by the sender (as shown on the sender's records), notwithstanding that the intended recipient retrieves the message at a later date, fails to retrieve such message, or fails to receive such notice on account of its failure to maintain the designated e-mail address, its failure to designate a substitute e-mail address or for any other reason.

26. Reports and Information on the Company

If, so long as any of the Rule 144A GDRs or the Shares represented thereby remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act and the Company is neither a reporting company under Section 13 or Section 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, the Company hereby undertakes to provide to

any Holder, Beneficial Owner or holder of Shares or any prospective purchaser designated by such Holder, Beneficial Owner or holder of Shares, upon the request of such Holder, Beneficial Owner, holder of Shares or prospective purchaser, copies of the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

27. Copies of Company Notices

On or before the day when the Company first gives notice, by publication, or otherwise, to holders of any Shares or other Deposited Property, whether in relation to the taking of any action in respect thereof or in respect of any dividend or other distribution thereon or of any meeting or adjourned meeting of such holders or otherwise, the Company has undertaken in the Deposit Agreement to transmit to the Custodian and the Depositary a copy of such notice and any other material in English but otherwise in the form given or to be given to holders of Shares or other Deposited Property.

In addition, the Company will transmit to the Depositary English-language versions of the other notices, reports and communications which are generally made available by the Company to holders of Shares or other Deposited Property. The Depositary will, at the expense of the Company, make available a copy of any such notices, reports or communications issued by the Company and delivered to the Depositary for inspection by the Holders and Beneficial Owners at the Principal New York Office and the Principal London Office, at the office of the Custodian and at any other designated transfer office. The Depositary shall arrange, at the request of the Company and at the Company's expense, for the distribution of copies thereof to all Holders on a basis similar to that for holders of Shares or other Deposited Property or on such other basis as the Company may advise the Depositary.

28. Moneys Held by the Depositary

The Depositary shall be entitled to deal with moneys paid to it by the Company for the purposes of the Deposit Agreement in the same manner as other moneys paid to it as a banker by its customers and shall not be liable to account to the Company or any holder or any other person for any interest thereon, except as otherwise agreed.

29. Severability

If any one or more of the provisions contained in the Deposit Agreement or in the Conditions shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained therein or herein shall in no way be affected, prejudiced or otherwise disturbed thereby.

30. Governing Law

A. The Deposit Agreement, the Conditions, the Deed Poll and the GDRs, and any non-contractual obligations arising out of or in connection with them, are governed by English law, except that the required certifications from the persons making deposits or withdrawals of Shares pursuant to the Deposit Agreement are governed by and shall be construed in accordance with the laws of the State of New York. For the avoidance of doubt, the rights and obligations attaching to the Deposited Shares will be governed by Romanian law.

B. The Company and the Depositary have agreed that the courts of England and the federal or state courts in the City of New York shall have exclusive jurisdiction to hear any suit, action or proceeding and to settle any disputes between them that may arise out of, or in connection with, the Deposit Agreement and the Conditions and the legal relationship established by them and accordingly any legal action or proceedings arising out of, or in connection with, the Deposit Agreement, the Conditions or the GDRs and the legal relationship established thereby ("**Proceedings**") may be brought in such courts.

These submissions shall not limit the right of the Depositary to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdictions (whether concurrently or not) to the extent permitted by law.

31. Contracts (Rights of Third Parties) Act 1999

A person who is not a party to the Deposit Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 (the “**Act**”) of the United Kingdom to enforce any term of the Deposit Agreement but this does not affect any right or remedy granted under the Deed Poll or which otherwise exists or is available apart from the Act.

SUMMARY OF THE PROVISIONS RELATING TO THE GLOBAL DEPOSITARY RECEIPTS WHILST IN MASTER FORM

The GDRs will initially be evidenced by (i) a single Master Regulation S GDR in registered form and (ii) a single Master Rule 144A GDR in registered form. The Master Rule 144A GDR will be deposited with the GDR Depositary as custodian for DTC and registered in the name of Cede & Co as nominee for DTC on the date the GDRs are issued. The Master Regulation S GDR will be deposited with Citibank Europe plc as common depositary for Euroclear and Clearstream, Luxembourg (and registered in the name of Citivic Nominees Limited as nominee for the common depositary) on the date the GDRs are issued.

The Master Regulation S GDR and the Master Rule 144A GDR contain provisions which apply to the GDRs while they are in master form, some of which modify the effect of the GDR Terms and Conditions of the GDRs set out in this document. The following is a summary of certain of those provisions. Words and expressions given a defined meaning in the GDR Terms and Conditions shall have the same meanings in this section unless otherwise provided in this section.

For risks related to potential future limitations on the exercise of voting and/or dividends rights by a GDR holder, see “*Risk Factors—Risks Relating to the Securities*”.

Exchange

The Master GDRs will be exchanged for certificates in definitive registered form representing GDRs only in the circumstances described in (i), (ii), (iii) or (iv) below in whole but not in part. The GDR Depositary will undertake in the Master GDRs to deliver certificates in definitive registered form in exchange for the relevant Master GDR, to GDR holders within 60 calendar days of the relevant event in the event that:

- (i) DTC, in the case of the Master Rule 144A GDR, or Euroclear or Clearstream, in the case of the Master Regulation S GDR, notifies the Company that it is unwilling or unable to continue as a clearing or settlement system and a successor clearing or settlement system is not appointed within 90 calendar days;
- (ii) either DTC in the case of Master Rule 144A GDR, or Euroclear or Clearstream in the case of the Master Regulation S GDR, is closed for business for a continuous period of 14 calendar days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so, and, in each case, no alternative settlement system satisfactory to the GDR Depositary is available within 45 calendar days;
- (iii) in respect of the Master Rule 144A GDR, DTC or any successor ceases to be a “clearing agency” registered under the Exchange Act; or
- (iv) the GDR Depositary has determined that, on the occasion of the next payment in respect of the GDRs, the GDR Depositary or its agent would be required to make any deduction or withholding from any payment in respect of the GDRs which would not be required were the GDRs represented by certificates in definitive registered form, **provided that** the GDR Depositary shall have no obligation to so determine or to attempt to so determine.

Any such exchange shall be at the expense (including printing costs) of the Company.

A GDR evidenced by an individual definitive certificate will not be eligible for clearing and settlement through Euroclear, Clearstream, Luxembourg or DTC.

Upon any exchange of a Master GDR for certificates in definitive registered form, or any exchange of interests between the Master Rule 144A GDR and the Master Regulation S GDR pursuant to Clause 4 of the

Deposit Agreements, or any distribution of GDRs pursuant to the GDR Terms and Conditions or any reduction in the number of GDRs represented thereby following any withdrawal of Deposited Property pursuant to Condition 2 of the GDR Terms and Conditions, or any increase in the number of GDRs following the deposit of Shares pursuant to Condition 1, the relevant details shall be entered by the GDR Depositary in the books maintained by the GDR Depositary whereupon the number of GDRs represented by the relevant Master GDR shall be reduced or increased (as the case may be) for all purposes by the number so exchanged and entered in the books. If the number of GDRs represented by a Master GDR is reduced to zero such Master GDR shall continue in existence until the obligations of the Company under the corresponding Deposit Agreement and the obligations of the GDR Depositary pursuant to the corresponding Deposit Agreement and the Conditions have terminated.

Payments, Distributions and Voting Rights

Payments of cash dividends and other amounts (including cash distributions) will, in the case of GDRs represented by the Master Regulation S GDR, be made by the GDR Depositary through Euroclear and Clearstream, Luxembourg and, in the case of GDRs represented by the Master Rule 144A GDR, will be made by the GDR Depositary through DTC, on behalf of persons entitled thereto upon receipt of funds therefor from the Company. A free distribution of Shares to the GDR Depositary on behalf of the Holders may result in the books maintained by the GDR Depositary being marked up to reflect the increased number of GDRs represented by the relevant Master GDR.

Holders of GDRs will have voting rights as set out in the Conditions.

Surrender of GDRs

Any requirement in the Conditions relating to the surrender of a GDR to the GDR Depositary shall be satisfied by the production by Euroclear and Clearstream, Luxembourg (in the case of GDRs represented by the Master Regulation S GDR), or DTC (in the case of GDRs represented by the Master Rule 144A GDR), on behalf of a person entitled to an interest therein of such evidence of entitlement of such person as the GDR Depositary may reasonably require, which is expected to be a certificate or other documents issued by Euroclear or Clearstream, or DTC, as appropriate. The delivery or production of any such evidence shall be sufficient evidence, in favour of the GDR Depositary and the Custodian of the title of such person to receive (or to issue instructions for the receipt of) all moneys or other property payable or distributable in respect of the Deposited Property represented by such GDRs.

Notices

For as long as the Master Regulation S GDR is registered in the name of a nominee for a common depositary holding on behalf of Euroclear and Clearstream, Luxembourg, and the Master Rule 144A GDR is registered in the name of DTC or its nominee, notices to Holders may be given by the GDR Depositary by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg, or (as appropriate) DTC, for communication to persons entitled thereto in substitution for delivery of notices in accordance with the Conditions.

Information

For so long as any of the Rule 144A GDRs or the Offer Shares remain outstanding and are “restricted securities” within the meaning of Rule 144(a) (3) under the Securities Act, if at any time the Company is neither subject to and in compliance with the reporting requirements of Section 13 or 15(d) of the Exchange

Act, nor exempt from such reporting requirements by complying with the information furnishing requirements of Rule 12g3-2(b) thereunder, the Company has agreed to supply to the GDR Depositary such information in the English language and in such quantities as the GDR Depositary may from time to time reasonably request, as is required to be delivered to any Holder or beneficial owner of Rule 144A GDRs or to any holder of Shares or prospective purchaser designated by such Holder, beneficial owner or holder pursuant to a Deed Poll executed by the Company in favour of such persons and the information delivery requirements of Rule 144A(d)(4) under the Securities Act, as amended, to permit compliance with Rule 144A in connection with resales of Rule 144A GDRs or Shares or interests therein in reliance on Rule 144A under the Securities Act and otherwise will comply with the requirements of Rule 144A(d)(4) under the Securities Act.

Governing Law

The Master GDRs, and all non-contractual obligations arising out of or in connection with the Master GDRs, shall be governed by and construed in accordance with English law.

DESCRIPTION OF ARRANGEMENTS TO SAFEGUARD THE RIGHTS OF THE HOLDERS OF THE GLOBAL DEPOSITARY RECEIPTS

The following text should be read in conjunction with the terms and conditions of the GDRs, including, inter alia, provisions for the deposit of Shares against issuance of GDRs, the cancellation of GDRs and receipt of Shares, and payment of dividends, as set forth under “Terms and Conditions of the Global Depositary Receipts”.

The GDR Depositary

The GDR Depositary is Citibank, N.A., a national banking association organised under the laws of the United States. The GDR Depositary is an indirect wholly-owned subsidiary of Citigroup Inc., a Delaware corporation. The GDR Depositary is primarily regulated by the United States Office of the Comptroller of the Currency. See “*Information Relating to the GDR Depositary*”. There are no bank or other guarantees attached to the GDRs which are intended to underwrite the GDR Depositary’s obligations.

Rights of GDR Holders

Relationship of GDR Holders with the GDR Depositary

The rights of GDR Holders against the GDR Depositary are governed by the GDR Terms and Conditions and the Deposit Agreements, which are governed by English law (except that the certifications required to be given upon deposit or withdrawal of Shares are governed by the laws of the State of New York). The GDR Depositary and the Company are parties to the Deposit Agreements. Holders of GDRs have contractual rights against the GDR Depositary in relation to cash held by the GDR Depositary, and rights against the GDR Depositary under the Conditions under a bare trust in respect of or other Deposited Property (including Deposited Shares, which are ordinary shares of the Company represented by GDRs) deposited with the GDR Depositary under the Deposit Agreements, and certain limited rights against the Company by virtue of the Deed Poll. The GDR Depositary will hold the Deposited Property as bare trustee for the Holders; however, the GDR Depositary does not otherwise assume any relationship of trust for or with the Holders or the beneficial owners of the GDRs or any other person.

Voting

With respect to voting of Deposited Shares and other Deposited Property represented by GDRs, the GDR Terms and Conditions and the Deposit Agreements provide that the GDR Depositary shall send to any person who is a Holder on the record date established by the GDR Depositary for that purpose (which shall be as close as possible to the corresponding record date set by the Company) such notice of meeting or solicitation of consent or proxy along with a brief statement of the manner in which such Holders may provide the GDR Depositary with voting instructions for matters to be considered. The Deposit Agreements provide that the GDR Depositary will endeavour to exercise or cause to be exercised the voting rights with respect to Deposited Shares in accordance with instructions from Holders. As of the date of this Prospectus, the Company confirms that there are no restrictions under applicable law, the constitutive documents of the Company or the provisions of the Deposited Shares that would prohibit or restrict the GDR Depositary from voting any of the Deposited Shares in accordance with instructions from Holders.

Delivery of Shares

The Deposit Agreements provide that the Deposited Shares can only be delivered out of the Regulation S and Rule 144A GDR facilities to, or to the order of, a Holder of related GDRs upon receipt and cancellation of such GDRs.

Rights of the Company

The Company has broad rights to remove the GDR Depositary under the terms of the Deposit Agreements, but no specific rights under the Deposit Agreements which are triggered in the event of the insolvency of the GDR Depositary.

Insolvency of the GDR Depositary

Applicable insolvency law

If the GDR Depositary becomes insolvent, the insolvency proceedings will be governed by the US law applicable to the insolvency of banks.

Effect of applicable insolvency law in relation to cash

The GDR Terms and Conditions state that any cash held by the GDR Depositary for Holders is held by the GDR Depositary as banker. Under current US law, it is expected that any cash held for Holders by the GDR Depositary as banker under the GDR Terms and Conditions would constitute an unsecured obligation of the GDR Depositary. Holders would therefore only have an unsecured claim in the event of the GDR Depositary's insolvency for such cash that would also be available to general creditors of the GDR Depositary or the Federal Deposit Insurance Corporation (the "FDIC").

Effect of applicable insolvency law in relation to non-cash assets

The Deposit Agreements state that the Deposited Shares and other non-cash assets which are held by the GDR Depositary for Holders are held by the GDR Depositary as bare trustee and, accordingly, the Holders will be tenants in common for such Deposited Shares and other non-cash assets. Under current US and English law, it is expected that any Deposited Shares and other non-cash assets held for Holders by the GDR Depositary on trust under the GDR Terms and Conditions would not constitute assets of the GDR Depositary and that Holders would have ownership rights relating to such Deposited Shares and other non-cash assets and be able to request the GDR Depositary's receiver or conservator to deliver such Depository Shares and other non-cash assets that would be unavailable to general creditors of the GDR Depositary or the FDIC.

Default of the GDR Depositary

If the GDR Depositary fails to pay cash or deliver non-cash assets to Holders in the circumstances required by the GDR Terms and Conditions or otherwise engages in a default for which it would be liable under the terms of the GDR Terms and Conditions or the Deposit Agreements, the GDR Depositary will be in breach of its contractual obligations under the GDR Terms and Conditions and the Deposit Agreements. In such case, Holders will have a claim under English law against the GDR Depositary for the GDR Depositary's breach of its contractual obligations under the GDR Terms and Conditions and the relevant Deposit Agreement.

The Custodian

The Custodian is Citibank Europe plc, a public company with limited liability incorporated under the laws of Ireland, acting through its Romanian branch, Citibank Europe plc, Dublin – Romania Branch. For the avoidance of doubt, as a branch of Citibank Europe plc, Citibank Europe plc, Dublin – Romania Branch, is not a separate legal entity but instead is simply rather a part of an entity established under Irish law. The Custodian holds securities for the GDR Depositary subject to a custody agreement between the Custodian and the GDR Depositary which is governed by New York law.

Relationship of Holders of GDRs with the Custodian

The Holders do not have any contractual relationship with, or rights enforceable against, the Custodian. All Company shares, including the Deposited Shares, will be held through the Romanian Clearing-Settlement, Custody, Depository and Registry System (“**RoClear**”) managed by Depozitarul Central S.A. (the “**Romanian Central Depository**”). The accounts of RoClear will show a global account in the name of, and managed by the Custodian. A sub-account of the Custodian’s global account in the name of the GDR Depository will also show in RoClear’s records. The Deposited Shares will be held in this sub-account held in the name of the GDR Depository.

Default of the Custodian

Failure to deliver cash

Cash dividend payments from the Company (which are expected to be denominated in RON) will initially be received by the GDR Depository in an account held with the Custodian in the GDR Depository’s name. Subject to Romanian legislation (which currently permits amounts in RON to be removed from Romania and converted into US dollars by the GDR Depository without restriction), amounts received from the Company by the GDR Depository will then be converted into US dollars in accordance with the GDR Terms and Conditions and the US dollars will be received by the GDR Depository in New York. After deduction of any fees and expenses of the GDR Depository, the US dollars will then be credited to the appropriate accounts of the Holders. If the Custodian fails to deliver cash to the GDR Depository as required under the custody agreement or otherwise engages in a default for which it would be liable under the terms of the custody agreement, the Custodian will be in breach of its contractual obligations under the custody agreement. In such case, the GDR Depository would have a claim under New York law against the Custodian for the Custodian’s breach of its contractual obligations under the custody agreement. The GDR Depository can also remove the Custodian and appoint a successor custodian and may exercise such rights if it deems necessary.

Failure to deliver non-cash assets

If the Custodian fails to deliver Deposited Shares or other non-cash assets held for the GDR Depository as required by the GDR Depository or otherwise defaults under the terms of the custody agreement, the Custodian will be in breach of its obligations to the GDR Depository. In such case, the GDR Depository will have a claim under New York law against the Custodian for the Custodian’s breach of its obligations under the custody agreement. The GDR Depository can also remove the Custodian and appoint a successor custodian and may exercise such rights if it deems necessary.

The GDR Depository’s obligations

The GDR Depository has no obligation to pursue a claim for breach of obligations against the Custodian on behalf of Holders. The GDR Depository is not responsible for and shall incur no liability in connection with or arising from default by the Custodian due to any act or omission to act on the part of the Custodian, except to the extent that the GDR Depository failed to use reasonable care in the selection of the Custodian.

Applicable law

The custody agreement is governed by New York law.

Insolvency of the Custodian

Applicable law

If the Custodian becomes insolvent, the insolvency proceedings will be governed by Irish law. According to Directive 2001/24/EC of the European Parliament and of the Council of 4 April 2001 on the reorganisation and winding up of credit institutions, as implemented in Irish and Romanian legislation, where a credit institution has its registered seat in an EU member state and has a branch or assets located in another EU

member state, the law of the jurisdiction in which the credit institution has its registered seat applies in the case of insolvency proceedings with respect to its branch or assets located in the other EU member state. Consequently, Citibank Europe plc, Dublin – Romania Branch, as a branch of Irish credit institution Citibank Europe plc, cannot be subject to insolvency proceedings in Romania.

Effect of applicable insolvency law in relation to cash

Cash held by the GDR Depositary on deposit with the Custodian represents an unsecured claim of the GDR Depositary against the Custodian. Under current Romanian law, it is expected that any cash held for the GDR Depositary by the Custodian at the time of the Custodian's insolvency would form part of the Custodian's insolvent estate and would be available to satisfy the claims of the Custodian's creditors generally.

Effect of applicable insolvency law in relation to non-cash assets

The GDR Depositary will have ownership rights in the Deposited Shares or other non-cash assets held by the Custodian at the time of its insolvency and applicable Romanian legislation makes clear that the Deposited Shares would not be available to satisfy the claims of the Custodian's creditors generally. Rather, the Deposited Shares would be transferred into an account maintained by another custodian appointed by the GDR Depositary.

The GDR Depositary's obligations

The GDR Depositary has no obligation to pursue a claim in the Custodian's insolvency on behalf of the Holders. The GDR Depositary has no responsibility for, and will incur no liability in connection with or arising from, the insolvency of any custodian. In the event of the insolvency of the Custodian, the Holders have no direct recourse to the Custodian under the Deposit Agreements.

PERSONS HOLDING TITLE TO GDRS OR BENEFICIAL INTERESTS THEREIN ARE REMINDED THAT THE ABOVE DOES NOT CONSTITUTE LEGAL ADVICE AND IN THE EVENT OF ANY DOUBT REGARDING THE EFFECT OF THE DEFAULT OR INSOLVENCY OF THE GDR DEPOSITARY OR THE CUSTODIAN, SUCH PERSONS SHOULD CONSULT THEIR OWN ADVISERS IN MAKING A DETERMINATION.

TAXATION

The following summary of certain US federal income, United Kingdom and Romanian tax consequences of ownership of the Securities is based upon laws, regulations, decrees, tax rulings, income tax conventions (treaties) for the avoidance of double taxation, administrative practice and judicial decisions in effect at the date of this Prospectus. Legislative, judicial or administrative changes or interpretations may, however, be forthcoming that could alter or modify the statements and conclusions set forth herein. Any such changes or interpretations may be retroactive and could affect the tax regime applicable to holders of the Securities. This summary does not purport to be a legal opinion or to address all tax aspects that may be relevant to a holder of the Securities. Each prospective investor is urged to consult its own tax adviser as to the particular tax consequences to such holder of the ownership and disposition of the Securities, including the applicability and effect of any other tax laws or tax treaties, and of pending or proposed changes in applicable tax laws as of the date of this Prospectus, and of any actual changes in applicable tax laws after such date.

Certain US Federal Income Tax Considerations

The following is a summary of certain US federal income tax consequences of the acquisition, ownership and disposition of Offer Securities by a US Holder (as defined below) purchased in the Offering. This summary deals only with purchasers of Offer Securities that are US Holders and that will hold the Offer Securities as capital assets. The discussion does not cover all aspects of US federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Offer Securities by particular investors (including consequences under the alternative minimum tax or the Medicare tax on net investment income), and does not address state, local, non-US or other tax laws. This summary also does not address tax considerations applicable to investors that own (directly, indirectly or by attribution) 5% or more of the voting stock of the Company, nor does this summary discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under US federal income tax laws (such as financial institutions, insurance companies, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that will hold the Offer Securities as part of straddles, hedging transactions or conversion transactions for US federal income tax purposes, persons that have ceased to be US citizens or lawful permanent residents of the United States, investors holding the Offer Securities in connection with a trade or business conducted outside the United States, US citizens or lawful permanent residents living abroad or investors whose functional currency is not the US dollar).

As used herein, the term “US Holder” means a beneficial owner of Offer Securities that is, for US federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States or any State thereof (iii) an estate the income of which is subject to US federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more US persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for US federal income tax purposes.

The US federal income tax treatment of a partner in an entity treated as a partnership for US federal income tax purposes that holds Offer Securities will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are entities treated as partnerships for US federal income tax purposes should consult their tax advisers concerning the US federal income tax consequences to them and their partners of the acquisition, ownership and disposition of Offer Securities by the partnership.

Except as otherwise noted, the summary assumes that the Company is not a passive foreign investment company for US federal income tax purposes (a “PFIC”), which the Company believes to be the case. The

Company's possible status as a PFIC is determined annually and therefore may be subject to change. If the Company were a PFIC in any year, materially adverse consequences could result for US Holders. See "*Passive Foreign Investment Company Considerations*" below.

This summary is based on the tax laws of the United States, including the Internal Revenue Code of 1986, as amended (the "**Code**"), its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, as well as on the income tax treaty between the United States and Romania (the "**Treaty**") all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

THE SUMMARY OF US FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. IT IS NOT INTENDED TO BE RELIED UPON BY PURCHASERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED UNDER THE CODE. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING, AND DISPOSING OF THE OFFER SECURITIES, INCLUDING THEIR ELIGIBILITY FOR THE BENEFITS OF THE TREATY, THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-US AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Offer GDRs in General

For US federal income tax purposes, a US Holder of Offer GDRs generally should be treated as the owner of the corresponding number of Shares held by the Depositary that are represented by the Offer GDRs. Accordingly, no gain or loss generally will be recognised upon the exchange of Offer GDRs for the US Holder's proportionate interest in Shares. A US Holder's tax basis in the withdrawn Shares should be the same as the US Holder's tax basis in the Offer GDRs exchanged therefore, and the holding period of the Shares should include the holding period of the Offer GDRs.

The US Treasury has expressed concern that US holders of depositary receipts (such as holders of the Offer GDRs) may be claiming foreign tax credits in situations where an intermediary in the chain of ownership between holders of depositary receipts and the issuer of the securities underlying the depositary receipts (which may include intermediaries involved in the release of depositary receipts before the underlying securities are delivered to the depositary) may be taking actions that are inconsistent with the claiming of foreign tax credits by holders of depositary receipts. Such actions may also be inconsistent with the claiming of the reduced rate that may be applicable to certain dividends received by certain non-corporate holders, as described below. Accordingly, (i) the creditability of Romanian taxes and (ii) the availability of the reduced tax rates for any dividends received by certain non-corporate US Holders, each as described below, could be affected by actions taken by such parties or intermediaries.

Dividends

General

Distributions paid by the Company out of current or accumulated earnings and profits (as determined for US federal income tax purposes), before reduction for any Romanian withholding tax paid by the Company with respect thereto, generally will be taxable to a US Holder as dividend income, and will not be eligible for the dividends received deduction allowed to corporations. Distributions in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the US Holder's basis in the Offer Securities and thereafter as capital gain. However, the Company does not maintain calculations of its earnings and profits in accordance with US federal income tax accounting principles. US Holders should therefore assume that any distribution by the Company with respect to Offer Securities will be reported as ordinary dividend income. US Holders should consult their own tax advisers with respect to the appropriate US federal income tax treatment of any distribution received from the Company.

Dividends paid by the Company generally will be taxable to a non-corporate US Holder at the reduced rate normally applicable to long-term capital gains, provided the Company qualifies for the benefits of the Treaty, which the Company believes to be the case, and certain other requirements are met. A US Holder will not be able to claim the reduced rate on dividends received from the Company if it is treated as a PFIC in the taxable year in which the dividends are received or the preceding taxable year. See “—*Passive Foreign Investment Company Considerations*” below.

Foreign Currency Dividends

Dividends paid in RON will be included in income in a US dollar amount calculated by reference to the exchange rate in effect on the day the dividends are received by the GDR Depositary, in the case of Offer GDRs, or the US Holder, in the case of Offer Shares, regardless of whether the RON are converted into US dollars at that time. If dividends received in RON are converted into US dollars on the day they are received by the GDR Depositary, in the case of Offer GDRs, or the US Holder, in the case of Offer Shares, the US Holder generally will not be required to recognise foreign currency gain or loss in respect of the dividend income.

Effect of Romanian Withholding Taxes

As discussed in “*Taxation—Romanian Tax Considerations*,” under current law, payments of dividends by the Company to foreign investors are subject to a 5% Romanian withholding tax. The rate of withholding tax applicable to US Holders that are eligible for benefits under the Treaty is 10%. For US federal income tax purposes, US Holders will be treated as having received the amount of Romanian taxes withheld by the Company, and as then having paid over the withheld taxes to the Romanian taxing authorities. As a result of this rule, the amount of dividend income included in gross income for US federal income tax purposes by a US Holder with respect to a payment of dividends may be greater than the amount of cash actually received (or receivable) by the US Holder from the Company with respect to the payment.

A US Holder generally will be entitled, subject to certain limitations, to a credit against its US federal income tax liability, or a deduction in computing its US federal taxable income, for Romanian income taxes withheld by the Company. The rules governing foreign tax credits are complex and US Holders should consult their tax advisers regarding the creditability or deductibility of foreign taxes in their particular circumstances, including the effect of eligibility for benefits under the Treaty and dividends from the Company being eligible for the reduced rate applicable to long-term capital gains described above under “*Dividends—General*”.

Sale or other Taxable Disposition of the Offer Securities

Upon a sale or other disposition of Offer Securities (other than an exchange of Offer GDRs for Shares), a US Holder generally will recognise capital gain or loss for US federal income tax purposes equal to the difference, if any, between the amount realised on the sale or other disposition and the US Holder’s adjusted tax basis in the Offer Securities. This capital gain or loss will be long-term capital gain or loss if the US Holder’s holding period in the Offer Securities exceeds one year. However, regardless of a US Holder’s actual holding period, any loss may be long-term capital loss to the extent the US Holder receives a dividend that qualifies for the reduced rate described above under “*Dividends—General*,” and exceeds 10% of the US Holder’s basis in its Offer Securities.

Any gain or loss generally will be US source. Therefore, a US Holder may have insufficient foreign source income to utilise foreign tax credits attributable to any Romanian withholding tax imposed on a sale or disposition. Prospective purchasers should consult their tax advisers as to the availability of and limitations on any foreign tax credit attributable to this Romanian withholding tax.

A US Holder’s tax basis in an Offer Security generally will be its US dollar cost. The US dollar cost of an Offer Security purchased with foreign currency will generally be the US dollar value of the purchase price on

the date of purchase, or, in the case of Offer Securities traded on an established securities market within the meaning of the applicable Treasury regulations that are purchased by a cash basis US Holder (or an accrual basis US Holder that so elects), the settlement date for the purchase. Such an election by an accrual basis US Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS. The amount realised on a sale or other disposition of Offer Securities for an amount in foreign currency generally will be the US dollar value of such amount on the date of sale or disposition. On the settlement date, the US Holder generally will recognise US source foreign currency gain or loss (taxable as ordinary income or loss) equal to the difference (if any) between the US dollar value of the amount received based on the exchange rates in effect on the date of sale or other disposition and the settlement date. However, in the case of Offer Securities traded on an established securities market that are sold by a cash basis US Holder (or an accrual basis US Holder that so elects), the amount realised will be based on the exchange rate in effect on the settlement date for the sale, and no exchange gain or loss will be recognised at that time.

Disposition of Foreign Currency

Foreign currency received on the sale or other disposition of an Offer Security will have a tax basis equal to the US dollar value on the settlement date. Foreign currency that is purchased generally will have a tax basis equal to the US dollar value of the foreign currency on the date of purchase. Any gain or loss recognised on a sale or other disposition of a foreign currency (including its use to purchase Offer Securities or upon exchange for US dollars) will be US source ordinary income or loss.

Passive Foreign Investment Company Considerations

A non-US corporation will be a PFIC in any taxable year in which, after taking into account the income and assets of the corporation and certain subsidiaries pursuant to applicable “look-through rules”, either (i) at least 75% of its gross income is “passive income” or (ii) at least 50% of the average value of its assets is attributable to assets which produce passive income or are held for the production of passive income. For purposes of the PFIC rules, “passive income” includes, among other things, certain foreign currency gains and the excess of gains over losses from certain commodities transactions. Gains from commodities transactions, however, are generally excluded from the definition of passive income if such gains are active business gains from the sale of commodities and substantially all of the foreign corporation’s commodities meet specified criteria.

Based on the nature and composition of the Company’s income and assets and its business activities, the Company does not believe that it was a PFIC in its prior taxable year, or that it will be a PFIC for its current taxable year and does not expect to be a PFIC in the foreseeable future, but the Company’s possible status as a PFIC must be determined annually, and therefore may be subject to change. Additionally, the Company’s possible status as a PFIC depends in part on the application of complex and uncertain statutory and regulatory rules that are subject to potentially varying or changing interpretations. The law is unclear as to what constitutes “active business gains” with respect to the sale of commodities and there are also other uncertainties regarding the criteria that such commodities must meet in order for gains from the sale of such commodities to be treated as active income for purposes of the PFIC rules. Accordingly, there can be no assurance that the Company was not or will not become a PFIC or that changes in the activities of the Company’s employees will not impact the determination of the Company’s PFIC status.

If the Company were a PFIC for any taxable year during which a US Holder held Offer Securities, gain recognised by a US Holder on a sale or other disposition of the Offer Securities would generally be allocated ratably over the US Holder’s holding period for the Offer Securities. The amounts allocated to the taxable year of the sale or other disposition and to any year before the Company became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to US federal income tax at the highest rate in effect in that year for individuals or corporations, as appropriate, and an interest charge

would be imposed on the resulting US federal income tax liability. The same treatment would generally apply to any distribution in respect of Offer Securities to the extent the distribution exceeds 125% of the average of the annual distributions on Offer Securities received by the US Holder during the preceding three years or the US Holder's holding period, whichever is shorter.

In addition, if the Company were a PFIC for a taxable year in which it pays a distribution that is treated as a dividend for US federal income tax purposes, or in the prior taxable year, the reduced rate applicable to long-term capital gains discussed above with respect to dividends paid to certain non-corporate US Holders would not apply to such amount treated as a dividend. US Holders would also have to comply with additional reporting obligations if the Company were a PFIC.

Certain elections may be available that may mitigate some of the adverse consequences to a US Holder of the Company being a PFIC, such as a mark-to-market election. US Holders should consult their own tax advisers regarding the PFIC rules and the implications on an investment in the Offer Securities.

Information Reporting and Backup Withholding

Payments of dividends and other proceeds with respect to Offer Securities by a US paying agent or other US intermediary will be reported to the IRS and to the US Holder as may be required under applicable regulations. Backup withholding may apply to these payments if the US Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to comply with applicable certification requirements. Certain US Holders are not subject to backup withholding. US Holders should consult their tax advisers about these rules and any other reporting obligations that may apply to the ownership or disposition of Offer Securities, including requirements related to the holding of certain foreign financial assets.

Romanian Tax Considerations

The following information is a summary of the most significant Romanian tax considerations relevant to the holders of the Securities.

The summary is based on the Romanian and EU laws, regulations and administrative procedures in effect at the date of this Prospectus and is not intended to represent a legal opinion or be a comprehensive analysis of all possible tax considerations that may be relevant for Romanian and non-Romanian individuals and legal entities in relation to the Securities.

Prior to investing in Securities, potential investors should seek advice from their tax and financial advisers with respect to Romanian and/or EU tax regulations applicable in their specific case, including the applicability of double taxation treaties, pending or proposed changes in applicable tax laws as of the date of this Prospectus and any actual changes in applicable tax laws after such date.

Under Law No. 227/2015 on the Fiscal Code as subsequently amended and supplemented, in force as of 1 January 2016 (the “**Fiscal Code**”), certain types of income received by non-residents or by residents from Romania or from abroad are subject to taxation in Romania at the tax rates stipulated by the Fiscal Code. For the purposes of the Fiscal Code:

- a “**resident**” means any Romanian legal entity, any foreign legal entity which has its place of effective management in Romania, any legal entity having its headquarters in Romania, incorporated according to European legislation and any resident individual;
- a “**resident individual**” means any individual that either (a) has his/her domicile in Romania, or (b) has his/her centre of vital interests (Romanian language: “*centrul intereselor vitale*”) located in Romania, or (c) is present in Romania for a period or several periods exceeding in aggregate 183 days during any 12 consecutive months, and that period(s) end(s) in the calendar year relevant for tax

purposes, or (d) is a Romanian citizen who works abroad as an officer or an employee of the Romanian State. By way of exception from the provisions (a) to (d) above, a foreign citizen enjoying diplomatic or consular regime in Romania, a foreign citizen who is an employee or officer of an international or intergovernmental organisation registered in Romania, a foreign citizen who is an officer or an employee of a foreign state in Romania, or their family members will not be deemed to be resident individuals in Romania;

- a “**non-resident**” means any foreign legal entity, any non-resident individual and any other foreign entities, including undertakings for collective investment in transferable securities without legal personality, which are not registered in Romania according to the law;
- a “**non-resident individual**” means any individual who does not meet the conditions for being considered a resident individual;
- a “**foreign legal entity**” means any legal entity which is not a Romanian legal entity and any legal entity established pursuant to European law which is not headquartered in Romania;
- a “**Romanian legal entity**” means any legal entity established in accordance with Romanian law; and
- a “**legal entity established pursuant to European law**” means any legal entity established in accordance with and by the mechanics contemplated by European regulations.

Taxation of dividends

Tax rate

Dividends paid by Romanian legal entities to individuals or legal entities (either Romanian or non-Romanian tax residents) are subject to a tax of 5% withheld at source.

Exemption from tax on dividends applicable for shareholders under certain conditions

Those shareholders which are Romanian legal entities may be eligible for exemption from the 5% dividend withholding tax pursuant to the Council Directive 2011/96/EU on the common system of taxation applicable in the case of parent companies and subsidiaries of different EU member states (the “**Parent Subsidiary Directive**”) (which was implemented in the Romanian national legislation), **provided that** they have held a minimum of 10% of the shares of the other Romanian legal entity for a continuous period of one year elapsed until the date of payment of said dividends.

Under the Parent Subsidiary Directive, shareholders which are legal entities and tax residents in a member state of the EU may benefit from the same exemption from Romanian dividend withholding tax as the legal entities which are residents from a fiscal point of view in Romania, subject to compliance with conditions specified above. In addition, these corporate shareholders need to be organised in a corporate form eligible under the Parent Subsidiary Directive and need to be profit tax payers (not entitled to exemption/excuse from profit tax) in their home country.

If the condition regarding the minimum holding period of one year is not met at the payment date, the 5% dividend withholding tax will be applied by the Romanian company which pays the dividends but, subsequently, in the fiscal year in which the condition is met, the tax paid may be recovered.

To benefit from exemption from Romanian dividend tax pursuant to the Parent Subsidiary Directive, a shareholder which is a legal entity resident in an EU member state is required to provide, directly or via its custodian agent, to the Romanian dividend income payer a tax residency certificate confirming its tax residency at the time the dividends are paid, as well as, an affidavit confirming the fulfilment of the applicable conditions.

Dividends distributed/paid by a Romanian legal entity to voluntary pension funds and to privately managed pension funds, respectively, as well as to the bodies of the public administration exercising, according to the law, the rights and obligations deriving from the capacity of shareholder of the Romanian State in that Romanian legal entity are also exempted from the payment of the dividend tax.

Application of double taxation treaties for non-resident shareholders (individuals or legal entities)

In the event that the provisions of the EU Parent /Subsidiary Directive do not apply, the 5% dividend withholding tax imposed by the Romanian tax legislation may still be reduced or eliminated depending on the country of residence of the non-resident shareholder (individual or legal entity) pursuant to the double taxation treaties (if any) in force between Romania and the country of residence of the non-resident shareholder.

To benefit from the provisions of the double taxation treaties, a non-resident shareholder is required to provide, in original or legalised copy, together with an authorised translation into the Romanian language, the tax residency certificate issued by the tax authority from the relevant country or another document issued by an authority (other than the tax authority) which has responsibilities in residence certification, according to the internal legislation of the relevant country, which should be valid for the year in which the tax is owed. In the absence of a tax residence certificate at the time of payment of dividends, the Romanian dividend withholding tax would apply at its full tax rate. The non-resident shareholder may provide the tax residency certificate to the dividend income payer within five years (the statute of limitations) following the date of payment of dividends to be able to claim a refund in connection with the overpaid amount of tax (if any).

Payment of dividends (if any) on the GDRs may be subject to Romanian withholding tax

Considering that in accordance with Romanian law, the Romanian legal entity pays dividends to the GDR Depositary, pro rata to its holdings, under the same terms and conditions and in accordance with the same procedure as in the case of the other shareholders, the dividends paid to the GDR Depositary are likely to be subject to taxation at a tax rate of 5%, irrespective of whether the beneficial owner is a Romanian or foreign legal entity or individual. Under such circumstances, the provisions of the Parent Subsidiary Directive or of the double taxation treaties may not be applicable.

Declaration and payment of tax on dividends

The dividend tax is declared and paid to the State budget until the 25th day of the month, inclusively, following the month in which the dividend is distributed/paid. If the dividends distributed were not paid until the end of the year when the annual financial statements were approved, the related dividend tax is paid until 25 January of the following year. The Romanian company which pays the dividends is obliged to withhold, declare and pay the withheld dividend tax to the State budget.

Future changes to the taxation of dividends

No changes to the current Fiscal Code are currently envisaged in respect of dividends taxation. However, it is possible that in subsequent periods, dividends taxation system may be subject to changes that may impact the net amount of dividends paid to the shareholders.

Taxation of capital gains

Tax rate

In general, the taxable income resulting from the transfer of securities is computed as the positive difference between the sale price and the acquisition price, less the costs related to the transaction. According to Romanian tax legislation, capital gains realised by legal entities or individuals from the sale of Shares are subject to tax at a rate of 16%.

Exemption from tax on capital gains applicable to shareholders under certain conditions

The shareholders which are legal entities, resident in Romania or in a country with which Romania has concluded a double taxation treaty can be eligible for exemption from the 16% tax on capital gains, **provided that** they have held a participation of minimum 10% of the share capital of the Company for a continuous period of at least one year at the date the capital gain is obtained.

Application of double taxation treaties

In the event that the exemption above does not apply, capital gains tax imposed to non-residents by the Romanian tax legislation may still be reduced to zero by virtue of a double taxation treaty entered into between Romania and the country of residence of the seller of the Shares.

To be protected by the provisions of a double taxation treaty, a non-resident seller of Shares must obtain a tax residency certificate issued by the tax authorities of its country of residence which should be valid for the year in which capital gains were realised and must make it available to the Romanian intermediary who is performing the transaction, or, if there is no intermediary involved, directly to the company whose securities are sold. In the absence of a tax residency certificate at the time of realising capital gains from selling Shares, the Romanian capital gains tax of 16% would apply to total obtained gains. The non-resident seller of Shares may provide the tax residency certificate valid at the time of payment within five years (the statute of limitations) following the date of payment in order to be able to claim a refund in connection with the overpaid amount of tax (if any).

Nevertheless, there are circumstances when certain double taxation treaties signed by Romania with certain countries do not provide for protection against the Romanian capital gains tax; as an example (and not only limited thereto) such a circumstance occurs when the income is obtained by a non-resident pursuant to the sale of shares held in a Romanian company whose assets consist entirely or mainly of real estate property located in Romania.

Declaration and payment of capital gains tax by resident or non-resident individuals

Resident individuals realising capital gains from the sale of shares in Romanian listed companies (including the Shares) are required to file with the competent tax body an annual tax return with respect to the capital gains realised in the respective year by 25 May (inclusively) of the following year. Based on this return, the competent tax body establishes the annual tax amount due, by applying the tax rate to the taxable annual net income obtained as a result of the transfer of shares in listed companies.

The above rules are also applicable to non-resident individuals, who are required to fulfil the obligations to pay tax and file tax returns in connection with capital gains tax due in Romania. In what concerns the tax registration, non-resident individuals without fiscal domicile in Romania who have tax liabilities in Romania are required to appoint a proxy in order to declare and pay any tax obligations on behalf of non-resident individuals. This provision does not apply to taxpayers who are resident in an EU member state, a state of the European Economic Area or a state with which Romania has concluded an international legal instrument for tax administrative cooperation and recovery of tax receivables. Non-resident individuals are not required to declare in Romania gains/losses resulting from transactions performed within a year, provided that the double taxation treaty concluded between Romania and the residence country of the individual does not grant taxation rights to Romania and said non-resident individual makes available to the Company his/her tax residency certificate.

Declaration and payment of capital gains tax by Romanian legal entities

If no exemption above applies, capital gains realised by a Romanian company from the sale of shares in another Romanian company (including the Shares) shall be part of the first company's overall taxable result (profit or loss) and shall be subject to profit tax, as appropriate. As a rule, the declaration and payment of the

profit tax is made on a quarterly basis, by the 25th of the month following quarters I-III; completion and payment of the profit tax related to the relevant fiscal year is made by the 25th of the third month after the end of the tax year (25 March, inclusively, of the following year, if the fiscal year follows the calendar year) which is the deadline for the submission of the annual profit tax return.

Starting with 1 January 2013, most taxpayers may choose to declare and pay the annual corporate income tax by quarterly advance payments. The deadline for the payment of the annual profit tax is the deadline for the submission of the profit tax return.

Declaration and payment of capital gains tax by foreign legal entities

As a rule, a foreign legal entity which derives income from the sale of Shares must obtain a tax registration number for declaration and payment of the capital gains tax to the Romanian tax authorities. The formalities regarding declaration and payment of the profit tax are similar to the formalities applicable to Romanian legal entities. Any non-resident seller of Shares may appoint a proxy in Romania in order to comply with these obligations.

If the non-resident seller relies on the provisions of a double taxation treaty in respect of Romanian capital gains tax, it must provide the tax residency certificate (which entitles the non-resident seller to invoke the double taxation treaty protection) to the company whose securities are sold. If the non-resident seller is required to file a tax return in Romania for other transactions performed for which the double tax treaties do not provide a tax exemption in Romania, when submitting said tax return in Romania, the seller must attach a notarised copy of the tax residency certificate and a certified Romanian translation thereof for cases when the seller benefited from a favourable tax treatment as per the provisions of the applicable double tax treaty in respect of said capital gains.

Taxation of capital gains related to GDRs

Income in the form of capital gains related to the transfer of GDRs issued by a non-resident and traded on a foreign capital market obtained by Romanian legal entities is subject to the profit tax of 16%. The declaration and payment of tax must observe certain rules similar to those described under the section “*Declaration and payment of capital gains tax by Romanian legal entities*” above.

Income in the form of capital gains related to the transfer of GDRs issued by a non-resident and traded on a foreign capital market obtained by resident individuals is subject to income tax of 16%. The declaration and payment of tax must observe certain rules similar to those described under the section “*Declaration and payment of capital gains tax by resident and non-resident individuals*” above.

Capital gains obtained by foreign legal entities (except for foreign legal entities performing activities in Romania through a permanent establishment or through a joint venture with or without legal capacity) or by non-resident individuals (except for non-resident individuals which trade the relevant GDRs through a permanent establishment in Romania and non-resident individuals performing dependent activities in Romania) as a result of the transfer of GDRs issued by a non-resident and traded on a foreign capital market are not subject to taxation in Romania.

For all of the situations mentioned above, the provisions of the double taxation treaties entered into by Romania and the state of residence of the beneficiary of capital gain shall be considered.

Other taxation related matters

As a general rule, income from investments (which includes income from dividends and capital gains) is not subject to social charges provided that the individual investor also realises active income, e.g. from employment or freelance activities, or income from pension or other social indemnities or in the case when investment income (including dividend and capital gains income) or income from other sources, as defined in

the Romanian Fiscal Code, is the only income received by individuals and its monthly level is below the level of the national minimum gross basic salary (RON 1,250 as from 1 May 2016). Starting 1 January 2017, health contribution of 5.5% will be due on investment income, irrespective of the other types of revenue obtained by the individual investor, except when investment income is the only income received by individuals and its annual level is below the level of 12 national minimum gross basic salaries. However, a monthly cap will be introduced for the contribution base at the value of five times the average gross salary revenue as published in the law of public social security budget. For foreign individuals, the social contributions liabilities depend on residence status (legal right to stay in Romania), as well as the provisions of applicable regulations (for the EU) and bilateral treaties.

Under the Fiscal Code, conversion of GDRs into underlying shares, as well of the underlying shares into GDRs is specifically referred to as a non-taxable event.

United Kingdom Taxation

The comments set out below are based on current United Kingdom tax law as applied in England and Wales and HM Revenue & Customs published practice (which may not be binding on HM Revenue & Customs) as at the date of this Prospectus, both of which are subject to change, possibly with retrospective effect. They are intended as a general guide and apply only to holders of the GDRs resident and in the case of an individual, domiciled, for tax purposes solely in the United Kingdom and to whom “split year” treatment does not apply (except insofar as express reference is made to the treatment of non-United Kingdom residents), who hold the GDRs as an investment and who are the absolute beneficial owners thereof. Such United Kingdom resident absolute beneficial owners of the GDRs are referred to in this summary as “UK Holders”. The discussion does not address all possible tax consequences relating to an investment in the GDRs. Certain categories of UK Holders, including those carrying on certain financial activities, those subject to specific tax regimes or benefitting from certain reliefs or exemptions, those connected with the Company or Group and those for whom the GDRs are employment related securities, may be subject to special rules and this summary does not apply to such UK Holders.

This summary also does not apply to any holder who is the beneficial owner of or controls (directly or indirectly) more than 5% of the issued ordinary share capital of the Company or who (after taking into account shares which the holder is beneficially entitled to and shares in respect of which the holder is beneficially entitled to distributions and, in certain circumstances, rights in respect of shares comprised in a settlement of which the holder is a settlor, shares held by a connected person and shares transferred by a holder pursuant to a repo or stock lending arrangement) owns 10% or more of the issued share capital of the Company.

Further, the summary assumes that: (i) a holder of the GDRs is for United Kingdom tax purposes, absolutely beneficially entitled to the underlying Shares and to the dividends on those Shares; (ii) there will be no register in the United Kingdom in respect of an interest in the GDRs or in the underlying Shares; (iii) the underlying Shares and the GDRs will not be held or issued, as applicable, by a depositary incorporated in the United Kingdom; and (iv) neither the GDRs nor the underlying Shares will be paired with shares issued by a body corporate incorporated in the United Kingdom.

Holders and prospective holders who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the United Kingdom, should consult their own professional advisers immediately.

Taxation of Dividends

The Company will not be required to withhold amounts on account of United Kingdom tax at source when paying a dividend and dividend payments in respect of the GDRs (including dividend payments in respect of the Shares represented by the GDRs) should not be subject to United Kingdom withholding tax.

UK Holders are referred to the statements regarding Romanian tax in “*Taxation—Romanian Tax Considerations—Taxation of Dividends*”. The following paragraphs proceed on the basis that withholding tax will be levied in Romania on dividend payments in respect of the GDRs.

Individual shareholders

With effect for the tax year beginning 6 April 2016, an individual UK Holder will not be subject to income tax on a dividend such UK Holder receives from the Company in respect of the GDRs if the total amount of dividend income received by the individual in the tax year (including that dividend) does not exceed a dividend allowance of £5,000, which will be taxed at a nil rate (the “**Dividend Allowance**”).

In determining the income tax rate or rates applicable to an individual UK Holder’s taxable income, dividend income is treated as the highest part of such UK Holder’s income. Dividend income that falls within the Dividend Allowance will count towards the basic or higher rate limits (as applicable) which may affect the rate of tax due on any dividend income in excess of the Dividend Allowance.

To the extent that an individual UK Holder’s dividend income for the tax year exceeds the Dividend Allowance and, when treated as the top slice of such UK Holder’s income, falls above such UK Holder’s personal allowance but below the basic rate limit, such a UK Holder will be subject to tax on that dividend income at the dividend basic rate of 7.5%. To the extent that such dividend income falls above the basic rate limit but below the higher rate limit, such a UK Holder will be subject to tax on that dividend income at the dividend upper rate of 32.5%. To the extent that such dividend income falls above the higher rate limit, such an individual UK Holder will be subject to tax on that dividend income at the dividend additional rate of 38.1%.

Romanian withholding tax withheld from the payment of a dividend may be available as a credit against the income tax payable by an individual UK Holder in respect of the dividend.

Corporate shareholders

UK Holders who are within the charge to corporation tax in respect of the GDRs will be subject to corporation tax on the gross amount of any dividends paid by the Company, subject to any applicable credit for Romanian withholding tax, unless (subject to special rules for such UK Holders that are small companies) the dividends fall within an exempt class and certain other conditions are met. Each UK Holder’s position will depend on its own individual circumstances, although it would normally be expected that the dividends paid by the Company would fall within an exempt class.

Non-UK shareholders

A shareholder resident or otherwise subject to tax outside the United Kingdom (whether an individual or a body corporate) may be subject to foreign taxation on dividend income under local law. Shareholders to whom this may apply should obtain their own tax advice concerning tax liabilities on dividends received from the Company.

Taxation of Capital Gains

Holders who are resident in the United Kingdom, or, in the case of individuals, who cease to be resident in the United Kingdom for a period of five years or less, may depending on their circumstances (including the availability of exemptions or reliefs) be liable to United Kingdom taxation on chargeable gains in respect of gains arising from a sale or other disposal of GDRs.

Stamp Duty and Stamp Duty Reserve Tax

No United Kingdom stamp duty or stamp duty reserve tax will be payable: (i) on the issue of the GDRs; (ii) the delivery of the GDRs into DTC, Euroclear or Clearstream, Luxembourg; (iii) any dealings in the GDRs once they are delivered into such clearance service, where such dealings are effected in book-entry form in accordance with the procedures of such clearance service and not by written instrument of transfer or (iv) any agreement to transfer full legal and beneficial ownership of the GDRs.

The transfer on sale of GDRs (or an agreement to transfer an equitable interest only in GDRs) may give rise to a liability to United Kingdom stamp duty at the rate of 0.5% of the amount or value of the consideration given for the sale or agreement to transfer. However, assuming that no document effecting a transfer of, or containing an agreement to transfer an equitable interest only in, GDRs is either (i) executed in the United Kingdom or (ii) relates to any property situate, or to any matter or thing done or to be done, in the United Kingdom (the term “matter or thing” is very wide and may include the involvement of United Kingdom bank accounts in payment mechanics), then no United Kingdom stamp duty should be payable on such a document.

Inheritance Tax

The GDRs will be assets situated outside the United Kingdom for the purposes of United Kingdom inheritance tax provided that the GDRs are not registered in any register kept in the United Kingdom. A gift of such assets by, or the death of, an individual holder of such assets who is domiciled or is deemed to be domiciled in the United Kingdom may (subject to certain exemptions and reliefs) give rise to a liability to United Kingdom inheritance tax. Generally, United Kingdom inheritance tax is not chargeable on gifts to individuals if the transfer is made more than seven complete years prior to the death of the donor. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts where the donor reserves or retains some benefit. Where a holder is neither domiciled nor deemed domiciled (under certain rules relating to long residence or previous domicile) in the United Kingdom, neither a gift of such assets by the holder nor the death of such holder will give rise to a liability to United Kingdom inheritance tax.

The Proposed Financial Transactions Tax

On 14 February 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common Financial Transactions Tax (“**FTT**”) in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”). However, Estonia has since stated that it will not participate.

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in the GDRs (including secondary market transactions) in certain circumstances.

Under the Commission’s Proposal the FTT could apply in certain circumstances to persons both within and outside the participating Member States. Generally, it would apply to certain dealings in the GDRs where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States, and the scope of any such tax is uncertain. Additional EU Member States may decide to participate.

Prospective holders of the GDRs are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

Offering Summary

The Selling Shareholder will offer for sale up to 3,641,100,108 existing Shares in the form of Offer Shares and Offer GDRs (together, the “**Offer Securities**”), with one GDR representing an interest in 150 Shares. The final number of Shares offered in the form of Offer GDRs (Offer GDRs that will be issued and allocated to investors within the Offering) will not exceed 2/3 (two thirds) of the Shares subject of the Offering and 1/3 (one third) of the total Shares issued by the Company, as provided for by Romanian applicable legislation. The Offer Securities will be offered at the Maximum Price and will be sold at the Final Offer Price (see “*Offer Price – Maximum Price*” below).

Subscriptions can be made from 6 October 2016 to 13 October 2016 inclusive, namely 6 (six) Business Days (the “**Offer Period**”). For the purpose of this section, “**Business Day**” means a day on which banks are open for business in Romania. The Selling Shareholder may extend the Offer Period or change other dates related to the Offering, in each case in compliance with Romanian legislation.

Allocation of the Offer Securities will take place, and the Final Offer Price and final number of allotted Offer Securities will be publicly announced, on the Business Day following the last day of the Offer Period expected to be on 14 October 2016 (the “**Allocation Date**”) (see “*Offer Price*” and “*Allocation of the Offer Securities*” below).

The transaction related to the Offer Shares will take place on or around 17 October 2016 (the “**Shares Transaction Date**”) and the transfer of the Offer Shares will be settled through the Romanian Central Depository’s system within two Business Days from the Shares Transaction Date (that is on or around 19 October 2016) (the “**Closing Date**”) (see “*Settlement*” below). Payment for the GDRs is expected to be made in USD in same-day funds through the facilities of DTC, Euroclear and Clearstream, Luxembourg on the Closing Date. Unconditional dealings in the GDRs on the London Stock Exchange are expected to commence on or around the Closing Date.

Offer Tranches

Any Romanian or foreign investor, individual or entity (with or without legal personality) may participate in the Offering, except for those investors whose subscription in the Offering would constitute a violation of applicable legislation. Investors who intend to acquire Offer Securities must be familiar, and comply with the terms and conditions of the Offering set out in this Prospectus and with the laws applicable to the Offering in their jurisdictions and the restrictions set out in “*Selling and Transfer Restrictions*” below.

The Offering is split into three tranches (the “**Offer Tranches**”) as follows:

- (1) 10% of the Offer Securities (364,110,011 Shares (in the form of Offer Shares and Offer GDRs)) will be initially offered to Small Retail Investors (as defined below) (the “**Small Retail Tranche**”);
- (2) 10% of the Offer Securities (364,110,011 Shares (in the form of Offer Shares and Offer GDRs)) will be initially offered to Large Retail Investors (as defined below) (the “**Large Retail Tranche**”); and
- (3) the remaining Offer Securities (2,912,880,086 Shares (in the form of Offer Shares and Offer GDRs)) will be offered to Institutional Investors (as defined below) (the “**Institutional Tranche**”).

For the purposes of this Prospectus:

- **“Institutional Investors”** means (i) credit institutions, (ii) investment firms, (iii) undertakings for collective investments (collective investment schemes, investment companies and/or investment management companies), (iv) insurance companies, (v) pension funds and management companies of such funds, (vi) traders, (vii) trust companies, (viii) international financial institutions (IFIs), and (ix) other financial institutions, including depositary banks;
- **“Large Retail Investors”** means any individual or legal entity who does not meet the above criteria to qualify as an Institutional Investor and who cumulatively subscribes for at least 1,500,001 Offer Shares;
- **“Retail Investors”** means Small Retail Investors and Large Retail Investors;
- **“Retail Tranches”** means the Small Retail Tranche and the Large Retail Tranche; and
- **“Small Retail Investors”** means any individual or legal entity who does not meet the above criteria to qualify as a Large Retail Investor or Institutional Investor.

The Shares offered within each of the Offer Tranches above (in the form of Offer Shares and Offer GDRs) are of the same class (ordinary shares), are subject to the same legal provisions and confer the same rights and obligations to their owners.

The final size of each Offer Tranche will be determined by the Selling Shareholder in consultation with the Managers, based on the level of subscriptions from investors, on the Allocation Date (see “Allocation of the Offer Securities” below). Following consultation with the Managers, the Selling Shareholder may also re-allocate Offer Securities from one Offer Tranche to another Offer Tranche on the basis of the subscription levels in each Offer Tranche.

Offer Price

Maximum Price

The Offer Shares are offered at the Maximum Price of RON 0.244 per Offer Share. Subscriptions for Offer Shares will be made in RON.

Offer GDRs are offered at the Maximum Price of USD 9.16 per Offer GDR. Subscriptions for Offer GDRs will be expressed and made in USD.

Retail Investors must subscribe for Offer Securities at the Maximum Price.

Institutional Investors may validly subscribe for Offer Securities at any price up to the Maximum Price (inclusive). The price tick for the subscription of Offer Shares by Institutional Investors is RON 0.001 and the price tick for the subscription of Offer GDRs by Institutional Investors is USD 0.5.

Payment of the subscription price for Offer Securities by investors must be made as set out in “*Subscription of Offer Shares by Retail Investors — Payment Evidence for Subscriptions by Retail Investors*”, “*Subscription of Offer Shares by Institutional Investors — Subscription Documentation for Institutional Investors*” and “*Subscription of Offer GDRs*” below, as applicable.

Bank charges or any other charges, including any applicable commissions of the relevant market institutions, relating to the payment of the subscription price shall be borne separately by the investors. Such charges cannot be quantified by the Company, the Selling Shareholder, or the Managers.

Bookbuilding

During the Offer Period, a bookbuilding process for the Offer Securities will be carried out. During the bookbuilding process, the Managers will gauge the level of interest in the Offering on the part of the Institutional Investors and the price sensitivity of such Institutional Investors in relation to the Offer Securities. Institutional Investors will be required to specify the number of Offer Securities which they would be prepared to acquire and the related price for such Offer Securities. Such number of Offer Securities and the price at which such investors express their interest will be recorded in a book managed by the Managers (the “**Book**”). Subscriptions from Retail Investors in relation to the Offer Securities will not be taken into consideration for the bookbuilding process.

Final Offer Price

The Final Offer Price at which the Offer Securities will be allocated to investors will be determined by the Selling Shareholder in consultation with the Managers on the Allocation Date, on the basis of the indications made by the Institutional Investors during the bookbuilding process. The Final Offer Price will not be higher than the Maximum Price.

The Offer Shares will be sold to Large Retail Investors and Institutional Investors at the Final Offer Price.

The offer price per Offer Share subscribed by each Small Retail Investor shall be equal to:

- (a) 95% of the Final Offer Price for those Small Retail Investors whose subscriptions for Offer Shares have been registered in the trading system of the Bucharest Stock Exchange in the first 4 (four) Business Days of the Offer Period; or
- (b) 97% of the Final Offer Price for those Small Retail Investors whose subscriptions for Offer Shares have been registered in the trading system of the Bucharest Stock Exchange starting on the 5th (fifth) Business Day of the Offer Period.

In the event that any of the prices resulting from the application of these two discounts to the Small Retail Tranche is not a price tick acceptable to the system of the Bucharest Stock Exchange, that discounted offer price per Offer Share shall be rounded up to the immediately acceptable higher price tick (so that the fourth decimal is either 0 or 5).

For the avoidance of doubt, no discount will apply to subscriptions higher than 1,500,000 Offer Shares. If a Small Retail Investor submits an initial subscription order for maximum 1,500,000 Offer Shares and subsequently changes its subscription order in accordance with “*Change and Withdrawal of Subscriptions*” below such that the aggregate number of Offer Shares it subscribed for is higher than 1,500,000 Offer Shares, its increased aggregate subscription will be automatically transferred to the Large Retail Tranche and no discount will apply to such subscription orders.

The application of one of the two discount levels for the Offer Shares within the Small Retail Tranche will depend on the moment of registration of the trading order in the trading system of the Bucharest Stock Exchange. For the avoidance of doubt, if a Small Retail Investor subscribes for Offer Shares within the first 4 (four) Business Days of the Offer Period and changes its subscription order in accordance with “*Change and Withdrawal of Subscriptions*” below at any time starting on the 5th (fifth) Business Day of the Offer Period, the offer price for the Offer Shares in that subscription order will be equal to 97% of the Final Offer Price (subject to such subscription not being amended such that it would result in an increased aggregate subscription which would result in the subscription being transferred to the Large Retail Tranche where no discount would apply in accordance with the preceding sentence).

The Offer GDRs will be sold to Retail and Institutional Investors at the Final Offer Price, which will be converted into USD on the basis of the RON/USD exchange rate communicated by the National Bank of

Romania and applicable on the last day of the Offer Period. No discount will apply to subscriptions for Offer GDRs, irrespective of the number of subscribed Offer GDRs.

The Selling Shareholder will notify investors, the Romanian FSA and the Bucharest Stock Exchange with respect to the Final Offer Price and the price discount to be applied to the Small Retail Tranche on the Allocation Date. The relevant pricing notification will be published on the Selling Shareholder's website www.fondulproprietaea.ro, on the Company's website www.omvpetrom.com and through the Regulatory News Service of the London Stock Exchange ("RNS").

If the offer price applicable to the respective Offer Tranche is lower than the price paid by an investor for each Offer Security that it subscribed for, an amount equal to the difference between (a) the total consideration paid in advance by that investor for the Offer Securities that it subscribed; and (b) the number of Offer Securities sold to the relevant investor multiplied by the offer price applicable to the respective Offer Tranche, will be returned to the relevant investor, in each case less any bank transfer commissions and any applicable commissions of the relevant market institutions, to the bank account indicated by each investor in the subscription form submitted in relation to the subscription of Offer Securities (the "**Subscription Form**"), in the investment services agreement or as otherwise agreed with the Managers, as applicable, within 5 (five) Business Days from the end of the Offer Period. No interest shall be payable to investors in respect of such amounts.

If an investor has indicated more than one account for the reimbursement of any such amounts, the Managers reserve the right to pay the whole amount to be reimbursed to only one of the accounts indicated by the investor. Payments to the investors' bank accounts will be made firstly for validated subscriptions and subsequently for the invalidated subscriptions. The Managers will not be liable for any failure to transfer such amounts which occurred as a result of the information provided by an investor for such purposes having been incomplete or incorrect.

Subscription of Offer Shares by Institutional Investors

By subscribing for Offer Shares, each Institutional Investor confirms that it has read this Prospectus, that it has accepted the terms and conditions set out in this Prospectus and that it has made the subscription according to the terms included in this Prospectus.

Subscriptions for Offer Shares by Institutional Investors will be collected in the Book. The Managers do not intend to make public the contents of the Book or any information related to subscriptions for Offer Shares by Institutional Investors (including, but not limited to, the subscription level).

No minimum subscription requirement applies to Institutional Investors. Institutional Investors may submit multiple subscriptions for Offer Shares.

Institutional Investors will pay brokerage fees in accordance with the relevant investment services agreement concluded with a Manager or an affiliate of a Manager.

Time schedule and locations for subscriptions within the Institutional Tranche

Subscriptions of Offer Shares within the Institutional Tranche can be made only through the Managers.

Institutional Investors can subscribe for Offer Shares during the entire Offer Period, during the working hours of the relevant Manager.

Subscription documentation for Institutional Investors

If an Institutional Investor has concluded an investment services agreement with a Manager or an affiliate of a Manager, such Institutional Investor may validly subscribe for Offer Shares on the basis of orders given as a

regular investment services business and by any means of communication provided by such an agreement, without being required to submit any Subscription Form or identification documentation. Institutional Investors which have not concluded an investment services agreement with a Manager or an affiliate of a Manager may validly subscribe for Offer Shares only if they submit a Subscription Form and the applicable identification documentation listed at “*Subscription of Offer Shares by Retail Investors — Subscription Documents for Retail Investors*” below.

The value of the Offer Shares allocated to an Institutional Investor must be guaranteed through:

- Payment order evidencing that the price for the allocated Offer Shares has been transferred to the RON Collection Account (as defined below), provided that such amount credits the RON Collection Account before 16:00 (Romania time) on the last day of the Offer Period.

The collection account for the subscriptions of Offer Shares is the RON bank account having the IBAN RO36 RNCB 0002 B001 0810 4762 opened with Banca Comerciala Romana S.A. (the “**RON Collection Account**”). The payment order must contain the unique registration code and name of the Institutional Investor. Investors must take into account possible transfer fees and, if applicable, account opening fees/management fees. No deposit in cash directly to the RON Collection Account is accepted. The amounts transferred by Institutional Investors, representing the value of the allocated Offer Shares, will not bear interest in favour of such Institutional Investors.

Each payment order is equivalent to a single subscription and combining more than one payment order for one single valid subscription is not permitted.

No Manager will be liable if, for reasons outside its control, the RON Collection Account is not effectively credited with the amounts representing the value of the subscriptions at the latest at 16:00 (Romania time) on the last day of the Offer Period.

- A settlement commitment statement issued by the custodian agent undertaking the responsibility for the settlement;
- A bank guarantee letter issued by a credit institution from the European Union for the purpose of covering the settlement risk undertaken by the relevant Manager; or
- A settlement commitment statement issued by the relevant Manager or an affiliate of that Manager undertaking the responsibility for the settlement in compliance with the Romanian FSA limitations.

The guarantee must include any applicable fees charged by market institutions.

Subscription of Offer Shares by Retail Investors

By subscribing for Offer Shares, each Retail Investor confirms that it has read this Prospectus, that it has accepted the terms and conditions set out in this Prospectus and that it has made the subscription according to the terms included in this Prospectus.

The minimum subscription for Offer Shares by a Small Retail Investor must be for no less than 1,000 Offer Shares. **Small Retail Investors are not allowed to submit multiple subscriptions.** If a Small Retail Investor submits more than one subscription order, all its subscription orders except for the first subscription order will be invalidated.

The minimum subscription for Offer Shares by a Large Retail Investor must be for no less than 1,500,001 Offer Shares.

No brokerage fees will be payable in relation to subscriptions by Retail Investors.

Time schedule and locations for subscriptions within the Retail Tranches

Subscriptions for Offer Shares by Retail Investors can be made during the entire Offer Period, on each Business Day during the working hours of the relevant unit of Banca Comerciala Romana S.A. (“**BCR**”) or of the relevant Eligible Participant (as applicable) and until 12:00 pm (Romania time) on the last day of the Offer Period.

Retail Investors can subscribe for Offer Shares:

- (1) through BCR, at the units listed in Appendix I (Distribution Network of Banca Comerciala Romana S.A.) to this Prospectus; or
- (2) at the authorised venues of any Eligible Participant.

“**Eligible Participants**” means any intermediaries (other than the Managers), which are investment firms or credit institutions qualified as participants to the trading system of the Bucharest Stock Exchange, and which (i) have signed an irrevocable and unconditional undertaking (the “**Engagement Letter**”) to observe the provisions of this Prospectus and the applicable law, in the form made available by BCR and (ii) have submitted the Engagement Letter, to BCR in the form agreed therewith.

Eligible Participants may not accept, register, process and/or validate subscriptions prior to the execution and submission to BCR of an original copy of the Engagement Letter. Each Eligible Participant must comply (and must ensure that its internal systems allow it to comply) and is exclusively liable for any non-compliance with the requirements set out in this Prospectus including, without being limited to, the requirements regarding the availability of funds and the settlement of the transactions carried out following the acceptance of subscriptions by the respective Eligible Participant. The Managers will not be liable for any non-compliance with the requirements set out in this Prospectus by any Eligible Participant.

Trading orders corresponding to each subscription for Offer Shares made by Retail Investors will be registered, during the Offer Period, in the Bucharest Stock Exchange system dedicated to public offerings (the “**POF Market**”), by BCR or the Eligible Participant which received and validated the respective subscription, as applicable.

Subscription Form for Retail Investors

A subscription for Offer Shares by a Retail Investor is made by filling in a Subscription Form together with a Payment Evidence (as defined below) and the requested documents (see “*Subscription of Offer Shares by Retail Investors — Subscription Documents for Retail Investors*” below). The Subscription Form will be available at the locations set out in Appendix I (*Distribution Network of Banca Comerciala Romana S.A.*) to this Prospectus, at the authorised venues of the Eligible Participants or as otherwise communicated by BCR or the relevant Eligible Participant.

If a Retail Investor has concluded an investment services agreement with BCR or an Eligible Participant, such Retail Investor may validly subscribe for Offer Shares on the basis of orders given as a regular investment services business and by any means of communication provided by such an agreement, without being required to submit any Subscription Form, or identification documents.

Subscription Forms related to Offer Shares for which:

- the amount transferred into the RON Collection Account or indicated in the settlement commitment statement or the bank guarantee is less than the number of Offer Shares subscribed by that Retail Investor multiplied by the Maximum Price; or
- the subscription procedures were not complied with,

will not be validated. Subscriptions that are not validated will not be considered in the allocation process. Retail Investors whose Subscription Forms for Offer Shares were not validated will be notified accordingly and the amounts paid will be returned to them in the account referred to in the Subscription Form for Offer Shares within five Business Days from the end of the Offer Period.

Payment Evidence for subscriptions by Retail Investors

Subscriptions for Offer Shares by Retail Investors will be validated only if Subscription Forms are accompanied by the documents listed at “*Subscription of Offer Shares by Retail Investors — Subscription Documents for Retail Investors*” below and by one of the following documents (each, a “**Payment Evidence**”):

- (1) Evidence that the price for the Offer Shares subscribed by that Retail Investor has been paid, as follows:
 - for subscriptions through BCR - payment order evidencing that the price for the subscribed Offer Shares has been transferred to the RON Collection Account (IBAN RO36 RNCB 0002 B001 0810 4762), provided that such amount credits the relevant account before 18:00 (Romania time) on the last day of the Offer Period. BCR may (at its sole discretion) not require such payment order; and
 - for subscriptions through an Eligible Participant - the subscription price for the Offer Shares may be paid, in cash or by bank transfer, depending on the internal procedures of the respective Eligible Participant, as communicated by each Eligible Participant to the relevant Retail Investors

The payment order must contain the personal number / passport number / unique registration code and name of the Retail Investor. Investors must take into account possible transfer fees and, if applicable, account opening fees. No deposit in cash directly to the RON Collection Accounts is accepted, unless the subscription is made through BCR or through an Eligible Participant which has internal procedures allowing cash payments. The amounts transferred by Retail Investors, representing the value of the subscribed Offer Shares, will not bear interest in favour of such Retail Investors.

Each payment order is equivalent to a subscription and combining several payment orders for one single valid subscription is not possible. The amount transferred by a Retail Investor in relation to a subscription for Offer Shares which is invalidated, can be used as payment for a new subscription for Offer Shares. The amount transferred by a Retail Investor who changes its subscription order in accordance with “*Change and Withdrawal of Subscriptions*” below can be used as payment for the subscribed Offer Shares provided that, if the aggregate number of Offer Shares subscribed by that Retail Investor increases following the change in the subscription order, an amount equal to the difference between (i) the Maximum Price multiplied by the aggregate number of subscribed Offer Shares and (ii) the initially transferred amount, is properly transferred in accordance with the above paragraphs.

No Manager will be liable if, for reasons outside its control, the RON Collection Account is not effectively credited with the amounts representing the value of the subscriptions before 18:00 (Romania time) on the last day of the Offer Period;

- (2) Settlement commitment statement issued by the custodian agent undertaking the responsibility for the settlement;
- (3) Bank guarantee letter issued by a credit institution from the European Union for the purpose of covering the settlement risk undertaken by BCR or the relevant Eligible Participant; or
- (4) Settlement commitment statement issued by BCR or the relevant Eligible Participant, undertaking the responsibility for the settlement in compliance with the Romanian FSA limitations.

Retail Investors which have an investment services agreement with BCR or with an Eligible Participant and which subscribe through BCR or that Eligible Participant, as applicable, may also subscribe using the amounts existing in the brokerage account(s) or using a settlement commitment statement. In this case, Retail Investors shall ensure that the existing amounts from their brokerage account(s) and/or the settlement commitment statement fully cover the subscribed amount. A subscription cannot be covered by a mix of amounts available in the brokerage account(s) and a payment order for the remaining amount. The existing cash from the client account opened with BCR or the respective Eligible Participant, which is designed for the payment of the subscribed Offer Shares, cannot be used by the Retail Investor for other transactions.

If the amount transferred by a Retail Investor into the RON Collection Account or indicated in the bank guarantee or settlement commitment statement is higher than the Maximum Price multiplied by the number of Offer Shares indicated by that Retail Investor in the Subscription Form, the subscription will only be validated for the number of Offer Shares mentioned in the Subscription Form. In circumstances where the amount transferred to the RON Collection Account or indicated in the settlement commitment statement or in the bank guarantee letter is lower than the subscribed amount, the Subscription Form will be invalidated for the entire amount subscribed.

Subscription Documents for Retail Investors

In order to be accepted, Subscription Forms for Offer Shares subscribed for by Retail Investors must be accompanied by a Payment Evidence and by the documents set out below, depending on each type of Retail Investor and on whether the relevant Retail Investor subscribes through BCR or an Eligible Participant.

If a Retail Investor has concluded an investment services agreement with BCR or an Eligible Participant, such Retail Investor may validly subscribe for Offer Shares, without being required to submit the identification documentation listed below, unless any changes occurred in relation to his/her/its identification data since the latest update.

In case a Retail Investor has not concluded a valid investment services contract with BCR or with an Eligible Participant, the Subscription Form duly filled in by the Retail Investor in two original copies shall be accompanied by a Payment Evidence and by the documents listed below, which shall be provided in English or Romanian. For the avoidance of any doubt, the Eligible Participants shall be liable for verifying the documents corresponding to subscriptions they are receiving.

List of documents for Retail Investors

Resident individuals subscribing in their own name:	✓ ID (original).
Resident individuals subscribing in the name of other individuals:	✓ ID (original) of the representative and the ID (in copy) of the represented individual; and ✓ Power of attorney covering the subscription in the Offering in authenticated form (original and copy).

Resident individuals with no legal capacity (impaired judgment) or placed under guardianship:	✓ ID (original) of the resident individual subscribing for the represented individual and the ID of the person with no legal capacity (copy); ✓ Passport (original) and/or residence permit (original and copy) of the individual subscribing for the person with no legal capacity – applicable only to foreign citizens; and ✓ The guardianship document or, as appropriate, the trustee or the special trustee document (original and copy).
Resident corporate entities subscribing in their own name:	✓ Registration certificate issued by the Trade Registry (copy); ✓ Certificate of current standing dated not earlier than 30 Business Days prior to the date of subscription, issued by the Trade Registry in original or online, evidencing the legal representative(s) of the resident entity; ✓ In case subscriptions are made through a person other than the legal representative(s), power of attorney/Mandate (original and copy) for the person signing the Subscription Form; and ✓ ID (original) of the person subscribing in the name of the legal person.
Non-resident individual subscribing in their own name:	✓ Passport or ID for citizens of the EU/EEA (original and copy).
Non-resident individual subscribing through resident authorised representatives:	✓ Passport or ID, for citizens of the EU/EEA (copy) for the represented individual; ✓ ID for the authorised representative (original and copy); and ✓ Authenticated power of attorney setting out that the representative is authorised to act in the name of the non-resident individual (original and copy).
Non-resident corporate entities subscribing in their own name:	✓ Certificate of incorporation of the non-resident corporate entity issued by the Trade Registry or by any equivalent institution, if existing (copy); ✓ Certificate of current standing, in original, for the non-resident corporate entity evidencing the legal representatives of the non-resident entity issued by the Registry of Commerce or by an equivalent institution (issued no more than 30 Business Days prior to the date of subscription). If no authority or institution is authorised to issue such certificate, any corporate document evidencing the legal representatives of the non-resident corporate entity shall be submitted (issued no more than 30 Business Days prior to the date of subscription); such corporate document of the non-resident corporate entity shall set out clearly whether the legal representatives are entitled to act individually or

	jointly; ✓ In case subscriptions are made through a person other than the legal representative(s) of the non-resident corporate entity, the Power of attorney/Mandate signed by the legal representatives of the non-resident corporate entity empowering the respective person to subscribe on behalf of the non-resident corporate entity in the Offer Shares (in original and in copy); and ✓ IDs for the person making the subscription as legal representative or attorney in fact of the non-resident corporate entity: passport, ID, for citizens of EU/EEA (copy).
Non-resident corporate entities subscribing through a resident corporate entity:	✓ Certificate of incorporation of the non-resident corporate entity issued by the Trade Registry or by any equivalent institution, if existing (copy); ✓ Certificate of current standing, in original, for the non-resident corporate entity evidencing the legal representatives of the non-resident entity issued by the Registry of Commerce or by an equivalent institution (issued no more than 30 Business Days prior to the date of subscription). If no authority or institution is authorised to issue such certificate, any corporate document evidencing the legal representatives of the non-resident corporate entity shall be submitted (issued no more than 30 Business Days prior to the date of subscription); such corporate document shall set out clearly whether the legal representatives are entitled to act individually or jointly; ✓ Incorporation certificate for the representing resident corporate entity issued by the Trade Registry(copy); ✓ Certificate of current standing, in original, for the representing resident corporate entity issued by the Trade Registry (not older than 30 Business Days prior to the date of subscription); ✓ ID for the legal representative of the representing resident corporate entity subscribing on behalf of the non-resident corporate entity (original); and ✓ In case subscriptions are made through a person other than the legal representative(s), power of attorney signed by the legal representative(s) of the non-resident corporate entity empowering the resident corporate entity to subscribe to the Offering.
IFIs	✓ Constitutive act of the IFI or a copy of the Romanian law whereby Romania accepts or adheres to the constitutive act of the relevant IFI; ✓ In case subscriptions are made through a person other than the legal representative(s), power of attorney/Certificate empowering the person who will sign the Subscription Form to subscribe on behalf of the

IFI (in original or notarised copy); and

- ✓ ID for the person who signs the Subscription Form on behalf of the IFI (copy).

BCR or the relevant Eligible Participant is entitled to request any additional documents for the purpose of carrying out its duty to comply with the “know your customer” rules, based on its internal norms and procedures of client identification.

Documents in a language other than Romanian or English submitted by an investor, legal person or entity with no legal personality shall be accompanied by a notarised translation thereof in Romanian or English.

In case of investors without legal personality, the identification documents of the management company must be submitted.

Subscription of Offer GDRs

By subscribing for Offer GDRs, each Investor confirms that it has read this Prospectus, that it has accepted the terms and conditions set out in this Prospectus and that it has made the subscription according to the terms included in this Prospectus.

Subscription of Offer GDRs by Institutional Investors

Institutional Investors can subscribe for Offer GDRs during the entire Offer Period, during the working hours of the Managers.

Validated subscriptions for Offer GDRs by Institutional Investors will be collected in the Book. The Managers do not intend to make public the contents of the Book or any information related to subscriptions for Offer GDRs by Institutional Investors (including, but not limited to, the subscription level).

Institutional Investors which have concluded an investment services agreement with a Manager or an affiliate of a Manager may validly subscribe for Offer GDRs on the basis of orders given as a regular investment services business and by any means of communication provided by such an agreement, without being required to submit any Subscription Form or identification documentation. Institutional Investors which have not concluded an investment services agreement with a Manager or an affiliate of a Manager may validly subscribe for Offer GDRs only if they submit the documentation required by the relevant Manager.

Subscription of Offer GDRs by Retail Investors

The minimum subscription for Offer GDRs by a Retail Investor must be for no less than 10,000 Offer GDRs.

Subscriptions for Offer GDRs by Retail Investors can be made only through BCR, at Universitate Branch, 5 Regina Elisabeta Blvd., 3rd District, 030016, Bucharest, on the basis of an investment services agreement concluded with BCR.

Retail Investors can subscribe for Offer GDRs during the entire Offer Period, on each Business Day during the working hours of the Universitate Branch of BCR and until 12:00 pm (Romania time) on the last day of the Offer Period.

Validated subscriptions for Offer GDRs by Retail Investors will be collected in BCR’s internal records.

A subscription for Offer GDRs by a Retail Investor is made on the basis of orders given as a regular investment services business and by any means of communication provided by the investment services

agreement concluded with BCR, without being required to submit any Subscription Form or identification documents.

Retail Investors that subscribe for Offer GDRs will use the amounts existing in their USD brokerage account(s) or a settlement commitment statement. In this case, Retail Investors shall ensure that the existing amounts from their USD brokerage account(s) and/or the settlement commitment statement fully cover the subscribed amount. The existing cash from the client account opened with BCR, which is designed for the payment of the subscribed Offer GDRs, cannot be used by the Retail Investor for other transactions.

In circumstances where the amount from the USD brokerage account(s) of a Retail Investor is lower than the number of Offer GDRs subscribed by that Retail Investor multiplied by the Final Offer Price (converted into USD as detailed in “*Offer Price – Final Offer Price*” above)), that Retail Investor will receive only such number of Offer GDRs that will result from the amount available in its USD brokerage account(s) divided by the Final Offer Price (converted into USD); in case the number of GDRs resulting from such operation is not an integer, the number of Offer GDRs allocated to that Retail Investor shall be rounded down to the immediately lower integer.

Change and Withdrawal of Subscriptions

Retail Investors may change the number of subscribed Offer Securities or withdraw their initial subscription for Offer Securities until 17:00 on the day before the last day of the Offer Period, at the same unit of the Manager or the Eligible Participant through which they subscribed. If the Prospectus is subject to an amendment, subscriptions may be withdrawn by any investor within 2 (two) Business Days from the date when the respective amendment to the Prospectus was published.

The change of subscriptions will be subject to the same submission, processing and validation requirements as the ones for the initial subscription.

Retail Investors may withdraw their subscriptions for Offer Securities by filling in a revocation form at the same unit of the Manager or of the Eligible Participant through which the subscription was made. If subscriptions are withdrawn, investors shall be reimbursed the entire amount paid by them corresponding to the withdrawn subscriptions, in each case less any bank transfer commissions and any applicable commissions of the relevant market institutions, to the bank account indicated by each investor for the reimbursement of any such amounts, within 5 (five) Business Days as of the date the relevant subscriptions have been withdrawn by the investors. No interest shall be payable to investors in respect of such amounts.

If an investor has indicated more than one account for the reimbursement of any such amounts, the whole amount may be reimbursed to only one of the accounts indicated by the investor. The Managers will not be liable for any failure to transfer the amounts corresponding to withdrawn subscriptions which occurred as a result of the information provided by an investor for such purposes having been incomplete or incorrect.

Allocation of the Offer Securities

The subscribed Offer Securities will be allocated to investors by the Selling Shareholder in consultation with the Managers on the Allocation Date.

Upon consultation with the Managers, the Selling Shareholder may re-allocate Offer Securities from one Offer Tranche to another Offer Tranche on the basis of the subscription level in each Offer Tranche. The final number of Offer Securities and the final size of each Offer Tranche will be decided by the Selling Shareholder in consultation with the Managers, based on the level of subscriptions in the Book, on the Allocation Date.

Allocation of Offer Securities within the Retail Tranches

If the number of Offer Securities validly subscribed within a Retail Tranche is lower than, or equal to, the Offer Securities allocated to that Retail Tranche (as determined on the Allocation Date), each Retail Investor in that Retail Tranche will receive the number of subscribed Offer Securities. If the number of Offer Securities validly subscribed within that Retail Tranche is higher than the Offer Securities allocated to that Retail Tranche, the Offer Securities from that Retail Tranche will be allocated to each Retail Investor from that Retail Tranche proportionally to the number of Offer Securities subscribed by such investor. The same allocation factor will be applied to the allocation of Offer Shares and to the allocation of Offer GDRs within the same Retail Tranche. If the number of Offer Securities allocated to a subscription after the pro rata allocation is not an integer, the number of Offer Securities allocated to the relevant subscription shall be rounded down to the immediately lower integer.

For the purpose of allocating any remaining Offer Shares (resulting from such rounding down of the number of Offer Shares and Offer GDRs within the process of *pro rata* allocation), Retail Investors in the relevant Retail Tranche shall be ranked in decreasing order based on the number of Offer Shares subscribed by each of them and, if one or more Retail Investors subscribed the exact number of Offer Shares they will be ranked in increasing order based on the time stamp in the Bucharest Stock Exchange electronic system associated with their trading order, and the resulting unallocated Offer Shares shall be allocated one per Retail Investor (but so that the number of Shares allocated in aggregate to a subscription does not exceed the number of Offer Shares initially requested through that subscription), starting with the largest allocation. For the avoidance of any misunderstanding, only Offer Shares (and no Offer GDRs) will be re-allocated after the rounding down within the process of pro rata allocation.

In case of over-subscription, Retail Investors will be reimbursed the difference between the amount paid for the subscribed Offer Securities and the value of the allocated Offer Securities (less the bank transfer commissions and any applicable commissions of the relevant market institutions) as detailed in “Offer Price – Final Offer Price” above.

Shares allocated to Retail Investors will be automatically transferred into “Section 1” of the Romanian Central Depository after the Closing Date, except for the Offer Shares allocated to those Retail Investors who have a valid investment services contract with BCR or with the Eligible Participant through which they have subscribed.

Allocation of Offer Securities within the Institutional Tranche

The number of Offer Securities allocated to each Institutional Investor will be determined by the Selling Shareholder in consultation with the Managers, on the basis of the Book.

When allocating the Offer Securities (in the form of Offer Shares and/or Offer GDRs) within the Institutional Tranche, the Selling Shareholder and the Managers may consider, among others, certain qualitative criteria such as: investment policy; number of subscribed Offer Securities and support of the Offering; whether the subscription was received at the beginning of, or early in, the Offer Period; the price offered for the Offer Securities; qualitative feedback during the pre-marketing process; focus on the energy industry and/or on the Central and Eastern European region; assets under management; equity investments in Romania or Central and Eastern European; other criteria that allow a high quality investor base and a positive evolution of the market price after the closing of the Offering.

By subscribing in the Offering, Institutional Investors acknowledge and agree that they may be allocated fewer Offer Securities than they have subscribed for or they may receive no Offer Securities at all. Institutional Investors also acknowledge and agree that they will have no right to request, and the Selling Shareholder and the Managers shall have no obligation to disclose, the reasons for their allocation and pricing decisions.

Transaction

Orders corresponding to validated subscriptions for Offer Shares made by the Retail Investors are entered into the relevant segment of the public offerings market of the Bucharest Stock Exchange anytime during the Offer Period until 18:00 (Romania time) on the last day of the Offer Period by BCR and the Eligible Participants. BCR can extend this period to the extent necessary.

On the Shares Transaction Date the orders corresponding to the Offer Shares allocated to the Institutional Investors shall be registered in the relevant segment of the public offer market of the Bucharest Stock Exchange, exclusively in accordance with the allocations made by the Selling Shareholder in consultation with the Managers, provided that the corresponding subscriptions are validated and the payment for the relevant Offer Shares has been received.

On the same date, the Managers will place the sell orders for the Offer Shares in the Bucharest Stock Exchange system.

In circumstances where, until the hour on the Shares Transaction Date indicated by the relevant Manager there will be Institutional Investors which have not guaranteed the payment of the Offer Securities allocated to them using any of the options detailed in “*Subscription of Offer Shares by Institutional Investors – Subscription documentation for Institutional Investors*”, the Manager through which that Institutional Investor subscribed will re-allocate the relevant Offer Securities to other Institutional Investor(s), with the latter’s consent and provided that such Institutional Investor(s) can guarantee the payment for the additionally allocated Offer Securities, as described above. Should this not be possible, the number of Offer Securities sold by the Selling Shareholder shall be decreased accordingly.

The Managers will carry out the trades related to the Offer Shares through the Bucharest Stock Exchange markets dedicated for the transactions of public offerings on the Shares Transaction Date.

Settlement

Settlement of the Offer Shares will be made through the Romanian Central Depository clearing settlement system on the Closing Date.

For the purpose of seeking admission of the GDRs to listing on the standard segment of the Official List of the United Kingdom FCA and to trading on the London Stock Exchange's main market for listed securities, the GDRs will be issued on the Closing Date; the Shares underlying the GDRs will be transferred to the Custodian’s account opened on behalf of the GDR Depositary on the Business Day immediately prior to the Closing Date

Payment for the GDRs is expected to be made in USD in same-day funds through the facilities of DTC, Euroclear and Clearstream, Luxembourg on the Closing Date. For further details of the settlement of the Offer GDRs, see “Settlement and Transfer – Settlement of the GDRs”.

Placing Agreement

The Selling Shareholder and the Managers entered into a placing agreement on or around the date of this Prospectus (the “**Placing Agreement**”), whereby each Manager severally agreed to use its best efforts to procure purchasers and subscribers, as the case may be, for the Offer Securities at the Final Offer Price in the proportions to be set out in the Pricing Agreement (as defined below) and not, for the avoidance of doubt, in any circumstance to purchase or subscribe for any Offer Securities themselves.

Under the Placing Agreement, the Selling Shareholder has given certain representations and warranties (including in relation to the contents of this Prospectus) and indemnities to the Managers in connection with the Offering. The obligations of the parties to the Placing Agreement are subject to certain conditions that are typical for an agreement of this nature, including, amongst others, the accuracy of the representations and warranties under the Placing Agreement and absence of default and the execution of the pricing agreement between the Selling Shareholder and the Managers in relation to the Final Offer Price dated on or around the Allocation Date (the “**Pricing Agreement**”).

In consideration for the services to be performed by the Managers, the Managers will receive from the Selling Shareholder a fee of maximum 2% of the gross proceeds from the Offering. Pursuant to the Placing Agreement, the Selling Shareholder has agreed with the Managers that during the period from the date of the Placing Agreement until 360 days after the Closing Date, it will not, without the prior written consent of the Managers:

- (a) issue, offer, sell, lend, mortgage, assign, pledge, charge, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of (or publicly announce any such action), directly or indirectly, any Shares or any securities convertible or exchangeable into or exercisable for, or substantially similar to, any Shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the underlying securities, including equity swaps, forward sales and options or global depositary receipts representing the right to receive any such securities; or
- (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of any Shares; or
- (c) enter into any transaction with the same economic effect as, or agree to, or publicly announce any intention to enter into, any transaction described above,

whether any such transaction described above is to be settled by delivery of Shares, GDRs or such other securities, in cash or otherwise. The Selling Shareholder has also agreed with the Managers that in the event that the shareholders of the Selling Shareholder pass a resolution or resolutions which requires the Selling Shareholder or Franklin Templeton International Services S.À R.L., in its capacity as sole director and alternative investment fund manager of the Selling Shareholder, to engage in an act or omission which would breach the terms of the Selling Shareholder’s lock-up obligation described above, then the obligation shall be waived to the extent required to comply with such resolution and neither the Selling Shareholder nor the fund manager shall bear any liability to any party for acts or omissions in compliance with the resolution, provided that the Selling Shareholder and fund manager undertake not to propose such a resolution to the shareholders of the Selling Shareholder of its own free will.

The Sole Global Coordinator (on behalf of itself and the other Managers) has the right to terminate the Placing Agreement at any time prior to the Closing Date in certain specified circumstances. These include, but are not limited to (a) the occurrence of any material adverse change, or any development involving a prospective material adverse change, in or affecting the general affairs, management, financial position, business or financial prospects, shareholders’ equity or results of operations, of the Company and any member of the Group taken as a whole; (b) where there has been a breach of the representations and warranties contained in the Placing Agreement or failure by the Selling Shareholder to comply with its obligations contained in the Placing Agreement; (c) the Pricing Agreement not having been executed; (d) the Company Agreement not having been executed or is terminated in accordance with its terms; and/or (e) the occurrence of any material adverse change in the financial markets or politics in, or governmental economic policies of Romania, the United States, the United Kingdom, in any member state of the EEA, or the international financial markets, any outbreak of hostilities or escalation thereof or other calamity or crisis or any change or

development involving a prospective change in national or international political, financial or economic conditions, or currency exchange rates.

Company Agreement

The Company and the Managers entered into an agreement on or around the date of this Prospectus relating to the Offering (the “**Company Agreement**”). Under the Company Agreement, the Company has given certain representations, warranties and undertakings to the Managers in connection with the Offering.

Pursuant to the Company Agreement, the Company has agreed with the Managers that during the period from the date of the Company Agreement until 180 days after the Closing Date, it will not, without the prior written consent of the Managers (such consent not to be unreasonably withheld):

- (a) issue, offer, sell, lend, mortgage, assign, pledge, charge, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of (or publicly announce any such action), directly or indirectly, any Shares or any securities convertible or exchangeable into or exercisable for, or substantially similar to, any Shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the underlying securities, including equity swaps, forward sales and options or global depositary receipts representing the right to receive any such securities; or
- (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of any Shares; or
- (c) enter into any transaction with the same economic effect as, or agree to, or publicly announce any intention to enter into, any transaction described above,

whether any such transaction described above is to be settled by delivery of Shares, GDRs or such other securities, in cash or otherwise, provided that the foregoing restrictions will not apply to any increase of the Company’s share capital undertaken in accordance with Law no. 137/2002 (regarding certain measures for accelerating privatisations) and/or the Privatisation Agreement as a result of an in-kind contribution by the Romanian State following the issuance of the relevant certificates ascertaining ownership rights over land to the Company.

The Sole Global Coordinator (on behalf of itself and the other Managers) has the right to terminate the Company Agreement at any time prior to the Closing Date in certain specified circumstances. These include, but are not limited to (a) the occurrence of any material adverse change, or any development involving a prospective material adverse change, in or affecting the general affairs, management, financial position, business or financial prospects, shareholders’ equity or results of operations, of the Group; (b) where there has been a breach of the representations and warranties contained in the Company Agreement or failure by the Company to comply with its obligations contained in the Company Agreement; and/or (c) the occurrence of any material adverse change in the financial markets or politics in, or governmental economic policies of Romania, the United States, the United Kingdom, in any member state of the EEA, or the international financial markets, any outbreak of hostilities or escalation thereof or other calamity or crisis or any change or development involving a prospective change in national or international political, financial or economic conditions, or currency exchange rates. In addition, the Company Agreement will terminate if the Placing Agreement is terminated in accordance with its terms.

OMV Lock-Up Agreement

Pursuant to the terms of a lock-up letter from OMV, OMV has agreed that, in relation to any Shares held or acquired by OMV, neither it nor any person acting on its behalf will, from the date thereof until 180 days after the date of admission to trading of the GDRs on the London Stock Exchange, without the prior written consent of the Sole Global Coordinator (not to be unreasonably withheld): (i) offer, pledge, allot, sell, contract to sell, sell any option or contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares; or (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of Shares; or (iii) enter into any transaction with the same economic effect as, or agree to, or publicly announce any intention to enter into any transaction described above, whether any such transaction described in clauses (i) to (iii) above is to be settled by delivery of Shares, GDRs or such other securities, in cash or otherwise. The foregoing restrictions will automatically terminate on 30 April 2017, at the latest.

The foregoing restrictions will not apply to OMV in connection with any Share transfers, capital measures (in particular any increase of the Company's share capital) or other actions and transactions undertaken on the basis of or in connection with the Privatisation Agreement and/or Law no. 137/2002 regarding certain measures for accelerating privatisations.

Other Relationships

The Managers and their respective affiliates may have engaged in transactions with, and performed various investment banking, commercial banking, financial advisory and other services for, the Company and the Selling Shareholder and their respective affiliates, for which they received customary fees. The Managers and their respective affiliates may provide such services for the Company and the Selling Shareholder and their respective affiliates in the future.

In connection with the Offering, each of the Managers and any affiliate, acting as an investor for its own account may take up Offer Securities and in that capacity may retain, purchase or sell for its own account such Offer Securities and any related investments and may offer or sell such Offer Securities or other investments otherwise than in connection with the Offering. Accordingly, references in this Prospectus to the Offer Securities being offered or placed should be read as including any offering or placement of Offer Securities to the Managers and any affiliate acting in such capacity. None of the Managers intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so. In addition, in connection with the Offering, certain of the Managers may enter into financing arrangements with investors, such as share swap arrangements or lending arrangements where securities are used as collateral, which could result in such Managers acquiring shareholdings in the Company.

SELLING AND TRANSFER RESTRICTIONS

General

The distribution of this Prospectus and the offering of the Offer Securities in certain jurisdictions may be restricted by law and, therefore, persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions, including those set out in the paragraphs which follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This Prospectus does not constitute an offer to subscribe for or purchase any of the Offer Securities offered hereby to any person in any jurisdiction where it is unlawful to make such offer or solicitation in such jurisdiction.

Subscribers for or purchasers of the Offer Securities may be required to pay stamp duty and other charges in accordance with the laws and practices of the country of subscription or purchase, as the case may be, in addition to the Final Offer Price.

No Public Offering Outside Romania

No action has been or will be taken in any country or jurisdiction (other than in Romania) that would permit a public offering of the Offer Securities or possession or distribution of this Prospectus (or any other offering or publicity material relating to the Offer Securities) in any country or jurisdiction where action for that purpose is required or doing so may be restricted by law.

Accordingly, the Offer Securities may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisements in connection with the Offer Securities may be distributed or published in or from any country or jurisdiction (other than in Romania), except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

This Prospectus may only be distributed to the public and the Offer Securities may only be offered for sale or purchase in Romania in compliance with the Capital Markets Law, the Romanian National Securities Commission Regulation no. 1/2006 on issuers and operations with securities, Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC with respect to information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and the dissemination of advertisements, and other applicable mandatory provisions of law.

European Economic Area

In relation to each member state of the EEA which has implemented the Prospectus Directive (each, a “**Relevant Member State**”) (except for Romania), with effect from and including the date on which the Prospectus Directive is implemented in that member state (the “**Relevant Implementation Date**”), the Offer Securities may not be offered to the public in that Relevant Member State, except that, with effect from and including the Relevant Implementation Date, the Offer Securities may be offered to the public in that relevant member state under the following exemptions under the Prospectus Directive:

- (i) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (ii) at any time to any legal entity which has two or more of: (a) an average of at least 250 employees during the last financial year; (b) a total balance sheet of more than EUR 43 mn; and (c) an annual net turnover of more than EUR 50 mn, as shown in its last annual or consolidated accounts;

- (iii) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Managers for any such offer; or
- (iv) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of the Offer Securities shall result in a requirement for the publication by the Selling Shareholder or any Manager of a Prospectus pursuant to Article 3 of the Prospectus Directive.

This Prospectus has been approved by the Romanian FSA but, save for its notification to the United Kingdom FCA, it has not been, and will not be, approved by or notified to any other competent authority of the European Economic Area.

For the purposes of this notice to investors, the expression “**offer of the Offer Securities**” in relation to any of the Offer Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Offer Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Offer Securities as the same may be varied in that member state by any measure implementing the Prospectus Directive in that member state, and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each relevant member state.

Each subscriber for or purchaser of the Offer Securities in the Offering located within a member state of the European Economic Area (other than Romania) will be deemed to have represented, acknowledged and agreed that it is a “**qualified investor**” within the meaning of Article 2(1)(e) of the Prospectus Directive. The Company, the Selling Shareholder, the Managers, their affiliates and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement, and agreement.

United States

The Offer Securities have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction and, accordingly, may not be offered or sold within the United States, except that Offer GDRs may be offered or sold to QIBs in reliance on Rule 144A under the Securities Act. The Offer Securities may be offered or sold outside the United States in offshore transactions under Regulation S under the Securities Act. Terms used in this paragraph that are defined in Rule 144A or Regulation S are used herein as so defined.

Regulation S

Each purchaser of the Offer Securities outside the United States, by accepting delivery of this Prospectus, will be deemed to have represented, agreed and acknowledged as follows:

It: (a) is aware that the sale of the Offer Securities is being made pursuant to and in accordance with Rule 903 or 904 of Regulation S; (b) is, or at the time such Offer Securities are purchased will be, the beneficial owner of those Offer Securities; and (c) is, and the person, if any, for whose account it is acquiring such Offer Securities is, located outside the United States (within the meaning of Regulation S) and is purchasing the Offer Securities in an offshore transaction meeting the requirements of Regulation S.

It is not the Company’s or the Selling Shareholder’s affiliate or a person acting on behalf of such an affiliate.

It understands that the Offer Securities have not been and will not be registered under the Securities Act and may not be offered, resold, pledged or otherwise transferred except: (a) in an offshore transaction in accordance with Rule 903 or 904 of Regulation S; or (b) to a person whom the seller and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB in a

transaction meeting the requirements of Rule 144A, in each case in accordance with any applicable securities laws of any state of the United States.

It acknowledges that the Company, the Selling Shareholder, the Managers and the Company's respective affiliates will rely upon the truth and accuracy of the acknowledgements, representations and agreements in the foregoing paragraphs.

The Company will not recognise any resale or other transfer, or attempted resale or other transfer, in respect of the Offer Securities made other than in compliance with the above stated restrictions.

Rule 144A

Each purchaser of the Offer GDRs within the United States, by accepting delivery of this Prospectus, will be deemed to have represented, agreed and acknowledged as follows:

It acknowledges that the Offer GDRs have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and are subject to significant restrictions on transfer.

It is:

- (i) a QIB;
- (ii) aware, and each beneficial owner of such Offer GDRs has been advised, that the sale to it is being made in reliance on Rule 144A; and
- (iii) acquiring such Offer GDRs for its own account or for the account of a QIB.

It agrees (or if it is acting for the account of another person, such person, has confirmed to it that such person agrees) that it (or such person) will not offer, resell, pledge or otherwise transfer those Offer GDRs except: (a) to a person whom it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A; (b) in an offshore transaction in accordance with Rule 903 or 904 of Regulation S; or (c) in accordance with Rule 144 under the Securities Act (if available), in each case in accordance with any applicable securities laws of any state of the United States. The purchaser will, and each subsequent holder is required to, notify any subsequent purchaser from it of those Offer GDRs of the resale restrictions referred to in (a), (b) and (c) above. No representation can be made as to the availability of the exemption provided by Rule 144 for resale of the Offer GDRs.

Notwithstanding anything to the contrary in the foregoing paragraphs, the Offer GDRs may not be deposited into any unrestricted depositary facility established or maintained by a depositary bank, unless and until such time as those Offer GDRs are no longer "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act.

If it is acquiring Offer GDRs for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

It acknowledges that the Company, the Selling Shareholder, the Managers and the Company's respective affiliates will rely upon the truth and accuracy of the acknowledgements, representations and agreements in the foregoing paragraphs.

The Company will not recognise any resale or other transfer, or attempted resale or other transfer, in respect of the Offer Securities made other than in compliance with the above stated restrictions.

Purchasers are hereby notified that sellers of the Offer Securities may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144 A.

Singapore

This Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act (Chapter 289 of Singapore) (the “SFA”). Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Offer Securities to be issued from time to time by the Selling Shareholder pursuant to the Offering may not be circulated or distributed, nor may the Offer Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to an offer referred to in Section 275(1A) of the SFA, and in accordance with the applicable conditions specified in Section 275 of the SFA or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Offer Securities are acquired by persons who are relevant persons specified in Section 275 of the SFA, namely:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

the securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Offer Securities pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor (under Section 274 of the SFA) or to a relevant person as defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Switzerland

The Offer Securities may not be publicly offered, distributed or re-distributed on a professional basis in or from Switzerland, and neither this document nor any other solicitation for investments in the Offer Securities may be communicated or distributed in Switzerland in any way that could constitute a public offering within the meaning of art. 652a of the Swiss Code of Obligations (“CO”). This document may not be copied, reproduced, distributed or passed on to others without the Company’s prior written consent. This document is not a prospectus within the meaning of art. 652a CO or a listing prospectus according to arts. 27 et seq. of the Listing Rules of SIX Swiss Exchange and may not comply with the information standards required thereunder. The Company will not apply for a listing of the Shares and/or GDRs on any Swiss stock exchange. Neither this Prospectus nor any other offering or marketing material relating to the Offering, the Company or the Offer Securities have been or will be filed with or approved by any Swiss regulatory

authority. In particular, this Prospectus will not be filed with, and the offer of Offer Securities will not be supervised by, the Swiss Financial Market Supervisory Authority. The offer of Offer Securities is not subject to an authorisation pursuant to the Swiss Federal Act on Collective Investment Schemes (“CISA”). Consequently, the investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Offer Securities.

United Arab Emirates (Excluding the Dubai International Financial Centre)

This Prospectus is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. If you are in any doubt about the contents of this document, you should consult an authorised financial adviser.

By receiving this Prospectus, the person or entity to whom it has been issued understands, acknowledges and agrees that this Prospectus has not been approved by or filed with the UAE Central Bank, the UAE Securities or Commodities Authority (the “SCA”) or any other authorities in the UAE, nor have the Managers received authorisation or licensing from the UAE Central Bank, SCA or any other authorities in the UAE to market or sell securities or other investments within the UAE. No marketing of any financial products or services has been or will be made from within the UAE other than in compliance with the laws of the UAE and no subscription to any securities or other investments may or will be consummated within the UAE.

It should not be assumed that any of the Managers is a licensed broker, dealer or investment adviser under the laws applicable in the UAE, or that any of them advise individuals resident in the UAE as to the appropriateness of investing in or purchasing or selling securities or other financial products. The Offer Securities may not be offered or sold directly or indirectly to the public in the UAE. This does not constitute a public offer of securities in the UAE in accordance with the Commercial Companies Law, (Federal Law No. 2 of 2015) or otherwise.

Nothing contained in this Prospectus is intended to constitute investment, legal, tax, accounting or other professional advice. This Prospectus is for your information only and nothing in this Prospectus is intended to endorse or recommend a particular course of action. Any person considering acquiring securities should consult with an appropriate professional for specific advice rendered based on their respective situation.

Dubai International Financial Centre

This Prospectus relates to an Exempt Offer in accordance with the Rulebook of the Dubai Financial Services Authority (“DFSA”). It is intended for distribution only to persons of a type specified in those rules. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this Prospectus nor taken steps to verify the information set out in it and has no responsibility for it. The securities to which this Prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Offer Securities should conduct their own due diligence on the Offer Securities. If you do not understand the contents of this Prospectus, you should consult an authorised financial adviser.

Hong Kong

WARNING – The contents of this Prospectus have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to this offer. If you are in any doubt about any of the contents of this Prospectus, you should obtain independent professional advice.

This Prospectus has not been delivered for registration to the Registrar of Companies in Hong Kong, and its contents have not been reviewed or approved by any regulatory authority in Hong Kong. Accordingly the Offer Securities have neither been offered or sold nor will be offered or sold in Hong Kong, by means of any document, other than (a) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong (“SFO”), and any rules made under that Ordinance or as otherwise permitted under the SFO; or (b) in other circumstances which do not result in this document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance and as permitted under the SFO; and no advertisement, invitation or document relating to the Offer Securities has been or will be issued (or possessed for the purposes of issue), whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Offer Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the SFO and any rules made under that Ordinance.

Kuwait

This Prospectus is not for general circulation to the public in Kuwait. The Offer Securities have not been licensed for offering in Kuwait by the Kuwait Capital Markets Authority or any other relevant Kuwaiti government agency. The offering of the Offer Securities in Kuwait on the basis of a private placement or public offering is, therefore, restricted in accordance with Law No. 7 of 2010 and the by-laws thereto (as amended). No private or public offering of the Offer Securities is being made in Kuwait, and no agreement relating to the sale of the Offer Securities will be concluded in Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the Offer Securities in Kuwait.

Qatar

This Prospectus is provided on an exclusive basis to the specifically intended recipient thereof, upon that person’s request and initiative, and for the recipient’s personal use only.

Nothing in this Prospectus constitutes, is intended to constitute, shall be treated as constituting or shall be deemed to constitute, any offer or sale of the Offer Securities in the State of Qatar or in the Qatar Financial Centre or the inward marketing of an investment fund or an attempt to do business, as a bank, an investment company or otherwise in the State of Qatar or in the Qatar Financial Centre.

This Prospectus and the underlying instruments have not been approved, registered or licensed by the Qatar Central Bank, the Qatar Financial Centre’s regulatory authority, the Qatar Financial Markets Authority or any other regulator in the State of Qatar.

This Prospectus and any related documents have not been reviewed or approved by the Qatar Financial Centre’s regulatory authority or the Qatar Central Bank.

Recourse against those involved with issuing this Prospectus may be limited or difficult and may have to be pursued in a jurisdiction outside Qatar and the Qatar Financial Centre.

Any distribution of this Prospectus by the recipient to third parties in Qatar or the Qatar Financial Centre beyond the terms hereof is not authorised and shall be at the liability of such recipient.

Canada

The Shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Institutional Managers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Other Jurisdictions

The Offer Securities have not been and will not be registered under the applicable securities laws of Australia or Japan. Subject to certain exceptions, the Offer Securities may not be offered or sold in Australia or Japan or to or for the account or benefit of any resident of the United States, Australia or Japan.

SETTLEMENT AND TRANSFER

Shares

Settlement and transfer

Transfers of Shares within the Offering and secondary market sales of Shares will be settled and cleared through the settlement system managed by the Romanian Central Depository, in accordance with applicable Romanian regulations.

Romanian Central Depository

The Romanian Central Depository, a Romanian joint stock company having its principal executive office at 34-36 Carol I Blvd., 3rd, 8th and 9th floors, Bucharest, 020922, Romania, is authorised and supervised by the Romanian FSA, and provides depositary, registrar, clearing and settlement services in connection with transactions involving financial instruments. The Romanian Central Depository is the administrator of RoClear, the payment system assuring funds clearing and the settlement of transactions with financial instruments.

All classes of securities traded on a Romanian regulated market or alternative trading system operated by the Bucharest Stock Exchange (including the Shares) are mandatorily registered in the Romanian Central Depository's system for the purpose of performing securities operations in a centralised manner and maintaining records of such operations. All securities accepted in the Romanian Central Depository's system are dematerialised and evidenced by book-entry.

Registration and form

The Shares have been issued as ordinary nominative shares, in registered (book-entry) form and are admitted to trading on the spot regulated market of the Bucharest Stock Exchange under the symbol "SNP".

The Shares are also registered with the Romanian FSA and with the Romanian Central Depository, in the latter's capacity as registrar of the Company's Shares.

The Company does not and will not impose any fees in respect of the registration of the Shares; however, holders of Shares may incur fees normally payable in respect of the maintenance and operation of accounts in the system of the Romanian Central Depository.

Clearance and settlement procedures for shares

Initial settlement

For a description of the settlement procedures applicable to the transfers of the Shares within the Offering, see "*Subscription and Sale*".

Secondary market trading

For a description of the transfer restrictions relating to the Shares, see "*Selling and Transfer Restrictions*".

General settlement procedures

The transfer of the ownership rights over the Shares will take place on the Closing Date, in the clearing-settlement system managed by the Romanian Central Depository.

Transactions with Shares are settled on a delivery versus payment basis, the Shares being delivered only if the purchase price is paid. The ownership transfer is usually registered on a T+2 basis by debiting/crediting the relevant Shares accounts.

As an exception from the principle according to which the Shares can be transferred only through a transaction on the Bucharest Stock Exchange, there are certain cases when the Romanian Central Depository may operate direct ownership transfers over the Shares as an effect, among others, of: (i) successions; (ii) exit; (iii) assignment by the Company of treasury Shares to its employees; (iv) the Company obtaining treasury Shares following the withdrawal of the shareholders who do not agree with the decisions of the Company's General Meeting of Shareholders, according to the legal provisions in force; (v) merger, split or liquidation; (vi) enforcement of a final and irrevocable court decision; (vii) transfer between a parent company and its subsidiaries or among subsidiaries of the same parent company, with the Romanian FSA's prior consent; or (viii) other transfers of rights according to special laws or applicable regulations, with the express approval of the Romanian FSA or other relevant body. Direct ownership transfers over the Shares will be operated by the Romanian Central Depository within three days from the submission of the application and the complete applicable documentation.

General

Although the foregoing sets out the procedures of the Romanian Central Depository for facilitating transfers of Shares, the Romanian Central Depository is not under any obligation to perform or continue to perform such procedures as provided above, and such procedures may be discontinued at any time.

None of the Selling Shareholder, the Company, the Managers or their respective agents will have any responsibility for the performance by the Romanian Central Depository or its respective participants of their respective obligations under the rules and procedures governing their operations at the date of this Prospectus.

GDRs

Settlement and transfer

Custodial and depository links have been established between Euroclear, Clearstream, Luxembourg and DTC to facilitate the initial issue of the GDRs and cross-market transfers of the GDRs associated with secondary market trading.

The Clearing Systems

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each hold securities for participating organisations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including the Managers, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective clients may settle trades with each other. Indirect access to Euroclear or Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

Distributions of dividends and other payments with respect to book-entry interests in the GDRs held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the GDR Depository, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

DTC

DTC is a limited-purpose trust company organised under the laws of the State of New York, a “banking organisation” within the meaning of the New York Banking Law, a member of the United States Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities for DTC participants and facilitates the clearance and settlement of securities transactions between DTC participants through electronic computerised book-entry changes in DTC participants’ accounts. DTC participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly. Holders of book-entry interests in the GDRs holding through DTC will receive, to the extent received by the GDR Depositary, all distributions of dividends or other payments with respect to book-entry interests in the GDRs from the GDR Depositary through DTC and DTC participants. Distributions in the United States will be subject to relevant US tax laws and regulations. See *“Taxation—Certain US Federal Income Tax Considerations”*.

As DTC can act on behalf of DTC direct participants only, who in turn act on behalf of DTC indirect participants, the ability of beneficial owners who are indirect participants to pledge book-entry interests in the GDRs to persons or entities that do not participate in DTC, or otherwise take actions with respect to book-entry interests in the GDRs, may be limited.

Registration and form

Book-entry interests in the GDRs held through Euroclear and Clearstream, Luxembourg will be represented by the Master Regulation S GDR registered in the name of Citivic Nominees Limited, as nominee for Citibank Europe plc, as common depositary for Euroclear and Clearstream, Luxembourg. Book-entry interests in the GDRs held through DTC will be represented by the Master Rule 144A GDR registered in the name of Cede & Co., as nominee for DTC, which will be held by the GDR Depositary, as custodian for DTC. As necessary, the GDR Depositary will adjust the amounts of GDRs on its books to reflect the amounts of GDRs held through Euroclear, Clearstream, Luxembourg and DTC, respectively. Beneficial ownership in the GDRs will be held through financial institutions as direct and indirect participants in Euroclear, Clearstream, Luxembourg and DTC.

The aggregate holdings of book-entry interests in the GDRs in Euroclear, Clearstream, Luxembourg and DTC will be reflected in the book-entry accounts of each such institution. Euroclear, Clearstream, Luxembourg and DTC, as the case may be, and every other intermediate holder in the chain to the beneficial owner of book-entry interest in the GDRs, will be responsible for establishing and maintaining accounts for their participants and clients having interests in the book-entry interests in the GDRs. The GDR Depositary will be responsible for maintaining a record of the aggregate holdings of GDRs registered in the name of the common depositary for Euroclear and Clearstream, Luxembourg and the nominee for DTC. The GDR Depositary will be responsible for ensuring that payments received by it from the Company for holders holding through Euroclear or Clearstream, Luxembourg are credited to Euroclear or Clearstream, Luxembourg as the case may be, and the GDR Depositary will also be responsible for ensuring that payments received by it from the Company for holders holding through DTC are received by DTC.

The Company will not impose any fees in respect of the GDRs; however, holders of book-entry interests in the GDRs may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear, Clearstream, Luxembourg or DTC and certain fees and expenses payable to the GDR Depositary in accordance with the terms of the Deposit Agreements and the GDR Terms and Conditions. See *“Terms and Conditions of the Global Depositary Receipts”*.

Global clearance and settlement procedures

Initial settlement

The GDRs will be in global form evidenced by the two Master GDRs. Investors electing to hold book-entry interests in GDRs through Euroclear or Clearstream, Luxembourg accounts will follow the settlement procedures applicable to depositary receipts. DTC participants acting on behalf of purchasers electing to hold book-entry interests in the GDRs through DTC will follow the delivery practices applicable to depositary receipts.

Secondary market trading

For a description of the transfer restrictions relating to the GDRs, see “*Selling and Transfer Restrictions*”.

Trading between Euroclear and Clearstream, Luxembourg participants

Secondary market sales of book-entry interests in the GDRs held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in the GDRs through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear or Clearstream, Luxembourg and will be settled using the normal procedures applicable to depositary receipts.

Trading between DTC participants

Secondary market sales of book-entry interests in the GDRs held through DTC will occur in the ordinary way in accordance with DTC rules and will be settled using the procedures applicable to depositary receipts, if payment is effected in US dollars, or free of payment, if payment is not effected in US dollars. Where payment is not effected in US dollars, separate payment arrangements outside DTC are required to be made between the DTC participants.

Trading between a DTC seller and Euroclear/Clearstream, Luxembourg purchaser

When book-entry interests in the GDRs are to be transferred from the account of a DTC participant to the account of a Euroclear or Clearstream, Luxembourg participant, the DTC participant must send to DTC a delivery free of payment instruction at least two business days prior to the settlement date. DTC will in turn transmit such instruction to Euroclear or Clearstream, Luxembourg, as the case may be, on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg participant. On the settlement date, DTC will debit the account of its DTC participant and will instruct the GDR Depositary to instruct Euroclear or Clearstream, Luxembourg, as the case may be, to credit the relevant account of the Euroclear or Clearstream, Luxembourg participant, as the case may be. In addition, on the settlement date, DTC will instruct the GDR Depositary to:

- decrease the amount of book-entry interests in the GDRs registered in the name of a nominee for DTC and represented by the Master Rule 144A GDR; and
- increase the amount of book-entry interests in the GDRs registered in the name of the common nominee for Euroclear and Clearstream, Luxembourg and represented by the Master Regulation S GDR.

Trading between a Clearstream, Luxembourg/Euroclear seller and DTC purchaser

When book-entry interests in the GDRs are to be transferred from the account of a Euroclear or Clearstream, Luxembourg participant to the account of a DTC participant, the Euroclear or Clearstream, Luxembourg participant must send to Euroclear or Clearstream, Luxembourg a delivery free of payment instruction at least one business day prior to the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg participant, as the case may be. On the settlement date, Euroclear or Clearstream, Luxembourg, as the case may be, will debit the

account of its participant and will instruct the GDR Depositary to instruct DTC to credit the relevant account of Euroclear or Clearstream, Luxembourg, as the case may be, and will deliver such book-entry interests in the GDRs free of payment to the relevant account of the DTC participant. In addition, Euroclear or Clearstream, Luxembourg, as the case may be, shall on the settlement date instruct the GDR Depositary to:

- decrease the amount of the book-entry interests in the GDRs registered in the name of the common nominee and evidenced by the Master Regulation S GDR; and
- increase the amount of the book-entry interests in the GDRs registered in the name of a nominee for DTC and represented by the Master Rule 144A GDR.

General

Although the foregoing sets forth the procedures of Euroclear, Clearstream, Luxembourg and DTC in order to facilitate the transfers of interests in the GDRs among participants of Euroclear, Clearstream, Luxembourg and DTC, none of Euroclear, Clearstream, Luxembourg or DTC are under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

None of the Company, the Managers, the Selling Shareholder, the GDR Depositary, the Custodian or their respective agents will have any responsibility for the performance by Euroclear, Clearstream, Luxembourg or DTC or their respective participants of their respective obligations under the rules and procedures governing their operations.

Settlement of the GDRs

Payment for the GDRs is expected to be made in US dollars in same-day funds through the facilities of DTC, Euroclear and Clearstream, Luxembourg on the Closing Date. Book-entry interests in the GDRs held through Euroclear and Clearstream, Luxembourg will be represented by the Master Regulation S GDR registered in the name of Citivic Nominees Limited, as nominee for Citibank Europe plc, as common depositary for Euroclear and Clearstream, Luxembourg. Book-entry interests in the GDRs held through DTC will be represented by the Master Rule 144A GDR registered in the name of Cede & Co., as nominee for DTC, which will be held by the GDR Depositary, as custodian for DTC. Except in limited circumstances described herein, investors may hold beneficial interests in the GDRs evidenced by the corresponding Master GDR only through DTC, Euroclear or Clearstream, Luxembourg, as applicable.

Transfers within DTC, Euroclear and Clearstream, Luxembourg will be in accordance with the usual rules and operating procedures of the relevant system.

INFORMATION RELATING TO THE GDR DEPOSITARY

The GDR Depositary is the issuer of the GDRs.

Citibank, N.A. (“**Citibank**”) has been appointed as GDR Depositary pursuant to the Deposit Agreements. Citibank is an indirect wholly owned subsidiary of Citigroup Inc., a Delaware corporation. Citibank is a commercial bank that, along with its subsidiaries and affiliates, offers a wide range of banking and trust services to its customers throughout the United States and the world.

Citibank was originally organised on 16 June 1812 and is now a national banking association organised under the National Bank Act of 1864 of the United States of America. Citibank is primarily regulated by the United States Office of the Comptroller of the Currency. Its principal executive office is at 399 Park Avenue, New York, NY 10043.

Citibank’s consolidated balance sheets are set forth in Citigroup’s most recent Annual Report (audited balance sheet) and Quarterly Report (unaudited), each on file on Form 10-K and Form 10-Q, respectively, with the US Securities and Exchange Commission.

Citibank’s articles of association and by-laws, each as currently in effect, together with Citigroup’s Annual Report on Form 10-K and Quarterly Report on Form 10-Q are available for inspection at the Depositary Receipt office of Citibank, 388 Greenwich Street, New York, NY 10013, United States of America.

Holders of GDRs may contact Citibank, N.A. as GDR Depositary for the GDRs with questions relating to the transfer of GDRs on the books of the GDR Depositary, which shall be maintained at the GDR Depositary’s principal administrative establishment located at 388 Greenwich Street, 14th Floor, New York, NY 10013, United States of America.

LEGAL MATTERS

Certain legal matters in connection with the Offering will be passed upon for the Company with respect to US and English law by Linklaters LLP and with respect to Romanian law by Schoenherr Si Asociatii SCA.

Certain legal matters in connection with the Offering will be passed upon for the Managers with respect to US law by Clifford Chance Deutschland LLP, with respect to English law by Clifford Chance LLP and with respect to Romanian law by Clifford Chance Badea SCA.

INDEPENDENT AUDITORS

Ernst & Young Assurance Services S.R.L. (“EY”), independent auditors, has audited the Annual Consolidated Financial Statements of the Company as at and for the years ended 31 December 2013, 2014 and 2015, prepared in accordance with International Financial Reporting Standards as adopted by the European Union and provided unqualified audit reports in respect thereof. EY has reviewed but has not audited the Interim Condensed Consolidated Financial Statements of the Company for the six months ended 30 June 2016. The independent auditor’s review report in respect of the Company’s interim condensed consolidated financial statements for the six months ended 30 June 2016 expressed an unqualified conclusion and contained an other matters paragraph regarding the reversal of a litigation provision after the date on which the financial statements were approved to be issued and before the date that the review report was issued. The impact of the reversal of the litigation provision in the period subsequent to 30 June 2016 leads to an increase of Earnings before interest and taxes and of the Net financial result with RON 40.3 million and respectively RON 65.8 million (corresponding to a decrease of current liabilities of RON 106.1 million), and an increase of Taxes on income with RON 17.0 million (corresponding to a decrease of the deferred tax assets with RON 17.0 million), resulting in a total net impact of increasing of the Net income for the period, and of the Equity with RON 89.1 million.

EY, headquartered at Bucharest Tower Center Building, 15-17, Ion Mihalache Blvd, 21st floor, Bucharest, Sector 1, 011171, Romania, is registered with the Trade Registry under no. J40/5964/1999, having Sole Registration Code RO11909783, and is a member of the Chamber of Financial Auditors of Romania, being registered in the Public Registry of Financial Auditors.

EY has given and not withdrawn its written consent for the inclusion of its audit reports and review report, as identified above, in this Prospectus in the form and context in which they appear and has authorised the contents of those reports, for the purposes of item 23.1 of Annex I and item 23.1 of Annex X of Commission Regulation (EC) 809/2004. For the purposes of Commission Regulation (EC) 809/2004, EY has stated that it is responsible for such reports identified above, as part of this Prospectus and declare that they have taken all reasonable care to ensure that the information in each such report is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex I and item 1.2 of Annex X of Commission Regulation (EC) 809/2004.

GENERAL INFORMATION

1. Listing and Trading

It is expected that the GDRs will be admitted, subject only to the issue of the Master Regulation S GDR and the Master Rule 144A GDR, to listing on the Official List by the United Kingdom FCA on or around the Closing Date. Application will be made for the GDRs to be traded on the London Stock Exchange through its IOB on the Closing Date. Transactions in GDRs will normally be effected for delivery on the second working day after the day of the transaction.

2. Authorisations

The Company has obtained all statutory consents, corporate approvals and authorisations necessary in connection with the Offer Shares, the issue of GDRs, the listing of the GDRs on the Official List of the United Kingdom FCA and the admission to trading of the GDRs on the London Stock Exchange's main market for listed securities.

3. Documents Available for Inspection

Copies of the following documents will be available on the Company's website:

- this Prospectus;
- the Company's Articles of Association; and
- the Financial Statements, including the independent auditor's reports thereon.

4. Final Offer Price

The Shares are each issued and fully paid with a par value of RON 0.1. The GDRs are denominated in US dollars but have no par value. The Final Offer Price will be determined based on the results of the bookbuilding exercise conducted by the Managers. The results of the Offering will be made public by the Selling Shareholder through a press release and notice to the Romanian FSA and Bucharest Stock Exchange on the Allocation Date. The relevant pricing notification will be published on the Selling Shareholder's website www.fondulproprietatea.ro, on the Company's website www.omvpetrom.com and through the Regulatory News Service of the London Stock Exchange.

5. GDR Depositary

Holders of GDRs may contact Citibank, N.A., as GDR Depositary with questions relating to the transfer of GDRs on the books of the GDR Depositary, which shall be maintained at the GDR Depositary's office at: 388 Greenwich Street, 14th Floor, New York, NY 10013, United States of America.

If definitive certificates are issued in exchange for the Master GDRs, the Company will appoint an agent in the United Kingdom.

6. Significant Change

After the date on which the interim condensed consolidated financial statements as of and for the six month period ended 30 June 2016 were approved to be issued, the final date of appeal by the counterparty in a litigation won by the Company expired. A provision is recorded in the interim condensed consolidated financial statements as of 30 June 2016 in relation to the respective litigation. The impact of the reversal of the litigation provision in the period subsequent to 30 June 2016 leads to an increase in earnings before interest and taxes and in net financial result of RON 40 mn and RON 66 mn, respectively (corresponding to a decrease in current liabilities of RON 106 mn), and an increase in

taxes on income of RON 17 mn (corresponding to a decrease of the deferred tax assets of RON 17 mn), resulting in a total net impact of increasing net income for the period and equity by RON 89 mn.

Except as set forth above, there has been no significant change since 30 June 2016 (which represents the end of the last financial period in relation to which financial information has been published) in the financial or trading position of the Group.

7. Subsidiaries

As of the date of this Prospectus, the Company had 11 consolidated subsidiaries.

8. Information not applicable to the Prospectus under Annex I, Annex III and Annex X - Regulation (EC) 809/2004

The following points from Annex 1, to the Regulation (EC) no. 809/2004 are not applicable to the Prospectus:

Annex I: items 2.2.; 6.1.2.; 10.4; 13; 14.1 on family relationships; 14.2 on restrictions with respect to holdings; 20.2; 20.4.2; 21.1.2; 21.1.4; 21.1.6; 21.2.6.

Annex III: items 4.4; 4.6; 4.7; 4.9; 4.10; 5.1.4; 5.1.10; 5.2.2; 5.2.3 (d), (e), (f); 5.2.5; 5.3.3; 5.3.4; 6.1; 6.3; 6.4; 6.5; 9.1; 9.2; 10.2; 10.3; 10.4.

Annex X: items 2.2.; 6.1.2.; 10.4; 13; 14.1 on family relationships; 20.3.2; 21.1.2; 21.1.4; 21.1.6; 21.2.6; 27.8; 27.9; 27.12; 27.13; 27.16.1; 27.16.2; 27.17.3; 28.12; 29.1.3; 29.1.9; 29.2.2; 29.2.3.2; 29.2.3.4; 29.2.3.5; 29.2.3.6; 29.2.4; 29.3.3; 30.2-30.9.

DEFINITIONS AND GLOSSARY OF SELECTED TERMS

1P	Proved reserves.
2D	Two-dimensional.
2P	Proved plus probable reserves.
3D	Three-dimensional.
3P	Proved plus probable plus possible reserves.
2010 PD Amending Directive	Directive 2010/73/EU.
2013 Financial Statements	The audited consolidated financial statements of the Company and its subsidiaries as of and for the year ended 31 December 2013.
2014 Financial Statements	The audited consolidated financial statements of the Company and its subsidiaries as of and for the year ended 31 December 2014.
2015 Financial Statements	The audited consolidated financial statements of the Company and its subsidiaries as of and for the year ended 31 December 2015.
ACER	Agency for Cooperation of Energy Regulators.
Allocation Date	The Business Day following the last day of the Offer Period.
Annual Financial Statements	The 2013, 2014 and 2015 Financial Statements.
ANPM	The National Environmental Agency of Romania.
ANRE	National Regulatory Authority for Energy of Romania.
ANRE of Moldova	The National Regulatory Authority for Energy of the Republic of Moldova.
ANRM	National Agency for Mineral Resources of Romania.
Articles of Association	The Company's articles of association, as updated on 23 May 2011, based on the General Meeting of Shareholders resolution no. 1 of 26 April 2011.
Astra	Rafinaria Astra Romana S.A.
bbl	Barrel(s).
bcf	Billion cubic feet.
bcm	Billion cubic metres.
BGN	The lawful currency of Bulgaria.
BMS	Business Management System.
bn	Billion.
bn toe	Bilion tons oil equivalent.
boe	Barrel of oil equivalent.
BRM	Bucharest Commodity Exchange.
Bucharest Stock Exchange	Bursa de Valori Bucuresti S.A.

Business Day	A day on which banks are open for business in Romania.
Capital Markets Law	Law no. 297/2004 on capital markets, as amended.
cbm	Cubic metres.
CCS	Current cost of supply.
CEE	Central and Eastern Europe.
CEO	Chief executive officer.
CER	Certified emission reductions.
CISA	The Swiss Federal Act on Collective Investment Schemes.
Clean CCS EBIT	Earnings before interest and tax adjusted for special items and CCS effects.
Clearstream, Luxembourg	Clearstream Banking, société anonyme.
Closing Date	Expected to be on or around 19 October 2016.
CNG	Compressed natural gas.
CNP	The National Prognosis Commission of Romania.
CO	The Swiss Code of Obligations.
Commission's Proposal	The proposal published by the European Commission on 14 February 2013 for a Directive for a common Financial Transactions Tax in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia.
Companies Law	Romanian Companies Law no. 31/1990, as subsequently amended.
Company	OMV Petrom S.A.
Company Agreement	The agreement entered into between the Company and the Managers on or around the date of this Prospectus.
Competition Council	The Romanian Competition Council.
Conpet	Conpet S.A.
Construction Tax	The tax on the gross book value of constructions owned by the Company at a current rate of 1% annually.
Corporate Governance Code	The Corporate Governance Code issued by the Bucharest Stock Exchange.
Custodian	Citibank Europe plc, Dublin – Romania Branch.
D&M	DeGolyer and McNaughton.
DFSA	The Dubai Financial Services Authority.
Deposit Agreements	The deposit agreements to be entered into on or before the Closing Date between the Company and the GDR Depositary.
Deposited Shares	Shares on deposit with the Custodian and registered in the name of the GDR Depositary.
Directive on Markets in Financial Instruments	Directive 2004/39/EC, as amended.
Domino-1	The Domino-1 exploration well.

EBIT	Earnings before interest and taxes.
EBITD	Earnings before interest, taxes, depreciation and amortisation, impairments and write-ups of fixed assets.
EBRD	European Bank for Reconstruction and Development.
EC	European Commission.
EEA	European Economic Area.
EGM	The Company's extraordinary general meeting of shareholders.
EIB	European Investment Bank.
Energy Law	Law No. 123/2012 of 16 July 2012 on electricity and natural gas, as amended.
ERU	Emission reduction unit.
ETS	Emissions trading system.
EU	European Union.
EUA	EU ETS allowances.
EU Judgment	A court judgment rendered in an EU member state other than Romania.
EUR, euro and €	The lawful currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro, as amended.
Euroclear	Euroclear Bank SA/NV.
Exchange Act	US Securities Exchange Act of 1934, as amended.
Expert Petroleum	Expert Petroleum S.R.L.
EWRM	Enterprise Wide Risk Management.
Executive Board	The Executive Board of the Company.
ExxonMobil	ExxonMobil Exploration and Production Romania Limited.
EY	Ernst & Young Assurance Services S.R.L.
Final Offer Price	The final offer price of Offer Securities.
Financial Statements	The Annual Financial Statements together with the Interim Financial Statements.
Fondul Proprietatea	Fondul Proprietatea S.A.
FRD	Field redevelopment project.
Free Cash Flow	Net cash from operating activities less net cash used in investing activities.
FSMA	United Kingdom Financial Services and Markets Act 2000, as amended.
FTT	Financial transactions tax.
G2P	Gas-to-power.
GC	Green certificate.

GDP	Gross domestic product.
GDR Depositary	Citibank, N.A.
GDRs	Global depositary receipts.
GDR Terms and Conditions	The terms and conditions of the GDRs.
General Meeting of Shareholders	A general meeting of the Company's shareholders.
GHG	Greenhouse gas.
Glencore	Glencore Aktiengesellschaft and Glencore Limited.
G&A	General and administrative.
G&G	Geological and geophysical.
HFO	Heavy fuel oil.
Holder	Holder of GDRs.
HSSE	Health, safety, security and environment.
Households (with respect to gas market only)	Households including thermal power producers, for the gas quantities used to produce heat destined to household consumption.
Heat producers for households	Thermal power producers, for the gas quantities used to produce heat destined to household consumption.
Hunt Oil	Hunt Oil Company of Romania S.R.L.
IAS	International Accounting Standards.
IFRS	International Financial Reporting Standards.
Institutional Investors	((i) credit institutions, (ii) investment firms, (iii) undertakings for collective investments (collective investment schemes, investment companies and/or investment management companies), (iv) insurance companies, (v) pension funds and management companies of such funds, (vi) traders, (vii) trust companies, (viii) international financial institutions (IFIs), and (ix) other financial institutions, including depositary banks.
Institutional Tranche	The Offer Securities (2,912,880,086 Shares (in the form of Offer Shares and Offer GDRs)) that will be offered to ((i) credit institutions, (ii) investment firms, (iii) undertakings for collective investments (collective investment schemes, investment companies and/or investment management companies), (iv) insurance companies, (v) pension funds and management companies of such funds, (vi) traders, (vii) trust companies, (viii) international financial institutions (IFIs), and (ix) other financial institutions, including depositary banks.
Interim Financial Statements	The unaudited reviewed interim condensed consolidated financial statements of the Company and its subsidiaries as of and for the six months ended 30 June 2016, including comparative figures for the six months ended 30 June 2015.
IMF	International Monetary Fund.
IOB	International Order Book.

IT	Information technology.
kboe/d	Thousand barrels of oil equivalent per day.
kt	Thousand tonnes.
Large Retail Investors	Any individual or legal entity who does not meet the criteria to qualify as an Institutional Investor and who cumulatively subscribes for at least 1,500,001 Offer Shares.
Large Retail Tranche	10% of the Offer Securities (364,110,011 Shares (in the form of Offer Shares and Offer GDRs)) that will be initially offered to any individual or legal entity who does not meet the above criteria to qualify as Institutional Investor and who cumulatively subscribes for at least 1,500,001 Offer Shares.
Law No. 137/2002	Law no. 137/2002 regarding certain measures for accelerating privatisation.
LNG	Liquefied natural gas.
LPG	Liquefied petroleum gas.
London Stock Exchange	London Stock Exchange plc.
LTIR	Lost-time injury rate.
Managers	Goldman Sachs International, Banca Comerciala Romana S.A., Erste Group Bank AG and WOOD & Company Financial Services, a.s.
Master GDR	Master Regulation S GDR together with the Master Rule 144A GDR.
Master Regulation S GDR	Master Regulation S Global Depositary Receipt evidencing the Regulation S GDRs.
Master Rule 144A GDR	Master Rule 144A Global Depositary Receipt evidencing the Rule 144A GDRs.
Maximum Price	RON 0.244 per Offer Share and USD 9.16 per Offer GDR.
MDL	The lawful currency of the Republic of Moldova.
Member States	Member states of the European Economic Area.
mn	Million.
mn bbl	Million barrels.
mn boe	Million barrels of oil equivalent.
mn t	Million tonnes.
mn t/y	Million tonnes per year.
MW	Megawatt.
MWh	Megawatt per hour.
NBR	National Bank of Romania.
Neptun Deep	The deep-water sector of the Neptun block in the Black Sea.
NGL	Natural gas liquids.

NIS	The National Institute of Statistics of Romania.
n.m.	Not meaningful.
Non-EU Judgment	A judgment of a court of law of a non-EU member state made <i>in personam</i> for a certain sum, which is not impeachable as void or voidable under the internal laws of the foreign jurisdiction.
Non-households (with respect to gas market only)	Non-households excluding thermal power producers, for the gas quantities used to produce heat destined to household consumption.
Notification	A certificate of approval provided by the Romanian FSA to the United Kingdom FCA, attesting that this Prospectus has been drawn up in accordance with the Prospectus Directive.
Norms	The methodology norms for the application of Law 238/2004, approved by Government Decision 2075/24 of November 2004, published in Official Gazette 1170 of 10 December 2004, as amended.
NSI of Bulgaria	The National Statistical Institute of Bulgaria.
NTS	National transmission system.
Offer GDRs	GDRs (which represent Shares) offered pursuant to the Offering.
Offering	An offer by the Selling Shareholder of up to 3,641,100,108 existing Shares in the form of Shares and GDRs which represent the Shares.
Offer Period	The period from 6 October 2016 up to and including 13 October 2016.
Offer Securities	The Offer GDRs together with the Offer Shares.
Offer Shares	Shares comprising the Offering.
Offer Tranches	The three tranches into which the Offering is split, consisting of the Small Retail Tranche, the Large Retail Tranche and the Institutional Tranche.
Official List	The official list of the United Kingdom FCA.
Oil Terminal	Oil Terminal S.A.
Ordinary General Meeting of Shareholders	The Company's annual ordinary general meeting of shareholders.
OMV	OMV Aktiengesellschaft.
OMV Petrom	OMV Petrom S.A.
OPEC	Organisation of the Petroleum Exporting Countries.
Opcom	Opcom S.A.
Parent Subsidiary Directive	Directive 2011/96 /EU.
Participating Member States	Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia.

PEC	Production enhancement contract.
PEC Țicleni	PEC for seven fields in Țicleni area, Romania.
PEC Timiș	PEC for 13 fields in Timiș area, Romania.
PEC Turnu	PEC for six fields in Arad area, Romania.
Petroleum Law	Law No. 238/2004, as amended.
PetroSantander	PetroSantander Romania S.R.L.
PFIC	Passive foreign investment company.
Placing Agreement	The placing agreement entered into among the Selling Shareholder and the Managers dated on or around the date of this Prospectus.
Pricing Agreement	The pricing agreement between the Selling Shareholder and the Managers in relation to the Final Offer Price to be entered into on or around the Allocation Date.
Privatisation Agreement	The privatisation agreement for the Company.
PRMS	Petroleum Resources Management System.
Prospectus Directive	Directive 2003/71/EC (and amendments thereto, including 2010 PD Amending Directive, to the extent implemented by an EEA member state).
QIB	Qualified institutional buyers as defined in Rule 144A under the US Securities Act of 1933.
Qualified Investor	Any legal entity which is a qualified investor as defined in Article 2(1)(e) of the Prospectus Directive.
Regulation no. 1215/2012	Council Regulation (EU) no. 1215/2012 of the European Parliament and of the Council on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters.
Regulation S	Regulation S under the Securities Act.
Regulation S Facility	The Regulation S facility established and maintained pursuant to the Deposit Agreements.
Regulation S GDRs	The GDRs offered and sold outside the United States.
Relevant Implementation Date	The date on which the Prospectus Directive is implemented in a relevant member state.
Relevant Member State	Each member state of the EEA that has implemented the Prospectus Directive.
REMIT	EU Regulation 2011/1227 on wholesale energy market integrity and transparency.
Renewable Energy Act	Law 220/2008 on the promotion of renewable energy production, as amended.
Repsol	The Repsol Group.
Retail Investors	The investors in any of the Retail Tranches.
Retail Tranches	The Small Retail Tranche and the Large Retail Tranche.

Romanian Central Depository	Depozitarul Central S.A.
Romanian FSA	The Romanian Financial Supervisory Authority.
Romgaz	Romgaz S.A.
RON and Leu	The lawful currency of Romania.
RRM	Registered reporting mechanisms.
RSD	The lawful currency of Serbia.
Rule 144A	Rule 144A under the US Securities Act of 1933.
Rule 144A GDRs	GDRs offered and sold in the United States.
Rule 144A Facility	The Rule 144A facility established and maintained pursuant to the Deposit Agreements.
SCA	The UAE Securities and Commodities Authority.
SEC	United States Securities and Exchange Commission.
SEC-LE basis	Under the SEC standards and guidance issued by the SEC staff in respect thereof, quantities of oil and gas deposits that are required to be limited to quantities expected to be produced during the term of the licences.
SEC-LOF basis	Under the SEC standards and guidance issued by the SEC staff in respect thereof, calculation of quantities of oil and gas deposits through the economic life of the fields.
Securities	The GDRs and the Shares.
Securities Act	US Securities Act of 1933, as amended.
Selling Shareholder	Fondul Proprietatea S.A.
SFO	The Securities and Futures Ordinance.
Shares	The ordinary shares of the Company.
Shares Transaction Date	On or around 17 October 2016.
Skifska	The Skifska licence block in the Black Sea.
Small Retail Investors	Any individual or legal entity who does not meet the criteria to qualify as an Institutional Investor or Large Retail Investor.
Small Retail Tranche	10% of the Offer Securities (364,110,011 Shares (in the form of Offer Shares and Offer GDRs)) that will be initially offered to any individuals or legal entities who do not meet the criteria to qualify as Institutional Investors or Large Retail Investors.
Special Tax on Oil Exploitation	The tax on sales from exploitation of natural resources other than gas.
Subscription Form	The form by which a subscription is made.
Supervisory Board	The Supervisory Board of the Company.
South-Eastern Europe	The region comprising Bulgaria, the Republic of Moldova, Romania and Serbia.
Tax on Additional Gas Revenues	The tax on additional revenues from gas price liberalisation.
TOC	Tasbulat Oil Corporation.

Transelectrica	Transelectrica S.A.
Transgaz	Transgaz S.A.
TRIR	Total recordable injury rate.
TSO	Transmission system operator.
TWh	Terawatt hours.
UK	United Kingdom.
UK Holders	The absolute beneficial owners of the GDRs (and any dividends paid in respect of them) in circumstances where the dividends paid are regarded for UK tax purposes as those persons' own income (and not the income of some other person) and who: (i) are resident solely in the UK for tax purposes (except where otherwise indicated); and (ii) do not have a permanent establishment or a fixed base outside the UK with which the holding of the GDRs (and the payment of dividends in respect of the GDRs) is connected.
United Kingdom FCA	United Kingdom Financial Conduct Authority.
UNKS	Association of Oil Companies of Serbia.
US	United States of America.
US\$, \$, US dollar, USD and dollar	The lawful currency of the United States.
VAT	Value added tax.
WP	Well proposal.

OMV Petrom S.A.

Name:

Position:

Signature:

Name:

Position:

Signature:

Fondul Proprietatea S.A.

Name:

Position:

Signature:

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S.C. OMV PETROM S.A.

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

**AS OF AND FOR THE SIX MONTH PERIOD ENDED
JUNE 30, 2016**

Prepared in accordance with International Financial
Reporting Standards as endorsed by the European Union

together with the independent auditors' review report

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Report on review of interim condensed consolidated financial statements to the shareholders of OMV Petrom S.A.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of OMV Petrom S.A. and its subsidiaries (the Group) as of 30 June 2016 and the related interim condensed consolidated statements of income, other comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 Interim Financial Reporting (IAS 34). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Save for any responsibility arising under Prospectus Rule 5.5.3R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex X to Commission Regulation (EC) 809/2004, consenting to its inclusion in the Prospectus.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Other matters

On 18 August 2016, after the date on which the financial statements were approved to be issued and before the date of our review report, the final date of appeal by the counterparty in a litigation won by the Company has expired. A provision is recorded in the interim condensed consolidated financial statements as of 30 June 2016 in relation to the respective litigation.

The impact of the reversal of the litigation provision in the period subsequent to 30 June 2016 leads to an increase of Earnings before interest and taxes and of the Net financial result with RON 40.3 million and respectively RON 65.8 million (corresponding to a decrease of current liabilities of RON 106.1 million), and an increase of Taxes on income with RON 17.0 million (corresponding to a decrease of the deferred tax assets with RON 17.0 million), resulting in a total net impact of increasing of the Net income for the period, and of the Equity with RON 89.1 million.

On behalf of

Ernst & Young Assurance Services SRL

Bogdan Ion
Partner

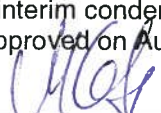
15 September 2016
Bucharest, Romania



S.C. OMV PETROM S.A. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2016
(all amounts are expressed in million RON, unless otherwise specified)

	Unaudited	Audited
	June 30, 2016	December 31, 2015
ASSETS		
Intangible assets	2,522.99	2,430.02
Property, plant and equipment	28,815.69	29,278.19
Investments in associated companies	42.07	40.69
Other financial assets	2,687.40	2,627.56
Other assets	79.44	80.29
Deferred tax assets	1,550.24	1,562.88
Non-current assets	35,697.83	36,019.63
Inventories	1,951.52	1,965.12
Trade receivables	1,288.41	1,318.28
Other financial assets	211.58	257.09
Other assets	610.71	626.90
Cash and cash equivalents	724.46	812.56
Current assets	4,786.68	4,979.95
Assets held for sale	116.96	118.58
Total assets	40,601.47	41,118.16
EQUITY AND LIABILITIES		
Share capital	5,664.41	5,664.41
Reserves	20,478.08	20,078.72
Stockholders' equity	26,142.49	25,743.13
Non-controlling interests	(57.47)	(55.10)
Total equity	26,085.02	25,688.03
Provisions for pensions and similar obligations	237.22	238.72
Interest-bearing debts	1,263.92	1,423.70
Provisions for decommissioning and restoration obligations	7,877.10	7,941.21
Other provisions	494.68	498.99
Other financial liabilities	239.39	266.26
Deferred tax liabilities	2.36	12.72
Non-current liabilities	10,114.67	10,381.60
Trade payables	1,980.08	2,317.81
Interest-bearing debts	443.84	378.72
Income tax liabilities	57.28	107.10
Other provisions and decommissioning	881.46	911.08
Other financial liabilities	262.30	548.13
Other liabilities	768.05	775.27
Current liabilities	4,393.01	5,038.11
Liabilities associated with assets held for sale	8.77	10.42
Total equity and liabilities	40,601.47	41,118.16

These interim condensed consolidated financial statements and accompanying notes, from page 3 to page 16, were approved on August 8, 2016.


Mariana Gheorghe
Chief Executive Officer


Irina Nadia Dobre
Director Finance Department


Andreas Matje
Chief Financial Officer


Eduard Petrescu
Head of Financial Reporting

S.C. OMV PETROM S.A. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2016
(all amounts are expressed in million RON, unless otherwise specified)

Notes to the interim condensed consolidated statement of financial position

Capital expenditure decreased to RON 1,337 mn (6m/15: RON 2,069 mn), influenced by substantially lower CAPEX in Upstream.

Investments in Upstream activities (RON 1,064 mn) represented 80% of total CAPEX for 6m/16, 45% below the 6m/15 level of RON 1,947 mn, as investments were further prioritized as a reaction to the falling oil prices. Upstream investments were focused on finalizing field redevelopments, workover activities, drilling development wells, surface facilities, as well as investments related to the Neptun Deep project.

Downstream Oil investments (RON 263 mn) were significantly higher than in 6m/15 (RON 118 mn), mainly driven by works associated with the planned refinery turnaround and investments directed to efficiency, as well as to replacement, legal and environmental compliance projects.

Compared to December 31, 2015, total assets decreased by RON 517 mn, to RON 40,601 mn, mainly driven by a net reduction in non-current assets and by a slight reduction in cash and cash equivalents. The increase in intangible assets by RON 93 mn, which is mostly related to the operations at the Neptun Deep block in the Black Sea, was more than offset by the net decrease of RON 463 mn in property, plant and equipment, as depreciation and impairments exceeded investments during the period.

Equity marginally increased to RON 26,085 mn as of June 30, 2016 compared to RON 25,688 mn as of December 31, 2015, as a result of the net profit generated in the current period. The Group's equity ratio¹ increased to 64% at the end of June 2016, slightly higher than the level of December 2015 (62%).

Total interest bearing debt decreased from RON 1,802 mn as of December 31, 2015 to RON 1,708 mn as of June 30, 2016, following partial reimbursements and RON appreciation vs. USD in the first six months of 2016.

The Group's liabilities other than interest bearing debt decreased by RON 819 mn, predominantly as a consequence of lower trade payables and other financial liabilities, broadly reflecting the reduction in capital expenditure and the completion of the exploration drilling campaign in the Black Sea.

OMV Petrom Group's net debt² remained at a similar level to December 31, 2015 of around RON 1.3 bn. Gearing ratio³ slightly decreased to 4.83% (December 31, 2015: 5.01%).

¹ Equity ratio is calculated as Total equity divided by Total assets (%)

² Net debt is calculated as interest bearing debt plus finance lease liabilities less cash and cash equivalents

³ Gearing ratio is calculated as Net debt divided by Total equity (%)

S.C. OMV PETROM S.A. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS AND THE THREE MONTHS ENDED JUNE 30, 2016
(all amounts are expressed in million RON, unless otherwise specified)

Unaudited			Unaudited	
Q2 2016	Q2 2015		6 months 2016	6 months 2015
3,633.09	4,540.24	Sales revenues	7,191.63	8,810.98
(66.96)	(102.65)	Direct selling expenses	(145.66)	(211.19)
(2,966.66)	(3,255.75)	Cost of sales	(5,883.42)	(6,398.83)
599.47	1,181.84	Gross profit	1,162.55	2,200.96
79.22	232.93	Other operating income	345.92	286.61
(245.75)	(233.75)	Selling expenses	(459.59)	(465.57)
(26.48)	(45.40)	Administrative expenses	(63.90)	(98.79)
(86.78)	(133.27)	Exploration expenses	(143.60)	(199.55)
(101.62)	(216.23)	Other operating expenses	(280.72)	(443.39)
218.06	786.12	Earnings before interest and taxes (EBIT)	560.66	1,280.27
2.10	2.07	Income from associated companies	5.33	3.74
14.49	139.96	Interest income	83.84	149.10
(85.31)	(72.98)	Interest expenses	(160.95)	(152.18)
(17.46)	(26.09)	Other financial income and expenses	(14.00)	20.42
(86.18)	42.96	Net financial result	(85.78)	21.08
131.88	829.08	Profit before tax	474.88	1,301.35
(15.24)	(138.00)	Taxes on income	(70.02)	(265.01)
116.64	691.08	Net income for the period	404.86	1,036.34
117.73	692.54	thereof attributable to stockholders of the parent	408.27	1,041.36
(1.09)	(1.46)	thereof attributable to non-controlling interests	(3.41)	(5.02)
0.0021	0.0122	Basic earnings per share (RON)	0.0072	0.0184

Notes to the interim condensed consolidated income statement

Second quarter 2016 (Q2/16) vs. second quarter 2015 (Q2/15)

Consolidated sales in Q2/16 amounted to RON 3,633 mn and were 20% below Q2/15, mainly due to lower petroleum products sales, following the further decline in oil prices and lower quantities sold (as a consequence of the Petrobrazil refinery planned turnaround), and due to lower sales of natural gas. These negative effects were partially offset by higher sales of electricity. Downstream Oil represented 75% of total consolidated sales, while Downstream Gas accounted for 22% and Upstream for 3% (sales in Upstream being largely intra-group sales rather than third-party sales).

The Group's EBIT for Q2/16 amounted to RON 218 mn, well below the result recorded in Q2/15 of RON 786 mn, driven by lower sales revenues and lower operating income, as Q2/15 was positively influenced by the outcome from a legal dispute. These effects were only partially offset by the decrease in exploration expenses, mostly due to lower expenses in the Neptun block, and by the favorable development of provisions for outstanding receivables in the gas business.

The net financial result in Q2/16 was showing a loss of RON (86) mn, compared to a gain of RON 43 mn in Q2/15, as Q2/15 was positively influenced by income from a legal dispute.

Consequently, the profit before tax for Q2/16 of RON 132 mn was significantly lower than the RON 829 mn recorded in Q2/15.

Corporate income tax level of RON 15 mn led to an effective tax rate of 12% in Q2/16.

The net income attributable to stockholders (i.e. net income attributable to stockholders of the parent) was RON 118 mn. EPS was RON 0.0021 in Q2/16 vs. RON 0.0122 in Q2/15.

S.C. OMV PETROM S.A. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS AND THE THREE MONTHS ENDED JUNE 30, 2016
(all amounts are expressed in million RON, unless otherwise specified)

January to June 2016 (6m/16) vs. January to June 2015 (6m/15)

Consolidated sales of RON 7,192 mn for 6m/16 decreased by 18% compared to 6m/15, mainly as a result of the deteriorating crude oil price environment, in addition to lower natural gas sales, partially offset by higher quantity of power sold. Downstream Oil represented 70% of total consolidated sales, Downstream Gas accounted for 27% and Upstream for 3% (sales in Upstream being largely intra-group sales rather than third party sales).

The Group's EBIT amounted to RON 561 mn (6m/15: RON 1,280 mn), significantly impacted by the decline of international quotations, partially offset by lower exploration cost and the by the favorable development of provisions for outstanding receivables in the gas business.

The net financial result decreased to a loss of RON (86) mn, compared with a gain of RON 21 mn in 6m/15, the latter being influenced by the late payment interest income from a litigation settlement. The evolution of RON vs. USD in 6m/16 vs 6m/15 also had a negative impact on the financial result.

The current income tax charge in 6m/16 was RON 65 mn and deferred tax expenses amounted to RON 5 mn; the effective tax rate for 6m/16 was 15% (20% in 6m/15). The effective tax rate from 6m/15 was influenced by the activities in Kazakhstan and the finalization of the fiscal review in Romania.

Net income attributable to stockholders (i.e. net income attributable to stockholders of the parent) was RON 408 mn (6m/15: RON 1,041 mn), with EPS RON 0.0072 in 6m/16 (6m/15: RON 0.0184).

S.C. OMV PETROM S.A. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS AND THE THREE MONTHS ENDED JUNE 30, 2016
(all amounts are expressed in million RON, unless otherwise specified)

Unaudited			Unaudited	
Q2 2016	Q2 2015		6 months 2016	6 months 2015
116.64	691.08	Net income for the period	404.86	1,036.34
(0.06)	12.43	Exchange differences from translation of foreign operations	(1.82)	(0.52)
(2.74)	(13.79)	Gains/(losses) on hedges	(14.21)	(10.14)
(2.80)	(1.36)	Total of items that may be reclassified ("recycled") subsequently to the income statement	(16.03)	(10.66)
(8.35)	8.88	Income tax relating to items that may be reclassified ("recycled") subsequently to the income statement	8.18	(16.49)
(8.35)	8.88	Total income taxes relating to components of other comprehensive income	8.18	(16.49)
(11.15)	7.52	Other comprehensive income/(loss) for the period, net of tax	(7.85)	(27.15)
105.49	698.60	Total comprehensive income for the period	397.01	1,009.19
108.39	698.78	thereof attributable to stockholders of the parent	399.30	1,017.31
(2.90)	(0.18)	thereof attributable to non-controlling interests	(2.29)	(8.12)

S.C. OMV PETROM S.A. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2016
(all amounts are expressed in million RON, unless otherwise specified)

	Share capital	Revenue reserves	Other reserves ¹⁾	Treasury shares	Stockholders' equity	Non-controlling interests	Total equity
Balance at January 1, 2016 (audited)	5,664.41	20,059.80	18.94	(0.02)	25,743.13	(55.10)	25,688.03
Net income/(loss) for the period	-	408.27	-	-	408.27	(3.41)	404.86
Other comprehensive income/(loss) for the period	-	-	(8.97)	-	(8.97)	1.12	(7.85)
Total comprehensive income/(loss) for the period	-	408.27	(8.97)	-	399.30	(2.29)	397.01
Dividends distribution *)	-	-	-	-	-	(0.08)	(0.08)
Other increases	-	-	0.06	-	0.06	-	0.06
Balance at June 30, 2016 (unaudited)	5,664.41	20,468.07	10.03	(0.02)	26,142.49	(57.47)	26,085.02

*) At the Annual General Meeting of Shareholders held on April 26, 2016, the shareholders of OMV Petrom S.A. approved the Executive Board's proposal not to distribute dividends for the financial year 2015.

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	Share capital	Revenue reserves	Other reserves ¹⁾	Treasury shares	Stockholders' equity	Non-controlling interests	Total equity
Balance at January 1, 2015 (audited)	5,664.41	21,341.07	36.11	(0.02)	27,041.57	(36.29)	27,005.28
Net income/(loss) for the period	-	1,041.36	-	-	1,041.36	(5.02)	1,036.34
Other comprehensive loss for the period	-	-	(24.05)	-	(24.05)	(3.10)	(27.15)
Total comprehensive income/(loss) for the period	-	1,041.36	(24.05)	-	1,017.31	(8.12)	1,009.19
Dividends distribution *)	-	(634.41)	-	-	(634.41)	(0.09)	(634.50)
Change in interests	-	-	-	-	-	0.01	0.01
Balance at June 30, 2015 (unaudited)	5,664.41	21,748.02	12.06	(0.02)	27,424.47	(44.49)	27,379.98

*) At the Annual General Meeting of Shareholders held on April 28, 2015, the shareholders of OMV Petrom S.A. approved the distribution of dividends for the financial year 2014 in gross amount of RON 634 million (RON 0.0112 per share). Payment of the dividends started on June 12, 2015.

¹⁾ Other reserves contain mainly exchange rate differences from the translation of foreign operations, reserves from business combinations in stages, unrealized gains and losses from hedges, exchange differences on loans considered net investment in a foreign operation and land for which ownership was obtained but was not included in share capital

S.C. OMV PETROM S.A. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2016
(all amounts are expressed in million RON, unless otherwise specified)

	Unaudited	
	6 months 2016	6 months 2015
Profit before taxation	474.88	1,301.35
Net change in provisions	(147.41)	(226.43)
Gains on the disposal of non-current assets	(8.33)	(4.58)
Depreciation, amortization including write-ups	1,746.97	1,847.43
Net interest received / (paid)	(33.46)	124.79
Tax on profit paid	(106.37)	(420.03)
Other non-monetary adjustments	18.93	(112.78)
Cash generated from operating activities before working capital movements	1,945.21	2,509.75
Decrease in inventories	0.68	56.24
(Increase) / decrease in receivables	32.53	(103.12)
Decrease in liabilities	(207.16)	(12.52)
Cash flow from operating activities	1,771.26	2,450.35
Intangible assets and property, plant and equipment	(1,765.33)	(2,898.34)
Proceeds from sale of non-current assets	6.21	24.63
Cash flow from investing activities	(1,759.12)	(2,873.71)
Net drawings / (repayments) of loans	(100.43)	149.57
Dividends paid	(0.40)	(628.35)
Cash flow from financing activities	(100.83)	(478.78)
Effect of foreign exchange rate changes on cash and cash equivalents	0.59	6.22
Net decrease in cash and cash equivalents	(88.10)	(895.92)
Cash and cash equivalents at the beginning of the period	812.56	1,267.98
Cash and cash equivalents at the end of the period	724.46	372.06

Notes to the interim condensed consolidated statement of cash flows

In 6m/16, the inflow of funds from profit before tax, adjusted for non-cash items such as depreciation and impairments, net change of provisions and other non-cash adjustments, as well as net interest and income tax paid was RON 1,945 mn (6m/15: RON 2,510 mn), while net working capital generated a cash outflow of RON 174 mn (6m/15: RON 59 mn). Cash flow from operating activities decreased by RON 679 mn compared to 6m/15, reaching RON 1,771 mn, mainly reflecting the challenging market environment, combined with weaker refining margins.

In 6m/16, the cash flow from investing activities resulted in an outflow of RON 1,759 mn (6m/15: RON 2,874 mn) mainly related to payments for investments in intangible assets and property, plant and equipment.

Free cash flow (defined as cash flow from operating activities less cash flow from investing activities) showed an inflow of funds of RON 12 mn (6m/15: outflow of RON 423 mn). Free cash flow less dividend payments resulted in a cash inflow of RON 12 mn (6m/15: outflow of RON 1,052 mn).

Cash flow from financing activities reflected a net outflow of funds amounting to RON 101 mn (6m/15: RON 479 mn), mainly arising from the repayment of the tranches from the loans from the European Investment Bank and the European Bank for Reconstruction and Development.

S.C. OMV PETROM S.A. AND SUBSIDIARIES
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2016
(all amounts are expressed in million RON, unless otherwise specified)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Legal principles

The interim condensed consolidated financial statements as of and for the six month period ended June 30, 2016 (6m/16) have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as of December 31, 2015.

The interim condensed consolidated financial statements for 6m/16 have been prepared in million RON (RON mn, RON 1,000,000). Accordingly there may be rounding differences.

2. General accounting policies

The accounting policies and valuation methods adopted in preparation of the interim condensed consolidated financial statements are consistent with those followed in preparation of the Group's annual consolidated financial statements for the year ended December 31, 2015, except as described herein.

The following new and amended standards and interpretations have been implemented since January 1, 2016. None has had a material impact on the interim condensed consolidated financial statements.

- Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations
- Amendments to IAS 1 Disclosure Initiative
- Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization
- Amendments to IAS 27 Equity Method in Separate Financial Statements
- Annual Improvements to IFRSs 2012-2014 Cycle
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investments Entities: Applying the Consolidation Exception

In addition to those presented in the Group's annual consolidated financial statements for the year ended December 31, 2015, the following standards, revisions and interpretations were issued by IASB, but are not yet effective, were not yet adopted by the EU and were not early adopted by the Group:

- Clarifications to IFRS 15 Revenue from Contracts with Customers
- Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealized Losses
- Amendments to IAS 7 Disclosure Initiative
- Amendments to IFRS 2 Classification and Measurement of Share based Payment Transactions

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

3. Group structure

The detailed structure of the consolidated companies in OMV Petrom Group at June 30, 2016 is presented below. Compared with the consolidated financial statements as of December 31, 2015, the subsidiaries OMV Petrom Ukraine E&P GmbH and OMV Petrom Ukraine Finance Services GmbH were liquidated during 2016, having an immaterial effect on the Group's financials.

S.C. OMV PETROM S.A. AND SUBSIDIARIES
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2016
(all amounts are expressed in million RON, unless otherwise specified)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

Parent company

OMV Petrom S.A.

Subsidiaries

Upstream		Downstream Oil	
Tasbulat Oil Corporation LLP (Kazakhstan) ¹	100.00%	OMV Petrom Marketing S.R.L.	100.00%
Kom Munai LLP (Kazakhstan)	95.00%	OMV Petrom Aviation S.A.	99.99%
Petrom Exploration & Production Ltd.	99.99%	ICS Petrom Moldova S.A. (Republic of Moldova)	100.00%
		OMV Bulgaria OOD (Bulgaria)	99.90%
		OMV Srbija DOO (Serbia)	99.96%
Downstream Gas		Corporate & Other	
OMV Petrom Gas S.R.L.	99.99%	Petromed Solutions S.R.L.	99.99%
OMV Petrom Wind Power S.R.L.	99.99%		

¹ Owned through Tasbulat Oil Corporation BVI as holding company

Associated company, accounted for at equity

OMV Petrom Global Solutions S.R.L. 25.00%

The detailed structure of the consolidated companies in OMV Petrom Group at December 31, 2015 is presented below:

Parent company

OMV Petrom S.A.

Subsidiaries

Upstream		Downstream Oil	
Tasbulat Oil Corporation LLP (Kazakhstan) ¹	100.00%	OMV Petrom Marketing S.R.L.	100.00%
OMV Petrom Ukraine E&P GmbH	100.00%	OMV Petrom Aviation S.A.	99.99%
OMV Petrom Ukraine Finance Services GmbH	100.00%	ICS Petrom Moldova S.A. (Republic of Moldova)	100.00%
Kom Munai LLP (Kazakhstan)	95.00%	OMV Bulgaria OOD (Bulgaria)	99.90%
Petrom Exploration & Production Ltd.	99.99%	OMV Srbija DOO (Serbia)	99.96%
Downstream Gas		Corporate & Other	
OMV Petrom Gas S.R.L.	99.99%	Petromed Solutions S.R.L.	99.99%
OMV Petrom Wind Power S.R.L.	99.99%		

¹ Owned through Tasbulat Oil Corporation BVI as holding company

Associated company, accounted for at equity

OMV Petrom Global Solutions S.R.L. 25.00%

S.C. OMV PETROM S.A. AND SUBSIDIARIES
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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(all amounts are expressed in million RON, unless otherwise specified)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Seasonality and cyclicalit

Seasonality is of particular significance in Downstream businesses, as presented below.

Consumption of natural gas, electricity, heat and certain oil products is seasonal and is significantly affected by climatic conditions. Natural gas consumption is generally higher during the cold winter months. Electricity consumption is also generally higher during winter as a supplementary measure to produce heat and due to fewer daylight hours and need for more artificial lighting. However, during very hot summer periods, the increased usage of air cooling systems can also significantly increase electricity consumption. Natural gas sales and electricity generation may also be significantly affected by climatic conditions, such as unusually hot or cold temperatures. Consequently, our results reflect the seasonal character of the demand for natural gas and electricity, and may be influenced by variations in climatic conditions.

Accordingly, the results of operations of the Downstream Gas business segment and, to a lesser extent, the Downstream Oil business segment, as well as the comparability of results over different periods, may be affected by changes in weather conditions.

5. Exchange rates

OMV Petrom uses the National Bank of Romania (NBR) exchange rates in its consolidation process. Income statements of foreign subsidiaries are translated to RON using average of daily exchange rates published by the National Bank of Romania, detailed below.

Statements of the financial position of foreign subsidiaries are translated to RON using the closing rate method based on exchange rates published by the National Bank of Romania, detailed below.

Q2 2016	Q2 2015	NBR FX rates	6 months 2016	6 months 2015
4.498	4.444	Average EUR/RON FX rate	4.495	4.447
3.984	4.018	Average USD/RON FX rate	4.029	3.989
4.521	4.474	Closing EUR/RON FX rate	4.521	4.474
4.062	3.997	Closing USD/RON FX rate	4.062	3.997

6. Segment reporting

Intersegmental sales

Q2 2016	Q2 2015		6 months 2016	6 months 2015
1,772.86	2,400.79	Upstream	3,304.02	4,453.86
58.95	79.03	Downstream *	128.34	165.85
16.64	25.63	thereof Downstream Oil	37.08	52.94
65.02	84.78	thereof Downstream Gas	152.17	180.31
(22.71)	(31.38)	thereof intersegmental elimination	(60.91)	(67.40)
43.12	50.51	Downstream Oil and Downstream Gas		
		Corporate and Other	83.70	97.92
1,874.93	2,530.33	Total	3,516.06	4,717.63

S.C. OMV PETROM S.A. AND SUBSIDIARIES
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2016
(all amounts are expressed in million RON, unless otherwise specified)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

Sales to external customers

Q2 2016	Q2 2015		6 months 2016	6 months 2015
105.17	169.61	Upstream	216.52	310.66
3,517.03	4,364.46	Downstream *	6,956.93	8,488.77
2,712.96	3,598.97	thereof Downstream Oil	4,994.84	6,420.85
804.07	765.49	thereof Downstream Gas	1,962.09	2,067.92
10.89	6.17	Corporate and Other	18.18	11.55
3,633.09	4,540.24	Total	7,191.63	8,810.98

Total sales¹

Q2 2016	Q2 2015		6 months 2016	6 months 2015
1,878.03	2,570.40	Upstream	3,520.54	4,764.52
3,575.98	4,443.49	Downstream *	7,085.27	8,654.62
2,729.60	3,624.60	thereof Downstream Oil	5,031.92	6,473.79
869.09	850.27	thereof Downstream Gas	2,114.26	2,248.23
(22.71)	(31.38)	thereof intersegmental elimination Downstream Oil and Downstream Gas	(60.91)	(67.40)
54.01	56.68	Corporate and Other	101.88	109.47
5,508.02	7,070.57	Total	10,707.69	13,528.61

¹ Not consolidated

Segment and Group profit

Q2 2016	Q2 2015		6 months 2016	6 months 2015
151.29	531.20	EBIT Upstream	71.29	695.28
274.57	421.57	EBIT Downstream	634.17	766.30
304.64	505.64	thereof EBIT Downstream Oil	616.84	847.22
(30.07)	(84.07)	thereof EBIT Downstream Gas	17.33	(80.92)
(7.79)	(10.48)	EBIT Corporate and Other	(24.66)	(36.09)
418.07	942.29	EBIT segment total	680.80	1,425.49
(200.01)	(156.17)	Consolidation: Elimination of intersegmental profits	(120.14)	(145.22)
218.06	786.12	OMV Petrom Group EBIT	560.66	1,280.27
(86.18)	42.96	Net financial result	(85.78)	21.08
131.88	829.08	OMV Petrom Group profit before tax	474.88	1,301.35

Segment assets²

	June 30, 2016	December 31, 2015
Upstream	23,742.44	24,003.63
Downstream *	7,097.72	7,197.07
thereof Downstream Oil	5,368.49	5,420.51
thereof Downstream Gas	1,729.23	1,776.56
Corporate and Other	498.52	507.51
Total	31,338.68	31,708.21

² Segment assets consist of intangible assets and property, plant and equipment

* Starting with April 1, 2015 the business segments were renamed as follows: Exploration and Production to Upstream, Refining and Marketing to Downstream Oil, Gas and Power to Downstream Gas. Sales Downstream = Sales Downstream Oil + Sales Downstream Gas – intersegmental elimination Downstream Oil and Downstream Gas

S.C. OMV PETROM S.A. AND SUBSIDIARIES
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FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2016
(all amounts are expressed in million RON, unless otherwise specified)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Significant transactions with related parties

Significant transactions in form of supplies of goods and services take place on a constant and regular basis with companies from OMV Group.

During the six month period ended June 30, 2016, OMV Petrom Group had the following significant transactions with related parties (including balances as of June 30, 2016):

Related party	Purchases 6 months 2016	Payable June 30, 2016
OMV Petrom Global Solutions S.R.L.	232.00	37.67
OMV Refining & Marketing GmbH	57.00	32.14
OMV International Services GmbH	2.85	33.63

Related party	Revenues 6 months 2016	Receivable June 30, 2016
OMV Supply & Trading Limited	276.04	-
OMV Deutschland GmbH	70.31	8.40
OMV Trading GmbH	63.12	-
OMV International Services GmbH	0.71	14.12

During the six month period ended June 30, 2015, OMV Petrom Group had the following significant transactions with related parties (including balances as of December 31, 2015):

Related party	Purchases 6 months 2015	Payable Dec 31, 2015
OMV Petrom Global Solutions S.R.L.	250.29	31.20
OMV Refining & Marketing GmbH	128.70	54.88
OMV Supply & Trading Limited	80.17	0.84
OMV Exploration & Production GmbH	41.68	17.73

Related party	Revenues 6 months 2015	Receivable Dec 31, 2015
OMV Supply & Trading Limited	506.30	12.37
OMV Deutschland GmbH	127.36	22.15
OMV Supply & Trading AG	59.98	0.65
OMV International Services GmbH	1.48	14.15

8. Fair value measurement

Financial instruments recognized at fair value are disclosed according to the following fair value measurement hierarchy:

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). The valuation techniques include forward pricing and options pricing models. The models incorporate various inputs including forward rate curves of the underlying commodity, spot prices, time to maturity etc.

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.

S.C. OMV PETROM S.A. AND SUBSIDIARIES
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2016
(all amounts are expressed in million RON, unless otherwise specified)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

	June 30, 2016				December 31, 2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial instruments on asset side								
Derivatives designated and effective as hedging instruments	-	-	-	-	-	-	-	-
Other derivatives	-	6.52	-	6.52	-	105.16	-	105.16
Total	-	6.52	-	6.52	-	105.16	-	105.16

	June 30, 2016				December 31, 2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial instruments on liability side								
Liabilities on derivatives designated and effective as hedging instruments	-	-	-	-	-	-	-	-
Liabilities on other derivatives	-	(0.08)	-	(0.08)	-	(102.05)	-	(102.05)
Total	-	(0.08)	-	(0.08)	-	(102.05)	-	(102.05)

There were no transfers between levels of the fair value hierarchy. There were no changes in the fair value measurement techniques for assets and liabilities that are measured at fair value.

Interest-bearing debts amounting to RON 1,708 million (December 31, 2015: RON 1,802 million) are valued at amortized cost. The estimated fair value of these liabilities was RON 1,745 million (December 31, 2015: RON 1,812 million).

The carrying amount of all other financial assets and financial liabilities that were measured at amortized cost approximates their fair value.

9. Commitments

As at June 30, 2016 the total commitments engaged by OMV Petrom Group for investments, including its share of the aggregate capital commitments for joint arrangements, is of RON 746 million (December 31, 2015: RON 1,261 million).

10. Financial liabilities

As of June 30, 2016, short- and long-term interest bearing debts and finance leases amounted to RON 1,985 mn (December 31, 2015: RON 2,099 mn), thereof RON 278 mn liabilities for finance leases (December 31, 2015: RON 296 mn).

11. Income tax

Q2 2016	Q2 2015		6 months 2016	6 months 2015
15.24	138.00	Taxes on income	70.02	265.01
37.27	190.22	Current taxes	64.78	304.08
(22.03)	(52.22)	Deferred taxes	5.24	(39.07)
12%	17%	Group effective tax rate	15%	20%

S.C. OMV PETROM S.A. AND SUBSIDIARIES
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2016
(all amounts are expressed in million RON, unless otherwise specified)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Subsequent events

Changes in the Supervisory Board: Reinhard Florey has been appointed as an interim member and Deputy President of the Supervisory Board, effective August 1, 2016 until the next General Meeting of Shareholders.

These interim condensed consolidated financial statements and accompanying notes, from page 3 to page 16, were approved on August 8, 2016.

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
ASSETS			
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
Non-current assets		36,019.63	37,242.73
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
Current assets		4,979.95	5,868.33
Assets held for sale	12	118.58	13.71
Total assets		41,118.16	43,124.77
EQUITY AND LIABILITIES			
Share capital	13	5,664.41	5,664.41
Reserves		20,078.72	21,377.16
Stockholders' equity		25,743.13	27,041.57
Non-controlling interests		(55.10)	(36.29)
Total equity		25,688.03	27,005.28
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	-
Non-current liabilities		10,381.60	9,959.84

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
Current liabilities		5,038.11	6,159.65
Liabilities associated with assets held for sale	12	10.42	-
Total equity and liabilities		41,118.16	43,124.77

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 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>
Gross profit		<u>1,359.32</u>	<u>5,246.45</u>
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>
Earnings before interest and taxes (EBIT)		<u>(529.75)</u>	<u>3,338.30</u>
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>
Net financial result		<u>(196.22)</u>	<u>(429.12)</u>
Profit/(loss) from ordinary activities		<u>(725.97)</u>	<u>2,909.18</u>
Taxes on income	25	<u>36.32</u>	<u>(809.51)</u>
Net income/(loss) for the year		<u>(689.65)</u>	<u>2,099.67</u>
thereof attributable to stockholders of the parent		<u>(675.99)</u>	<u>2,102.67</u>
thereof attributable to non-controlling interests		(13.66)	(3.00)
Basic and diluted earnings/(loss) per share in RON	26	(0.0119)	0.0371

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>
Net income/(loss) for the year	(689.65)	2,099.67
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	(51.21)	-
Total of items that may be reclassified ("recycled") subsequently to the income statement	<u>7.35</u>	<u>(29.73)</u>
Remeasurement gains/ (losses) on defined benefit plans	34.56	(21.01)
Total of items that will not be reclassified ("recycled") subsequently to the income statement	<u>34.56</u>	<u>(21.01)</u>
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	(5.53)	3.36
Total income tax relating to components of other comprehensive income	<u>(35.02)</u>	<u>(15.85)</u>
Other comprehensive income/(loss) for the year, net of tax	<u>6.89</u>	<u>(66.59)</u>
Total comprehensive income/(loss) for the year	<u>(682.76)</u>	<u>2,033.08</u>
thereof attributable to stockholders of the parent	(664.03)	2,040.50
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)

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

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 CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2014

(all amounts are expressed in million RON, unless otherwise specified)

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

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
Cash flow from operating activities			
Profit/(loss) before taxation		(725.97)	2,909.18
Adjustments for:			
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)
Cash generated from operating activities before working capital movements		5,136.72	7,149.50
(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
Net cash generated from operating activities		5,282.90	6,829.84
Cash flow from investing activities			
Investments			
Intangible assets and property, plant and equipment		(5,025.23)	(5,909.53)
Investments and other financial assets	31	(0.13)	(45.28)
Disposals			
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
Net cash used for investing activities		(4,953.46)	(5,658.09)
Cash flow from financing activities			
Net drawings/(repayments) of borrowings	31	(163.81)	397.49
Dividends paid		(630.68)	(1,731.04)
Net cash used for financing activities		(794.49)	(1,333.55)
Effect of foreign exchange rate changes on cash and cash equivalents		9.63	21.54
Net decrease in cash and cash equivalents		(455.42)	(140.26)
Cash and cash equivalents at the beginning of the year		1,267.98	1,408.24
Cash and cash equivalents at the end of the year		812.56	1,267.98

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)

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>
Total	<u>100.00%</u>

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)

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

	2016	2017	2018	2019	2020 and thereafter
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

	2015	2016	2017	2018 and thereafter
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:

	Impairment	Recoverable amount	RON million After-tax discount rate
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:

	Full consolidation	Equity consolidation
As at January 1, 2015	14	1
Included for the first time	-	-
Deconsolidated during the year	-	-
As at December 31, 2015	14	1
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.

Intangible assets	Useful life (years)
Goodwill	Indefinite
Software	3 - 5
Concessions, licences and other intangibles	5 - 20, or contract duration
Business-specific property, plant and equipment	
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 CO₂ 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 CO₂ 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:

Exchange rates	Year ended December 31, 2015*	Average for the year ended December 31, 2015	Year ended December 31, 2014*	Average for the year ended December 31, 2014
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>
COST			
Balance as at January 1, 2015	<u>1,392.39</u>	<u>1,871.93</u>	<u>3,264.32</u>
Exchange differences	0.40	-	0.40
Additions ^{*)}	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>
Balance as at December 31, 2015	<u>1,352.02</u>	<u>3,088.30</u>	<u>4,440.32</u>
ACCUMULATED AMORTISATION AND IMPAIRMENT			
Balance as at January 1, 2015	<u>1,217.59</u>	<u>389.85</u>	<u>1,607.44</u>
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>
Balance as at December 31, 2015	<u>1,225.81</u>	<u>784.49</u>	<u>2,010.30</u>
CARRYING AMOUNT			
As at January 1, 2015	<u>174.80</u>	<u>1,482.08</u>	<u>1,656.88</u>
As at December 31, 2015	<u>126.21</u>	<u>2,303.81</u>	<u>2,430.02</u>

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

^{*)} 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

COST	Land, land rights and buildings, incl. buildings on third-party property	Oil and gas assets	Plant and machinery	Other fixtures and fittings, tools and equipment	Assets under construction	Total
Balance as at January 1, 2015	4,669.44	35,322.40	9,506.19	962.90	1,042.67	51,503.60
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)
Balance as at December 31, 2015	4,528.04	37,919.46	9,938.97	1,179.13	667.74	54,233.34
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
Balance as at January 1, 2015	1,613.35	12,614.96	4,220.74	659.54	105.37	19,213.96
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)
Balance as at December 31, 2015	1,687.28	17,542.52	4,757.14	843.09	125.12	24,955.15
CARRYING AMOUNT						
As at January 1, 2015	3,056.09	22,707.44	5,285.45	303.36	937.30	32,289.64
As at December 31, 2015	2,840.76	20,376.94	5,181.83	336.04	542.62	29,278.19

*) 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):

	2015	2014
Carrying amount of interests in individually immaterial associates	40.69	35.30
Group's share of:		
- 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)	-
Total comprehensive income / (loss)	5.39	(6.86)

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:

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

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)

	December 31, 2015	Liquidity term	
		less than 1 year	over 1 year
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
Total	2,884.65	257.09	2,627.56

	December 31, 2014	Liquidity term	
		less than 1 year	over 1 year
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
Total	2,580.66	388.87	2,191.79

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:

	Year 2015
January 1, 2015	14.74
Additions	0.38
Disposals	(4.09)
December 31, 2015	11.03

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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
January 1, 2015	183.83	504.35	688.18
Additions	87.93	35.28	123.21
Used	(5.93)	(1.03)	(6.96)
Exchange differences	(0.29)	0.34	0.05
December 31, 2015	265.54	538.94	804.48

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
Total	70.79	170.66

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	-	-
Total	1.81	0.20

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
Total	707.19	626.90	80.29

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10. OTHER ASSETS (continued)

	December 31, 2014	Liquidity term	
		less than 1 year	over 1 year
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
Total	558.40	537.06	21.34

11. INVENTORIES

	December 31, 2015	December 31, 2014
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
Total	1,965.12	2,250.05

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

	December 31, 2015	December 31, 2014
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	-
Assets held for sale	118.58	13.71
Provisions	7.68	-
Liabilities	2.74	-
Liabilities associated with assets held for sale	10.42	-

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

	Pensions and similar obligations	Decommissioning and restoration	Other provisions	Total
January 1, 2015	283.01	7,546.29	1,371.41	9,200.71
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
December 31, 2015	238.72	8,304.78	1,046.50	9,590.00
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>
January 1	7,546.29	6,148.24
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>
December 31	<u>8,304.78</u>	<u>7,546.29</u>

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:

December 31, 2015	<u>Total</u>	<u>less than 1 year</u>	<u>over 1 year</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>
Total	<u>1,046.50</u>	<u>547.51</u>	<u>498.99</u>

December 31, 2014	<u>Total</u>	<u>less than 1 year</u>	<u>over 1 year</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>
Total	<u>1,371.41</u>	<u>817.56</u>	<u>553.85</u>

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

Borrower	Lender	December 31, 2015	December 31, 2014
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)
Total interest bearing debts short-term		378.72	273.67

Interest-bearing debts long-term

Borrower	Lender	December 31, 2015	December 31, 2014
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)
Total interest-bearing debts long-term		1,423.70	1,588.96
Total interest-bearing debts		1,802.42	1,862.63

(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

	December 31, 2015	less than 1 year	over 1 year
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	<u>188.66</u>	<u>173.82</u>	<u>14.84</u>
Total	<u>814.39</u>	<u>548.13</u>	<u>266.26</u>

	December 31, 2014	less than 1 year	over 1 year
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	<u>221.66</u>	<u>200.92</u>	<u>20.74</u>
Total	<u>943.56</u>	<u>664.46</u>	<u>279.10</u>

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 Petrobrazil 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.

	December 31, 2015	December 31, 2014
Obligations under finance leases		
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	<u>195.19</u>	<u>202.58</u>
Total lease obligations	<u>413.77</u>	<u>420.25</u>
Less future finance charges on finance leases	(117.43)	(124.50)
Present value of finance lease liabilities	<u>296.34</u>	<u>295.75</u>
<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	<u>140.23</u>	<u>143.79</u>
Total present value of finance lease liabilities	<u>296.34</u>	<u>295.75</u>

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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>< 1 year</u>	<u>1-5 years</u>	<u>> 5 years</u>	<u>Total</u>
December 31, 2015				
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
Total	3,299.99	1,430.66	464.81	5,195.46
	<u>< 1 year</u>	<u>1-5 years</u>	<u>> 5 years</u>	<u>Total</u>
December 31, 2014				
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
Total	3,881.56	1,356.23	714.10	5,951.89

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	-
Total	775.27	775.27	-
	<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	-
Total	884.26	884.26	-

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18. DEFERRED TAX

December 31, 2015	Deferred tax assets before allowances	Allowances	Net deferred tax assets	Deferred tax liabilities
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	-
Total	1,711.44	(112.92)	1,598.52	48.36
Netting (same tax jurisdiction/country)			(35.64)	(35.64)
Total deferred tax, net			1,562.88	12.72
Deferred tax for assets and related liabilities held for sale (Note 12)	4.32	-	4.32	-

December 31, 2014	Deferred tax assets before allowances	Allowances	Net deferred tax assets	Deferred tax liabilities
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	-
Total	1,603.25	(140.31)	1,462.94	415.16
Netting (same tax jurisdiction/country)			(415.16)	(415.16)
Total deferred tax, net			1,047.78	-

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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>
Total	<u>247.09</u>	<u>295.38</u>

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>
Total	<u>501.45</u>	<u>315.73</u>

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>
Total	<u>691.92</u>	<u>800.82</u>

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:

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

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:

	December 31, 2015	December 31, 2014
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>
Total depreciation, amortization and impairment	<u>6,761.11</u>	<u>4,806.30</u>

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
Total income from associated companies	<u>7.40</u>	<u>10.67</u>

23. INTEREST INCOME AND INTEREST EXPENSES

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Interest income		
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>
Total interest income	<u>234.82</u>	<u>72.33</u>
Interest expenses		
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>
Total interest expenses	<u>(430.99)</u>	<u>(549.15)</u>
Net interest result	<u>(196.17)</u>	<u>(476.82)</u>

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>
Financial income		
Exchange gains from financing activities	99.90	147.31
Gains from investments and financial assets	<u>1.22</u>	<u>3.55</u>
Total financial income	<u>101.12</u>	<u>150.86</u>
Financial expenses		
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>
Total financial expenses	<u>(108.57)</u>	<u>(113.83)</u>
Other financial income and expenses	<u>(7.45)</u>	<u>37.03</u>

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25. TAXES ON INCOME

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

The reconciliation of net deferred tax is as follows:

	2015	2014
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>
Changes in deferred tax	<u>506.70</u>	<u>179.91</u>
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

Profit/(loss) before taxation	(725.97)	2,909.18
Income tax rate applicable for Parent company	16.00%	16.00%
Profit tax revenue/(expense) based on income tax rate of the Parent	116.16	(465.47)
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>
Profit tax revenue/(expense) in the Income Statement	<u>36.32</u>	<u>(809.51)</u>

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>
Earnings/(loss) per share in RON	<u>(0.0119)</u>	<u>0.0371</u>

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 1st, 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:

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

Information about geographical areas:

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

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.

^{*)} Sales Downstream = Sales Downstream Oil + Sales Downstream Gas – intersegmental elimination Downstream Oil and Downstream Gas

^{**) Intangible assets (IA), property, plant and equipment (PPE).}

^{***)} Sales are allocated per countries/regions based on the location where the risks and benefits are transferred to the customer.

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27. SEGMENT INFORMATION (continued)

Operating segments:

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

Information about geographical areas:

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

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.

^{*)} Sales Downstream = Sales Downstream Oil + Sales Downstream Gas – intersegmental elimination Downstream Oil and Downstream Gas

^{**) Intangible assets (IA), property, plant and equipment (PPE).}

^{***)} 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>
Total OMV Petrom Group	16,579	18,884
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):

	Nature of transactions	<u>Purchases</u>	<u>Balances payable</u>
OMV Petrom S.A. - parent company			
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	-
Total OMV Petrom S.A.		<u>1,020.56</u>	<u>103.64</u>

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29. RELATED PARTIES (continued)

	Nature of transactions	Purchases	Balances payable
OMV Petrom Group subsidiaries			
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
Total subsidiaries		187.55	60.94
Total OMV Petrom Group		1,208.11	164.58

	Nature of transactions	Revenues	Balances receivable
OMV Petrom S.A. - parent company			
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	-
Total OMV Petrom S.A.		1,432.51	50.01

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29. RELATED PARTIES (continued)

	Nature of transaction	Revenues	Balances receivable
OMV Petrom Group subsidiaries			
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	-
Total subsidiaries		10.31	15.15
Total OMV Petrom Group		1,442.82	65.16

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):

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

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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):

	Nature of transaction	Purchases	Balances payable
OMV Petrom S.A. - parent company			
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	-
Total OMV Petrom S.A.		643.33	187.46

	Nature of transactions	Purchases	Balances payable
OMV Petrom Group subsidiaries			
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	-
Total subsidiaries		287.10	79.24
Total OMV Petrom Group		930.43	266.70

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29. RELATED PARTIES (continued)

	Nature of transactions	Revenues	Balances receivable
OMV Petrom S.A. - parent company			
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
Total OMV Petrom S.A.		1,926.48	39.00

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

	Nature of transaction	Revenues	Balances receivable
OMV Petrom Group subsidiaries			
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	-
Total subsidiaries		10.95	15.30
Total OMV Petrom Group		1,937.43	54.30

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).

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

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29. RELATED PARTIES (continued)

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

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
Subsidiaries (>50%)				
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
Associated companies (20-50%)				
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

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

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31. CASH FLOW STATEMENT INFORMATION (continued)

Net cash flow from sale of associate

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

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

	December 31, 2015	December 31, 2014
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)
Net assets	-	103.24

Gain / (Loss) on transfer of business

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

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31. CASH FLOW STATEMENT INFORMATION (continued)

Net cash flow from transfer of business

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

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

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

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

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

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

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

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

December 31, 2014

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

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

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

⁽¹⁾ included in Other financial assets of RON 257.09 million in the statement of financial position

Offsetting of financial liabilities 2015

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

⁽²⁾ 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 $\text{net debt/equity} \times 100$ 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.

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)

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:

	Assets		Liabilities	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
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.

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

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

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

-10% decrease in the foreign currencies rates

	Thousand USD Impact (i)		Thousand EUR Impact (ii)	
	2015	2014	2015	2014
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

Variable rate borrowings:	Balance as at		Effect of 1% change in interest rate	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
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.

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

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

S.C. OMV PETROM S.A.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
DECEMBER 31, 2014

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 S.C. 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 2014, 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 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 International Standards on Auditing. 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 present fairly, in all material respects, the financial position of the Group as of 31 December 2014 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.

Report on other legal and regulatory requirements

In accordance with the Order of the Minister of Public Finance no. 1286/2012, article no. 30 point c) from Chapter III, we have read the Directors' Report. The Directors' Report is not a part of the consolidated financial statements. In the Directors' Report we have not identified any financial information which is not in accordance, in all material respects, with the information presented in the accompanying consolidated financial statements as at 31 December 2014.

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
24 March 2015

S.C. OMV PETROM S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2014
(all amounts are expressed in million RON, unless otherwise specified)

	Notes	December 31, 2014	December 31, 2013
ASSETS			
Intangible assets	6	1,656.88	814.73
Property, plant and equipment	7	32,289.64	30,659.38
Investments in associated companies	8	35.30	42.71
Other financial assets	9	2,191.79	2,143.45
Other assets	10	21.34	22.34
Deferred tax assets	18	1,047.78	877.28
Non-current assets		37,242.73	34,559.89
Inventories	11	2,250.05	1,996.29
Trade receivables	9	1,424.37	1,429.24
Other financial assets	9	388.87	302.67
Other assets	10	537.06	314.67
Cash and cash equivalents		1,267.98	1,408.24
Current assets		5,868.33	5,451.11
Assets held for sale	12	13.71	35.87
Total assets		43,124.77	40,046.87
EQUITY AND LIABILITIES			
Share capital	13	5,664.41	5,664.41
Reserves		21,377.16	21,006.10
Stockholders' equity		27,041.57	26,670.51
Non-controlling interests		(36.29)	(28.83)
Total equity		27,005.28	26,641.68
Provisions for pensions and similar obligations	14	283.01	303.95
Interest-bearing debts	15	1,588.96	1,253.73
Provisions for decommissioning and restoration obligations	14	7,254.92	5,778.13
Other provisions	14	553.85	601.80
Other financial liabilities	16	279.10	289.28
Deferred tax liabilities	18	-	11.05
Non-current liabilities		9,959.84	8,237.94

The notes on pages 10 to 71 form part of these consolidated financial statements.

S.C. OMV PETROM S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2014
(all amounts are expressed in million RON, unless otherwise specified)

	Notes	December 31, 2014	December 31, 2013
Trade payables	16	2,899.24	2,958.26
Interest-bearing debts	15	273.67	189.04
Income tax liabilities		329.09	258.76
Other provisions and decommissioning	14	1,108.93	651.84
Other financial liabilities	16	664.46	318.87
Other liabilities	17	884.26	790.37
Current liabilities		6,159.65	5,167.14
Liabilities associated with assets held for sale	12	-	0.11
Total equity and liabilities		43,124.77	40,046.87

These consolidated financial statements were approved on March 24, 2015.



Mrs. Mariana Gheorghe
Chief Executive Officer



Mr. Andreas Matje
Chief Financial Officer



Mr. Gabriel Selischi
E.B. Member Exploration & Production



Mr. Cristian Secoșan
E.B. Member Gas & Power



Mr. Neil Morgan
E.B. Member Refining & Marketing



Mrs. Alina Popa
Director Finance Department



Mr. Eduard Petrescu
Head of Financial Reporting

The notes on pages 10 to 71 form part of these consolidated financial statements.

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

	Notes	December 31, 2014	December 31, 2013
Sales revenues	27	21,541.26	24,185.22
Direct selling expenses		(479.70)	(646.20)
Cost of sales		(15,815.11)	(15,484.69)
Gross profit		5,246.45	8,054.33
Other operating income	19	315.73	298.26
Selling expenses		(1,077.68)	(1,090.38)
Administrative expenses		(189.21)	(193.56)
Exploration expenses		(156.17)	(423.45)
Other operating expenses	20	(800.82)	(687.34)
Earnings before interest and taxes (EBIT)		3,338.30	5,957.86
Income from associated companies	8, 22	10.67	4.40
Interest income	23	72.33	205.90
Interest expenses	23	(549.15)	(360.20)
Other financial income and expenses	24	37.03	(109.36)
Net financial result		(429.12)	(259.26)
Profit from ordinary activities		2,909.18	5,698.60
Taxes on income	25	(809.51)	(874.56)
Net income for the year		2,099.67	4,824.04
thereof attributable to stockholders of the parent		2,102.67	4,820.85
thereof attributable to non-controlling interests		(3.00)	3.19
Basic and diluted earnings per share in RON	26	0.0371	0.0851

These consolidated financial statements were approved on March 24, 2015.



Mrs. Mariana Gheorghe
Chief Executive Officer



Mr. Andreas Matje
Chief Financial Officer



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E.B. Member Exploration & Production



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Director Finance Department



Mr. Eduard Petrescu
Head of Financial Reporting

The notes on pages 10 to 71 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, 2014
(all amounts are expressed in million RON, unless otherwise specified)

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Net income for the year	2,099.67	4,824.04
Exchange differences from translation of foreign operations	<u>(29.73)</u>	<u>(4.36)</u>
Total of items that may be reclassified ("recycled") subsequently to the income statement	<u>(29.73)</u>	<u>(4.36)</u>
Remeasurement gains/ (losses) on defined benefit plans	<u>(21.01)</u>	<u>-</u>
Total of items that will not be reclassified ("recycled") subsequently to the income statement	<u>(21.01)</u>	<u>-</u>
Income tax relating to items that may be reclassified ("recycled") subsequently to the income statement	<u>(19.21)</u>	<u>2.73</u>
Income tax relating to items that will not be reclassified ("recycled") subsequently to the income statement	<u>3.36</u>	<u>-</u>
Total income tax relating to components of other comprehensive income	<u>(15.85)</u>	<u>2.73</u>
Other comprehensive income for the year, net of tax	<u>(66.59)</u>	<u>(1.63)</u>
Total comprehensive income for the year	<u>2,033.08</u>	<u>4,822.41</u>
thereof attributable to stockholders of the parent	2,040.50	4,818.27
thereof attributable to non-controlling interests	(7.42)	4.14

The notes on pages 10 to 71 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, 2014

(all amounts are expressed in million RON, unless otherwise specified)

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

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

The notes on pages 10 to 71 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, 2013

(all amounts are expressed in million RON, unless otherwise specified)

	Share capital	Revenue reserves	Translation of foreign operations	Other reserves	Treasury shares	Stockholders' equity	Non-controlling interests	Total equity
Balance at January 1, 2013	18,983.37	4,396.08	60.91	(2.07)	(0.02)	23,438.27	(32.93)	23,405.34
Net income for the year	-	4,820.85	-	-	-	4,820.85	3.19	4,824.04
Other comprehensive income/(loss) for the year	-	-	11.72	(14.30)	-	(2.58)	0.95	(1.63)
Total comprehensive income/(loss) for the year	-	4,820.85	11.72	(14.30)	-	4,818.27	4.14	4,822.41
Dividends distribution	-	(1,586.03)	-	-	-	(1,586.03)	(0.03)	(1,586.06)
Adjustments to share capital and revenue reserves	(13,318.96)	13,318.96	-	-	-	-	-	-
Change in non-controlling interests and other	-	50.82	-	(50.82)	-	-	(0.01)	(0.01)
Balance at December 31, 2013	5,664.41	21,000.68	72.63	(67.19)	(0.02)	26,670.51	(28.83)	26,641.68

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

The notes on pages 10 to 71 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, 2014
(all amounts are expressed in million RON, unless otherwise specified)

	Notes	December 31, 2014	December 31, 2013
Cash flow from operating activities			
Profit before taxation		2,909.18	5,698.60
Adjustments for:			
Interest expenses and other financial expenses	23, 24	355.78	138.10
Interest income	23	(23.80)	(82.32)
Net movement in provisions and allowances for:			
- Financial assets		0.78	-
- Inventories		(24.56)	(59.24)
- Receivables		23.69	30.95
- Pensions and similar liabilities		(27.69)	66.29
- Decommissioning and restoration obligations		(22.50)	56.54
- Other provisions for risk and charges		306.75	(154.85)
Discounting / Write-off of receivables and other similar items		23.29	0.56
Income from associated companies	22	(10.67)	(3.27)
Gain on transfer of business	31	(52.59)	-
Loss on disposal of Group companies	31	2.40	0.93
(Gain)/Loss on disposal of non-current assets	19, 20	30.04	(1.50)
Depreciation, amortization and impairment expense, net	6, 7, 21	4,806.30	3,354.72
Other non-cash items		(159.36)	48.25
Interest received		23.80	38.36
Interest paid		(84.77)	(102.54)
Tax on profit paid		(926.57)	(904.74)
Cash generated from operating activities before working capital movements		7,149.50	8,124.84
(Increase)/Decrease in inventories		(314.56)	145.53
(Increase)/Decrease in receivables and other assets		(152.02)	339.72
Increase/(Decrease) in liabilities		146.92	(562.10)
Net cash generated from operating activities		6,829.84	8,047.99
Cash flow from investing activities			
Investments			
Intangible assets and property, plant and equipment		(5,909.53)	(4,995.37)
Investments and other financial assets	31	(45.28)	(0.10)
Disposals			
Proceeds from sale of non-current assets		63.85	47.14
Proceeds from transfer of business	31	173.36	-
Proceeds from sale of Group companies, net of cash disposed	31	59.51	53.74
Net cash used for investing activities		(5,658.09)	(4,894.59)
Cash flow from financing activities			
Net drawings/(repayment) of loans	31	397.49	(837.34)
Dividends paid		(1,731.04)	(1,574.31)
Net cash used for financing activities		(1,333.55)	(2,411.65)
Effect of foreign exchange rate changes on cash and cash equivalents		21.54	(0.16)
Net increase/(decrease) in cash and cash equivalents		(140.26)	741.59
Cash and cash equivalents at the beginning of the year		1,408.24	666.65
Cash and cash equivalents at the end of the year		1,267.98	1,408.24

The notes on pages 10 to 71 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, 2014
(all amounts are expressed in million RON, unless otherwise specified)

1. LEGAL PRINCIPLES AND BASIS OF PREPARATION

OMV Petrom S.A. (22 Coralilor Street, 013329 Bucharest, Romania), has activities in Exploration and Production (E&P), Gas and Power (G&P), Refining and Marketing (R&M) segments and it is listed on Bucharest Stock Exchange under "SNP" code.

Shareholders' structure as at December 31, 2014 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>
Total	<u>100.00%</u>

There were no changes in shareholders' structure compared to **December 31, 2013**.

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 have been prepared on the historical cost basis, except for derivative financial instruments that have been measured at fair value. For financial assets and liabilities where fair value differs from carrying amounts at the reporting date, fair values have been 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.

S.C. OMV PETROM S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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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, 2014 is shown in Note 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 E&P 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) for 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. 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.

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2. JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

E&P impairment test

Considering the significant decline in oil prices towards the end of 2014, the Group considered indications of impairment are present. As a result, an impairment test was performed for the E&P CGUs of the Group.

The nominal oil price assumptions and the RON/USD exchange rate used in the impairment review are listed below:

	2015	2016	2017	2018 and thereafter
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

E&P OMV Petrom S.A.

Following the impairment test performed, no impairment was identified for any of the E&P CGUs of OMV Petrom S.A.

E&P Tasbulat

During 2014, E&P Tasbulat field redevelopment in Kazakhstan was completed. As the production results were not in line with the expectations and also in the context of revised crude price, there was a downward revision in the production profile of the field, which led to an impairment charge of RON 601.14 million. The recoverable amount was based on value in use and amounted to RON 80.68 million. The pre-tax discount rate used was 7.32%.

Changes in economic conditions may further affect the assumptions used in determining value in use, so that actual results may eventually be different. A 10% reduction in production volumes, or a Brent oil price lower by USD 10/bbl, would lead to the full impairment of Tasbulat assets.

For all producing assets and assets currently under development in the E&P segment of the Group, a long-term Brent oil price assumption of USD 75/bbl would lead to an impairment of RON 1,697.26 million, without taking into account cost and investments reduction measures and any other changes in the broader environment.

G&P impairment test

Taking into account the challenging power market conditions, both Brazi gas-fired power plant and Dorobantu wind power park were tested for impairment as of December 31, 2014.

Following the impairment tests performed, G&P segment recognized impairment losses of RON 715.81 million related to Brazi gas-fired power plant and Dorobantu wind park CGUs in Romania. The key valuation assumptions used in determining value in use were as follows:

- for **Brazi gas-fired power plant:** the spark spreads (being the differences between the electricity prices and the gas and CO₂ certificates prices), the power quantity produced and balancing revenues. The assumptions used for the first three years are based on medium term plans, while the medium and long-term assumptions are consistent with data provided by external studies. The pre-tax discount rate used was 6.58% (2013: 6.16%). Recoverable amount was estimated at RON 1,677.20 million, triggering an impairment loss of RON 591.87 million for tangible assets and RON 45.82 million for intangible assets as of December 31, 2014;

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2. JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

- for **Dorobantu wind park**: expected power production, electricity prices and green certificates prices and eligibility. The pre-tax discount rate used was 6.68%. Recoverable amount was estimated at RON 191.12 million, triggering an impairment loss of RON 67.65 million for tangible assets and RON 10.47 million for intangible assets as of December 31, 2014.

Changes in economic conditions may further affect the assumptions used in determining value in use, so that actual results may eventually be different. The sensitivity analysis of value in use to changes in key assumptions shows the following additional impacts:

Brazi power plant

	RON million
5% decrease in clean spark spread	(234.41)
Plus 0.5% to discount rate	(103.54)
5% decrease in power quantity produced	(138.05)
50% decrease in quantity for balancing revenues	(112.05)

Dorobantu wind park

	RON million
Plus 2% to discount rate	(22.41)
Green certificates are no longer received for production starting 2015 and onwards	(99.62)
35% decrease in electricity prices	(84.77)

R&M Impairment test

The R&M segment recognized impairment losses mainly referring to retail assets in the Republic of Serbia in amount of RON 62.81 million (corresponding to a recoverable amount of RON 232.17 million), using a pre-tax discount rate of 10.83%. Main assumptions refer to volumes and selling prices for fuels.

Changes in economic conditions may further affect the assumptions used in determining value in use, so that actual results may eventually be different. The sensitivity analysis of value in use to changes in key assumptions shows the following additional impacts:

Retail assets in Serbia

	RON million
10% decrease in volumes	(83.64)
10% decrease in margins	(67.79)
10% increase in costs	(46.51)

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 E&P assets into CGUs, in particular with respect to the E&P 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, 2014, prepared in accordance with consistent accounting and valuation principles. The financial statements of the subsidiaries are prepared for the same reporting date, December 31, 2014, as 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 into 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:

	Full consolidation	Equity consolidation
As at January 1, 2014	14	1
Included for the first time*	-	1
Deconsolidated during the year**	-	(1)
As at December 31, 2014	14	1
Romanian companies	6	1
Foreign companies	8	-

*¹) In 2014 associated company OMV Petrom Global Solutions S.R.L. was consolidated in the Group by equity method of accounting.

**²) In 2014 OMV Petrom sold its interest in Congaz S.A., associated company accounted for at equity method.

There were no changes in ownership interests in fully consolidated subsidiaries compared to prior year.

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, 2014 and December 31, 2013.

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. 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 22) the share of the results of operations of the associate corresponding to dividends received.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit and loss outside operating profit (earnings before interest and taxes) and represents profit or loss after tax and non-controlling interest in the subsidiaries of the associate.

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 statement of profit or loss and other comprehensive income 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 statement of profit or loss and other comprehensive income.

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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 statement of profit or loss and other comprehensive income.

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 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, 2014, but had no significant effects on the financial statements:

- **IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements.** IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation — Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27.
- **IFRS 11 Joint Arrangements.** IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method.
- **IFRS 12 Disclosures of Interests in Other Entities.** IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. This standard has no impact on the Group's financial position or performance, but led to additional disclosures (i.e. Note 2, Note 8 and Note 34).
- **IAS 32 Financial Instruments: Presentation (Amended) - Offsetting Financial Assets and Financial Liabilities.** These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous.
- **IAS 39 Financial Instruments (Amended): Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting.** Under the amendment there would be no need to discontinue hedge accounting if a hedging derivative was novated, provided certain criteria are met. The IASB made a narrow-scope amendment to IAS 39 to permit the continuation of hedge accounting in certain circumstances in which the counterparty to a hedging instrument changes in order to achieve clearing for that instrument.

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4. ACCOUNTING AND VALUATION PRINCIPLES (continued)

- **IAS 36 Impairment of Assets (Amended) – Recoverable Amount Disclosures for Non-Financial Assets.** These amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or CGUs for which impairment loss has been recognised or reversed during the period.
- **IFRIC 21 Levies.** The Interpretations Committee was asked to consider how an entity should account for liabilities to pay levies imposed by governments, other than income taxes, in its financial statements. This Interpretation is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy
- **IAS 28 Investments in Associates and Joint Ventures (Revised).** As a consequence of the new IFRS 11 Joint arrangements and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates.

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:

- **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. 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 amortise intangible assets. The amendment has not yet been endorsed by the EU.
- **IAS 19 Employee benefits (Amended): Employee Contributions**
The amendment is effective for annual periods beginning on or after 1 February 2015. 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.
- **IFRS 9 Financial Instruments – Classification and measurement**
The standard is applied for annual periods beginning on or after 1 January 2018 with early adoption permitted. The final phase of IFRS 9 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 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. The amendment has not yet been endorsed by the EU.

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4. ACCOUNTING AND VALUATION PRINCIPLES (continued)

- **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 plans to publish a Discussion Paper on this subject. 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 recognise 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 recognise 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 2017. 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.

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

The amendment is effective from 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. This amendment has not yet been endorsed by the EU.

- **IAS 16 Property, Plant & Equipment and IAS 41 Agriculture (amended)**

The amendment is effective for annual periods beginning on or after 1 January 2016. Bearer plants will now be within the scope of IAS 16 Property, Plant and Equipment and will be subject to all of the requirements therein. This includes the ability to choose between the cost model and revaluation model for subsequent measurement. Agricultural produce growing on bearer plants (e.g., fruit growing on a tree) will remain within the scope of IAS 41 Agriculture. Government grants relating to bearer plants will now be accounted for in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, instead of in accordance with IAS 41. The amendment has not yet been endorsed by the EU.

- **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. The amendments will be effective from annual periods commencing on or after 1 January 2016. The amendments have not yet been endorsed by the EU.

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4. ACCOUNTING AND VALUATION PRINCIPLES (continued)

- 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.
- 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.
- 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. These annual improvements 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. These amendments have not yet been endorsed by the EU.

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

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 profit or loss.

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4. ACCOUNTING AND VALUATION PRINCIPLES (continued)

Goodwill is recognized as an asset and reviewed for impairment at least annually. All impairments are immediately charged against income, 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-licence 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 costs paid in connection with a right to explore in an existing exploration area are capitalized and amortized over the term of the permit.

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 profit or loss. Upon recognition of proved reserves and internal approval for development, the relevant expenditure is transferred to oil and gas assets.

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 profit and loss account 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.

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4. ACCOUNTING AND VALUATION PRINCIPLES (continued)

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 E&P 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 other operating expenses.

Intangible assets	Useful life (years)
Goodwill	Indefinite
Software	3 - 5
Concessions, licences and other intangibles	5 - 20, or contract duration
Business-specific property, plant and equipment	
E&P Oil and gas core assets	Unit of production method
G&P Gas pipelines	20 - 30
G&P Gas power plant	8 - 30
G&P Wind power stations	10 - 20
R&M Storage tanks and refinery facilities	25 - 40
R&M Pipeline systems	20
R&M Filling stations components	5 - 20
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; capitalized exploration rights and acquired reserves are amortized on the basis of total proved reserves.

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4. ACCOUNTING AND VALUATION PRINCIPLES (continued)

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. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. 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.

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 statement of profit or loss 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).

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4. ACCOUNTING AND VALUATION PRINCIPLES (continued)

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.

All financial assets 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 as 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 profit or loss.

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 finance income in the statement of profit or loss. The losses arising from impairment are recognized in the statement of profit or loss in finance costs 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 statement of profit or loss.

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4. ACCOUNTING AND VALUATION PRINCIPLES (continued)

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 profit and loss. If the reason for the recognition of an impairment loss subsequently ceases to exist, the amount of the reversal up to amortized costs 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 profit or loss.

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.

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 profit or loss 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 discharge 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 statement of profit or loss.

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 have been used to estimate the fair value of financial instruments at statement of financial position date.

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4. ACCOUNTING AND VALUATION PRINCIPLES (continued)

Price calculation in these models is based on forward prices of the underlying, foreign exchange rates as well as volatility indicators 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 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 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 profit and loss 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.

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 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 refining 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.

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4. ACCOUNTING AND VALUATION PRINCIPLES (continued)

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 wellheads and 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 E&P 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.

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.

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4. ACCOUNTING AND VALUATION PRINCIPLES (continued)

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 profit or loss.

Provisions for voluntary and involuntary separations under restructuring programs are recognized if a detailed plan has been approved by management prior to balance sheet 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 CO₂ 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 CO₂ emissions. Any price difference between the provision and the quantity of offsetting emission rights is expensed as emission cost.

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.

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4. ACCOUNTING AND VALUATION PRINCIPLES (continued)

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 profit or loss.

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.

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.

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4. ACCOUNTING AND VALUATION PRINCIPLES (continued)

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 income statement.

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

Exchange rates	Year ended December 31, 2014*	Average for the year ended December 31, 2014	Year ended December 31, 2013*	Average for the year ended December 31, 2013
US dollar (USD)	3.6868	3.3487	3.2551	3.3279
Euro (EUR)	4.4821	4.4440	4.4847	4.4186
Moldavian Leu (MDL)	0.2359	0.2386	0.2496	0.2646
Serbian Dinar (RSD)	0.0369	0.0379	0.0391	0.0391
Bulgarian Leva (BGN)	2.2916	2.2722	2.2930	2.2592

*) 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 profit or loss. 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>
COST			
Balance as at January 1, 2014	1,836.71	782.95	2,619.66
Exchange differences	(1.27)	-	(1.27)
Additions*	18.07	1,153.63	1,171.70
Transfers to tangible assets (Note 7)	(0.57)	(32.36)	(32.93)
Disposals**	(460.55)	(32.29)	(492.84)
Balance as at December 31, 2014	1,392.39	1,871.93	3,264.32
ACCUMULATED AMORTISATION AND IMPAIRMENT			
Balance as at January 1, 2014	1,446.47	358.46	1,804.93
Exchange differences	(0.73)	-	(0.73)
Amortization	81.29	-	81.29
Impairment	89.86	63.68	153.54
Transfers to tangible assets (Note 7)	(0.57)	-	(0.57)
Disposals**	(398.73)	(32.29)	(431.02)
Balance as at December 31, 2014	1,217.59	389.85	1,607.44
CARRYING AMOUNT			
As at January 1, 2014	390.24	424.49	814.73
As at December 31, 2014	174.80	1,482.08	1,656.88

*) Include the amount of RON 0.18 million representing increase from the reassessment of decommissioning asset for exploration wells (under category "Oil and gas assets with unproved reserves").

**) Include disposal of intangible assets in relation to transfer of business to OMV Petrom Global Solutions S.R.L. – refer to Note 31d) for details.

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7. PROPERTY, PLANT AND EQUIPMENT

COST	Land, land rights and buildings, incl. third-party property	Oil and gas assets	Plant and machinery	Other fixtures and fittings, tools and equipment	Assets under construction	Payments in advance	Total
Balance as at January 1, 2014	4,621.57	30,354.14	8,774.12	918.42	1,194.26	82.28	45,944.79
Exchange differences	(23.78)	376.18	17.29	2.71	0.80	0.04	373.24
Additions**	77.15	5,167.90	510.70	12.52	514.92	30.82	6,314.01
Transfers*	129.66	53.81	497.00	56.64	(640.22)	(63.96)	32.93
Transfers to/(from) assets held for sale	(0.45)	-	0.14	0.07	-	-	(0.24)
Disposals***	(134.71)	(629.63)	(293.06)	(27.46)	(27.09)	(49.18)	(1,161.13)
Balance as at December 31, 2014	4,669.44	35,322.40	9,506.19	962.90	1,042.67	-	51,503.60
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
Balance as at January 1, 2014	1,384.96	10,150.12	3,129.57	568.85	51.83	0.08	15,285.41
Exchange differences	(7.88)	279.43	14.38	0.95	(0.11)	-	286.77
Depreciation	185.27	1,799.48	656.00	73.24	-	-	2,713.99
Impairment	87.48	1,011.27	682.34	17.89	65.02	-	1,864.00
Transfers*)	(3.75)	(0.49)	(18.88)	23.86	(0.17)	-	0.57
Transfers to/(from) assets held for sale	1.09	-	0.11	0.07	-	-	1.27
Disposals***	(32.85)	(623.11)	(239.22)	(25.21)	(11.06)	(0.08)	(931.53)
Write-ups	(0.97)	(1.74)	(3.56)	(0.11)	(0.14)	-	(6.52)
Balance as at December 31, 2014	1,613.35	12,614.96	4,220.74	659.54	105.37	-	19,213.96
CARRYING AMOUNT							
As at January 1, 2014	3,236.61	20,204.02	5,644.55	349.57	1,142.43	82.20	30,659.38
As at December 31, 2014	3,056.09	22,707.44	5,285.45	303.36	937.30	-	32,289.64

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

**) Include the amount of RON 1,208.03 million representing increase from reassessment of the decommissioning asset, the amount of RON 24.13 million representing additions through finance lease, mainly for production of electricity and pipe yards facilities, and RON 1.24 million representing land deeds obtained from Romanian State.

***J Include disposal of property, plant and equipment in relation to transfer of business to OMV Petrom Global Solutions S.R.L. – refer to Note 31d) for details.

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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 278.43 million as at December 31, 2014 (2013: RON 292.85 million).

The Group ceased to capitalize borrowing costs during 2013, following the finalization of the qualifying projects.

Expenditure capitalized in the course of construction of tangible and intangible assets is RON 736.69 million (2013: RON 680.92 million).

For details on impairments see Note 21.

8. INVESTMENTS IN ASSOCIATED COMPANIES

As at December 31, 2014 and December 31, 2013 OMV Petrom Group had the following associates:

Associate	Principal place of business	Shareholding %	
		December 31, 2014	December 31, 2013
OMV Petrom Global Solutions S.R.L.	Romania	25.00	-
Congaz S.A.	Romania	-	28.59

None of these associates is individually material to the Group. The table below summarizes financial information for the Group's interest in associates (aggregated):

	2014	2013
Carrying amount of interests in individually immaterial associates	35.30	42.71
Group's share of:		
- profit from continuing operations (Note 22)	10.67	3.27
- unrecognized gain from transfer of business (Note 31d)	(17.53)	-
- Total comprehensive income	(6.86)	3.27

Carrying amount reconciliation for immaterial associates is as follows:

COST	Associates
Balance as at January 1, 2014	42.71
Additions	45.24
Share of result of associates (Note 22)	10.67
Share of unrecognized gain from transfer of business (Note 31d)	(17.53)
Disposals	(45.79)
Balance as at December 31, 2014	35.30

Additions relate to set-up of new associate OMV Petrom Global Solutions S.R.L. and disposals consist of the sale of Congaz S.A.

There are no significant unrecognized commitments in relation with associates.

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9. RECEIVABLES AND OTHER FINANCIAL ASSETS

a) Trade receivables are amounting to RON 1,424.37 million as at December 2014 (2013: RON 1,429.24 million). They are presented net of impairment allowances, which are detailed in 9c) below.

b) Other financial assets (net of allowances)

	December 31, 2014	Liquidity term	
		less than 1 year	over 1 year
Investments	4.16	-	4.16
Expenditure recoverable from Romanian State	2,362.12	236.84	2,125.28
Other financial assets	214.38	152.03	62.35
Total	2,580.66	388.87	2,191.79

	December 31, 2013	Liquidity term	
		less than 1 year	over 1 year
Investments	5.03	-	5.03
Expenditure recoverable from Romanian State	2,249.88	180.44	2,069.44
Other financial assets	191.21	122.23	68.98
Total	2,446.12	302.67	2,143.45

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 2,085.81 million as at December 31, 2014 (2013: RON 1,895.73 million) and environmental liabilities in E&P, R&M and Doljchim with net present value of RON 276.31 million (2013: RON 354.15 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:

	Year 2014
January 1, 2014	13.96
Additions	0.78
December 31, 2014	14.74

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9. 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
January 1, 2014	200.17	464.33	664.50
Additions/ (releases)	(8.88)	41.38	32.50
Used	(7.16)	(1.65)	(8.81)
Exchange differences and changes in consolidated Group	(0.30)	0.29	(0.01)
December 31, 2014	183.83	504.35	688.18

The gross value of impaired trade receivables as at December 31, 2014 is of RON 198.33 million (2013: RON 220.25 million) and the gross value of impaired other financial assets amounts to RON 520.21 million (2013: RON 476.81 million).

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

Trade receivables	December 31, 2014	December 31, 2013
Up to 60 days overdue	156.17	121.25
61 to 120 days overdue	2.23	2.82
More than 120 days overdue	12.26	8.30
Total	170.66	132.37

Other financial assets	December 31, 2014	December 31, 2013
Up to 60 days overdue	0.20	0.24
61 to 120 days overdue	-	-
More than 120 days overdue	-	0.04
Total	0.20	0.28

10. OTHER ASSETS

The carrying value of other assets was as follows:

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

^{*)} shown in other assets from December 31, 2014

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10. OTHER ASSETS (continued)

	December 31, 2013	Liquidity term	
		less than 1 year	over 1 year
Receivables from taxes	232.78	211.32	21.46
Prepaid expenses and deferred charges	40.80	40.57	0.23
Rental and lease prepayments	30.97	30.97	-
Other assets	32.46	31.81	0.65
Total	337.01	314.67	22.34

11. INVENTORIES

	December 31, 2014	December 31, 2013
Crude oil	395.48	358.13
Natural gas	183.75	57.32
Other raw materials	264.46	253.72
Work in progress	117.12	117.91
Finished products	1,289.24	1,198.39
Advances paid for inventories *	-	10.82
Total	2,250.05	1,996.29

* shown in other assets from December 31, 2014

The cost of materials and goods consumed during 2014 (whether used in production or re-sold) is of RON 6,328.37 million (2013: RON 7,958.41 million).

The carrying amount of inventories pledged as security for liabilities is RON 16.64 million as of December 31, 2014 (2013: RON 3.32 million).

12. ASSETS HELD FOR SALE

	December 31, 2014	December 31, 2013
Land and buildings	12.03	27.70
Plant and equipment	-	3.01
Intangible assets	1.68	1.78
Other assets	-	1.74
Deferred tax asset (Note 18)	-	1.64
Assets held for sale	13.71	35.87
Provisions	-	0.09
Liabilities	-	0.02
Liabilities associated with assets held for sale	-	0.11

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

As at December 31, 2013, most of the assets and liabilities held for sale relate to several subsidiaries in R&M segment (OMV Bulgaria OOD and OMV Srbija DOO), for the estimated sale of several filling stations and 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, 2014 and 2013 with a total nominal value of RON 5,664.41 million.

During 2013, OMV Petrom S.A. used the inflation adjustment to share capital in amount of RON 13,318.96 million (Romania was a hyperinflationary economy until January 2004), to cover the related accumulated loss. This was approved at the General Meeting of the Shareholders held on April 22, 2013.

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 (2013: 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 (2013: same amount). OMV Petrom S.A. sets its legal reserve in accordance with the provisions of the Romanian Companies Law, which requires that 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 (2013: RON 208.60 million). 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 is related to land for which land 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.

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14. PROVISIONS

	Pensions and similar obligations	Decommissioning and restoration	Other provisions	Total
January 1, 2014	303.95	6,148.24	883.53	7,335.72
thereof short-term	-	370.11	281.73	651.84
thereof long-term	303.95	5,778.13	601.80	6,683.88
Exchange differences	-	13.05	(0.02)	13.03
Liabilities associated with assets held for sale	-	-	0.09	0.09
Used	(11.66)	(229.34)	(42.18)	(283.18)
Allocations/(releases) *	(9.28)	1,614.34	529.99	2,135.05
December 31, 2014	283.01	7,546.29	1,371.41	9,200.71
thereof short-term	-	291.37	817.56	1,108.93
thereof long-term	283.01	7,254.92	553.85	8,091.78

*) Include release of provisions in relation to transfer of business to OMV Petrom Global Solutions S.R.L.
– refer to Note 31d) for details.

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 3.73% (2013: 4.85%), an inflation rate of 2.22% (2013: 2.02%) and an average yearly salary increase of 5.00% (2013: 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 0.23% and 3% (2013: between 0.59% and 3%).

The provision for decommissioning and restoration costs includes mainly obligations in respect of OMV Petrom S.A. amounting to RON 7,416.88 million (2013: RON 6,033.66 million). There is a corresponding receivable from the Romanian State of RON 2,085.81 million (2013: RON 1,895.73 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, as well as revision of estimated interest rates.

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14. PROVISIONS (continued)

Details on the Decommissioning and restoration obligations are as follows:

	<u>2014</u>	<u>2013</u>
January 1	6,148.24	6,228.04
Exchange differences	13.05	(3.15)
Revisions in estimates	1,325.21	(251.12)
Unwinding effect	289.13	373.83
Used in current year	<u>(229.34)</u>	<u>(199.36)</u>
December 31	<u>7,546.29</u>	<u>6,148.24</u>

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 2014 is 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:

December 31, 2014	<u>Total</u>	<u>less than 1 year</u>	<u>over 1 year</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>
Total	<u>1,371.41</u>	<u>817.56</u>	<u>553.85</u>

December 31, 2013	<u>Total</u>	<u>less than 1 year</u>	<u>over 1 year</u>
Environmental provision	173.38	52.40	120.98
Other personnel provisions	65.92	65.92	-
Provisions for litigations	453.75	78.10	375.65
Other	<u>190.48</u>	<u>85.31</u>	<u>105.17</u>
Total	<u>883.53</u>	<u>281.73</u>	<u>601.80</u>

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, 2014 and 2013 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 E&P and R&M, as these obligations existed prior to privatization. (Note 9)

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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

Increase in other short-term provisions as at December 31, 2014 is driven primarily by alleged debts and late payment interest charges following a tax review of the years 2009 and 2010 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 allocation is OMV Petrom S.A. Under this scheme OMV Petrom S.A. is entitled to 2,664,658 emission certificates for year 2014 (2013: 3,006,806 emissions certificates). During 2014, OMV Petrom S.A. received 3,690,188 emissions certificates, out of which 3,006,806 emission certificates from 2013 entitlement and 683,382 emission certificates from 2014 entitlement.

During 2014 the Group had net sales of 257,000 emissions certificates (2013: net purchases of 159,507 emissions certificates).

A shortfall in emissions certificates would be provided for. Until December 31, 2014, the Group was not short of certificates.

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15. INTEREST-BEARING DEBTS

As at December 31, 2014 and December 31, 2013 OMV Petrom Group had the following loans:

Interest-bearing debts short-term

Borrower	Lender	December 31, 2014	December 31, 2013
OMV Petrom S.A.	European Bank for Reconstruction and Development (a)	95.02	95.07
OMV Petrom S.A.	European Investment Bank (b)	85.37	85.42
OMV Petrom S.A.	OMV Petrom Global Solutions S.R.L. (c)	73.76	-
OMV Petrom Marketing S.R.L.	Raiffeisen Bank S.A. (d)	9.00	-
Tasbulat Oil Corp.	Citibank Kazakhstan (e)	-	0.63
	Accrued interest	12.07	9.38
	Prepayments in relation with loan amounts drawn	(1.55)	(1.46)
Total interest bearing debts short term		273.67	189.04

Interest-bearing debts long-term

Borrower	Lender	December 31, 2014	December 31, 2013
OMV Petrom S.A.	European Investment Bank (b)	612.55	698.33
Kom Munai LLP.	European Bank for Reconstruction and Development (f)	523.53	-
OMV Petrom S.A.	European Bank for Reconstruction and Development (a)	468.83	564.18
	Prepayments in relation with loan amounts drawn	(15.95)	(8.78)
Total interest-bearing debts long term		1,588.96	1,253.73
Total interest-bearing debts		1,862.63	1,442.77

- (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 amount due as at December 31, 2014 amounted to RON 563.85 million (equivalent of EUR 125.80 million) (2013: RON 659.25 million, equivalent of EUR 147.00 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, 2014 was RON 697.92 million (equivalent of EUR 155.71 million) (2013: RON 783.75 million, equivalent of EUR 174.76 million).
- (c) A cash pooling agreement with maturity on April 24, 2015, 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 90.00 million, usable in RON or any other currency EUR, USD and GBP. Amount drawn by the Group as at December 31, 2014 was RON 73.76 million.

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15. INTEREST-BEARING DEBTS (continued)

- (d) 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 balance as at December 31, 2014 amounts to RON 9.00 million, equivalent of EUR 2.00 million.
- (e) A revolving credit facility contracted by Tasbulat LLP from Citibank Kazakhstan, with a maximum limit of USD 3.00 million (equivalent of RON 11.06 million) and maturity date December 31, 2014. The facility was cancelled in August 2014, when a new agreement was signed, detailed at point (i) below. The outstanding amount as at December 31, 2013 was of USD 0.19 million (equivalent of RON 0.63 million), amount that was fully paid during 2014.
- (f) 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, 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 80.00 million, to be used for future capital expenditures.
- The amount due as at December 31, 2014 is of RON 523.53 million (equivalent of EUR 142.00 million).

The OMV Petrom Group's companies have several credit facilities signed as at December 31, 2014 as follows:

- (g) An unsecured credit facility granted by Raiffeisen Bank S.A. up to EUR 141.60 million consisting in two subfacilities: subfacility A with maturity date prolonged to December 31, 2015 (for an amount of EUR 95.00 million) and subfacility B with maturity date December 15, 2016 (for an amount of EUR 46.60 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 46.60 million); OMV Petrom Wind Power S.R.L. (up to the maximum limit of EUR 1.00 million) and by SC 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, 2014 and December 31, 2013.
- (h) On November 22, 2011, OMV Petrom S.A. replaced the Banks Consortiums credit facilities amounting to EUR 875.00 million contracted in 2008 and 2009 with a new unsecured Banks Consortium revolving facility amounting to EUR 930.00 million with 3 years maturity and possibility of extension with another 2 years. The Banks Consortium included Banca Comercială Română S.A (Erste Bank), Barclays Bank PLC, BRD – Groupe Société Générale S.A., Citibank Europe plc, BNP Paribas-Fortis Bank SA/NV Bruxelles Bucharest Branch, ING Bank N.V. Amsterdam Bucharest Branch, J.P. Morgan Europe Limited, OTP Bank Romania S.A., Raiffeisen Bank International AG, Raiffeisenlandesbank Niederösterreich Wien AG, Raiffeisenlandesbank Oberösterreich AG, Raiffeisen Bank S.A., Bank of Tokyo Mitsubishi UFJ (Holland) N.V., Unicredit Bank Austria AG, Unicredit Ţiriac Bank S.A. The final maturity date was prolonged until November 22, 2016. There are no drawings from this facility as at December 31, 2014 and December 31, 2013.
- (i) A credit facility contracted on October 8, 2014 by Tasbulat Oil Corporation LLP and Kom-Munai LLP (the "Borrowers") from JSK Citibank Kazakhstan, accesible to both borrowers up to the maximum limit of USD 10.00 million (equivalent of RON 36.86 million) and maturity date July 31, 2015 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, 2014.
- (j) An unsecured facility contracted by OMV Bulgaria OOD from Citibank Sofia, with a maximum limit of BGN 23.27 million (equivalent of RON 53.33 million) and maturity date June 30, 2015. The destination of the facility is financing current operational activities (overdraft) and issuance of letters of bank guarantee without cash collateral. There were no drawings under the overdraft facility as at December 31, 2014.

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15. INTEREST-BEARING DEBTS (continued)

- (k) An unsecured revolving facility contracted by OMV Serbia from Raiffeisen Bank Belgrade, with a maximum limit of EUR 4.00 million (equivalent of RON 17.93 million) and maturity prolonged until March 2, 2015. 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, 2014.
- (l) An unsecured facility contracted by OMV Serbia from Raiffeisen Bank Belgrade, with a maximum limit of RSD 350.00 million (equivalent of RON 12.92 million) and maturity date March 31, 2015. 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, 2014.
- (m) An uncommitted, unsecured overdraft facility of RON 85.00 million contracted by OMV Petrom S.A. from Banca Comercială Intesa Sanpaolo Romania S.A. for general corporate expenditure, with maturity date April 22, 2015. No drawings were made under the overdraft facility as at December 31, 2014.
- (n) An uncommitted, 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 313.75 million), for issuance of letters of guarantee and as overdraft for working capital financing. The maturity for letters of guarantee is until November 22, 2017 and for overdraft and the maturity is until November 22, 2015. No drawings under the overdraft were made as at December 31, 2014.
- (o) 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 537.85 million) that can be used in RON, with maturity date April 30, 2015. 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, 2014.

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

- (p) An unsecured facility agreement was signed by OMV Petrom S.A. with Fortis Bank S.A.– Bucharest branch – for up to EUR 30.00 million (equivalent of RON 134.46 million), to be utilized only for issuance of letters of bank guarantee, with maturity date May 31, 2015 with yearly automatic renewal, but not later than May 31, 2017.
- (q) An unsecured credit facility up to EUR 30.00 million (equivalent of RON 134.46 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 April 30, 2015.
- (r) An unsecured credit facility received by OMV Petrom S.A. from Bancpost S.A., up to EUR 25.00 million (equivalent of RON 112.05 million), to be utilized only for issuance of letters of bank guarantee, with maturity until March 31, 2015.
- (s) A frame facility contracted by OMV Serbia from Raiffeisen Bank Belgrade, with a maximum limit of EUR 2.00 million (equivalent of RON 8.96 million) and maturity date January 12, 2016. The destination of the facility is the issuance of letters of bank guarantee and letters of credit.

As at December 31, 2014, 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

	December 31, 2014	less than 1 year	over 1 year
Finance lease liabilities	295.75	37.39	258.36
Financial liabilities in connection with joint operations	425.79	425.79	-
Other financial liabilities	222.02	201.28	20.74
Total	943.56	664.46	279.10

	December 31, 2013	less than 1 year	over 1 year
Finance lease liabilities	297.74	36.62	261.12
Financial liabilities in connection with joint operations	12.73	12.73	-
Other financial liabilities	297.68	269.52	28.16
Total	608.15	318.87	289.28

Finance lease liabilities

OMV Petrom Group acquired through finance lease mainly equipment for production of electricity and pipe yards facilities for tubing reconditioning in OMV Petrom (E&P segment) and a hydrogen and medium pressure steam production plant for Petrobrazi Refinery in OMV Petrom (R&M segment).

For the pipe yards facilities (including 2014 additions) the lease period is 15 years and the total future minimum lease payments amounts to RON 83.92 million as at December 31, 2014 (2013: RON 68.60 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 169.50 million as at December 31, 2014 (2013: RON 175.35 million).

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

	December 31, 2014	December 31, 2013
Obligations under finance leases		
Amounts due within 1 year	57.42	51.88
Amounts due after more than 1 year but not later than 5 years	160.25	161.63
Amounts due after 5 years	202.58	202.93
Total lease obligations	420.25	416.44
Less future finance charges on finance leases	(124.50)	(118.70)
Present value of finance lease liabilities	295.75	297.74
<i>Analyzed as follows:</i>		
Maturing within 1 year	37.39	36.62
Maturing after more than 1 year but not later than 5 years	114.57	119.04
Maturing after 5 years	143.79	142.08
Total present value of finance lease liabilities	295.75	297.74

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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>< 1 year</u>	<u>1-5 years</u>	<u>> 5 years</u>	<u>Total</u>
December 31, 2014				
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
Total	3,881.56	1,356.23	714.10	5,951.89
	<u>< 1 year</u>	<u>1-5 years</u>	<u>> 5 years</u>	<u>Total</u>
December 31, 2013				
Interest-bearing debts	224.96	812.33	560.63	1,597.92
Trade payables	2,958.26	-	-	2,958.26
Other financial liabilities	334.14	189.71	203.00	726.85
Total	3,517.36	1,002.04	763.63	5,283.03

17. OTHER LIABILITIES

	<u>December 31, 2014</u>	<u>less than 1 year</u>	<u>over 1 year</u>
Deferred income	103.78	103.78	-
Tax liabilities	612.21	612.21	-
Social security	37.28	37.28	-
Other liabilities	130.99	130.99	-
Total	884.26	884.26	-
	<u>December 31, 2013</u>	<u>less than 1 year</u>	<u>over 1 year</u>
Deferred income	114.08	114.08	-
Tax liabilities	587.11	587.11	-
Social security	42.10	42.10	-
Other liabilities	47.08	47.08	-
Total	790.37	790.37	-

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18. DEFERRED TAX

December 31, 2014	Deferred tax assets before allowances	Allowances	Net deferred tax assets	Deferred tax liabilities
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	-
Total	1,603.25	140.31	1,462.94	415.16
Netting (same tax jurisdiction/country)			(415.16)	(415.16)
Deferred tax, net			1,047.78	-
Total deferred tax			1,047.78	-

December 31, 2013	Deferred tax assets before allowances	Allowances	Net deferred tax assets	Deferred tax liabilities
Tangible and intangible assets	209.37	-	209.37	398.78
Financial assets	85.09	-	85.09	8.96
Inventories	50.92	-	50.92	1.30
Receivables and other assets	76.42	41.99	34.43	0.13
Untaxed reserves	-	-	-	10.15
Provisions for pensions and severance payments	48.63	-	48.63	-
Other provisions	781.80	-	781.80	-
Liabilities	24.10	-	24.10	0.97
Tax loss carried forward	52.18	-	52.18	-
Total	1,328.51	41.99	1,286.52	420.29
Netting (same tax jurisdiction/country)			(409.24)	(409.24)
Deferred tax, net			877.28	11.05
Deferred tax for assets and related liabilities held for sale (Note 12)	1.64	-	1.64	-
Total deferred tax			878.92	11.05

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18. DEFERRED TAX (continued)

As at December 31, 2014, losses carry-forward for tax purposes amounted to RON 295.38 million (2013: RON 278.68 million). Eligibility of losses for carry-forward expires as follows:

	<u>2014</u>	<u>2013</u>
2014	-	3.26
2015	3.60	10.21
2016	3.78	3.75
2017	2.28	-
2018	-	65.46
2019 / After 2018	48.10	196.00
After 2019	<u>237.62</u>	<u>-</u>
Total	<u>295.38</u>	<u>278.68</u>

19. OTHER OPERATING INCOME

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Exchange gains from operating activities	90.15	64.45
Gain on transfer of business (Note 31d)	52.59	-
Gains on disposal of non-current assets	30.13	45.94
Write-up tangible and intangible assets	6.52	12.30
Other operating income	<u>136.34</u>	<u>175.57</u>
Total	<u>315.73</u>	<u>298.26</u>

20. OTHER OPERATING EXPENSES

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Exchange losses from operating activities	122.13	74.36
Losses on disposal of non-current assets	60.17	44.44
Expenses with provisions for litigations	16.25	7.53
Other operating expenses	<u>602.27</u>	<u>561.01</u>
Total	<u>800.82</u>	<u>687.34</u>

Other operating expenses include an amount of RON 104.16 million (2013: RON 15.81 million) representing restructuring expenses. Restructuring expenses were also booked in 2013 in administrative expenses in amount of RON 3.76 million and in cost of sales in amount of RON 1.34 million.

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21. COST INFORMATION

For the years ended December 31, 2014 and December 31, 2013 the consolidated income statement includes the following personnel expenses:

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Wages and salaries	2,254.45	2,013.14
Other personnel expenses	<u>148.72</u>	<u>167.94</u>
Total personnel expenses	<u>2,403.17</u>	<u>2,181.08</u>

Included in the above personnel expenses is the amount of RON 317.10 million, representing Group's contribution to state pension plan for the year ended December 31, 2014 (2013: RON 328.20 million).

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

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Depreciation and amortization	2,795.28	2,823.90
Net impairment intangible assets and property, plant and equipment	<u>2,011.02</u>	<u>530.82</u>
Total depreciation, amortization and impairment	<u>4,806.30</u>	<u>3,354.72</u>

Net impairment losses booked during the year ended December 31, 2014 for intangible assets and property, plant and equipment were related to E&P 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 G&P amounting RON 715.81 million (related to Brazi power plant and Dorobantu wind power park in Romania), to R&M amounting RON 65.04 million (mainly related to impairment of retail assets in Serbia) and also to Corporate & Other segment RON 0.26 million.

Net impairment losses booked during the year ended December 31, 2013 for tangible and intangible assets were related to E&P segment amounting RON 444.02 million (including mainly impairments for replaced assets and for unsuccessful exploration wells in Romania), to G&P amounting RON 43.69 million (mainly related to Petrom Distributie Gaze S.R.L. assets), to R&M amounting RON 42.82 million (mainly related to impairment of marketing assets) and also to Corporate & Other segment RON 0.29 million.

In the consolidated income statement the impairment losses are mainly included under cost of sales amounting RON 1,884.80 million (2013: RON 367.64 million), exploration expenses of RON 63.68 million (2013: RON 93.72 million) and selling expenses of RON 69.06 million (2013: RON 81.76 million). These impairment losses are netted of with write-ups amounting to RON 6.52 (2013: RON 12.30 million).

Rental expenses included in current period consolidated income statement are RON 204.27 million (2013: RON 225.72 million).

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22. INCOME FROM ASSOCIATED COMPANIES

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Share of the result of associated companies	10.67	3.27
Dividends from associated companies	<u>-</u>	<u>1.13</u>
Total income from associated companies	<u>10.67</u>	<u>4.40</u>

23. INTEREST INCOME AND INTEREST EXPENSES

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Interest income		
Interest income from receivables and other	9.22	48.45
Interest income from short term bank deposits	14.58	33.87
Unwinding income for other financial assets and positive effect of changes in discount rate and timing for State receivable	<u>48.53</u>	<u>123.58</u>
Total interest income	<u>72.33</u>	<u>205.90</u>
Interest expenses		
Interest expenses	(313.08)	(78.97)
Unwinding expenses for retirement benefits provision	(14.38)	(15.59)
Unwinding expenses for decommissioning provision, net of the unwinding income for related State receivable	(208.39)	(258.58)
Unwinding and discounting for other items	<u>(13.30)</u>	<u>(7.06)</u>
Total interest expenses	<u>(549.15)</u>	<u>(360.20)</u>
Net interest result	<u>(476.82)</u>	<u>(154.30)</u>

Decrease in interest income is mainly driven by the fact that last year was positively impacted by reassessment of receivables.

Interest expenses line in 2014 mainly relates to 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, 2014</u>	<u>December 31, 2013</u>
Financial income		
Exchange gains from financing activities	147.31	72.60
Gains from investments and financial assets	<u>3.55</u>	<u>1.86</u>
Total financial income	<u>150.86</u>	<u>74.46</u>
Financial expense		
Exchange losses from financing activities	(65.34)	(124.69)
Losses from financial assets and securities	(5.79)	-
Other financial expenses	<u>(42.70)</u>	<u>(59.13)</u>
Total financial expense	<u>(113.83)</u>	<u>(183.82)</u>
Other financial income and expenses	<u>37.03</u>	<u>(109.36)</u>

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25. TAXES ON INCOME

	December 31, 2014	December 31, 2013
Taxes on income - current year	981.63	896.95
Deferred tax (revenue) / expenses	<u>(172.12)</u>	<u>(22.39)</u>
Total taxes on income	<u>809.51</u>	<u>874.56</u>

The reconciliation of net deferred tax assets is as follows:

	2014	2013
Deferred taxes January 1	867.87	856.62
Deferred taxes December 31	<u>1,047.78</u>	<u>867.87</u>
Changes in deferred taxes	<u>179.91</u>	<u>11.25</u>
thereof deferred taxes in Other Comprehensive Income	7.79	(11.14)
thereof deferred taxes revenues / (expenses) in the Income Statement	<u>172.12</u>	<u>22.39</u>

Reconciliation

Profit before taxation	2,909.18	5,698.60
Income tax rate applicable for Parent company	16.00%	16.00%
Profits tax based on income tax rate of the Parent	465.47	911.78
Effect of differing foreign tax rates	<u>(33.18)</u>	<u>(31.06)</u>
Profits tax based on applicable rates	432.29	880.72
Tax effect of permanent differences	<u>377.22</u>	<u>(6.16)</u>
Profits tax expense in the Income Statement	<u>809.51</u>	<u>874.56</u>

Permanent differences in 2014 were generated mainly by non-deductible expenses related to alleged debts and late payment interest charges as a result of tax review for years 2009 and 2010 in Romania and by non-deductible impairment booked in Kazakhstan.

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26. EARNINGS PER SHARE

Calculation of earnings per share is based on the following data:

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Net profit attributable to own shareholders	2,102.67	4,820.85
Weighted average number of shares	<u>56,643,903,559</u>	<u>56,643,903,559</u>
Earnings per share in RON	<u>0.0371</u>	<u>0.0851</u>

The basic and diluted earnings 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 29, 2014, the shareholders of OMV Petrom S.A. approved the distribution of dividends for the financial year 2013 for the amount of RON 1,744.63 million, resulting in a dividend per share of 0.0308 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.

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 E&P 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.

E&P activities are mainly focused on Romania and Kazakhstan. E&P products are crude oil and natural gas.

Gas business unit 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** mainly extends the gas value chain into a gas-fired power plant.

R&M produces and delivers gasoline, diesel and other petroleum products to its customers. **Refining** division operates one Romanian refinery, Petrobrazi. **Marketing** division 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.

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27. SEGMENT INFORMATION (continued)

Operating segments:	Exploration & Production	Gas & Power	Refining & Marketing	Corporate & Other	Total	Consolidation	Consolidated total
December 31, 2014							
Intersegment sales	12,028.28	361.30	152.54	393.07	12,935.19	(12,935.19)	-
Sales with third parties	860.77	4,013.91	16,601.99	64.59	21,541.26	-	21,541.26
Total sales	12,889.05	4,375.21	16,754.53	457.66	34,476.45	(12,935.19)	21,541.26
EBIT	3,932.33	(818.07)	(79.37)	(150.50)	2,884.39	453.91	3,338.30
Total assets*	25,703.71	2,088.41	5,629.47	524.93	33,946.52	-	33,946.52
Additions in PPE/IA	6,635.86	4.38	798.37	47.10	7,485.71	-	7,485.71
Depreciation and amortization	2,038.69	151.01	555.38	50.20	2,795.28	-	2,795.28
Impairment losses (net)	1,229.91	715.81	65.04	0.26	2,011.02	-	2,011.02

Information about geographical areas:

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

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.

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.

*) Intangible assets (IA), property, plant and equipment (PPE).

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

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27. SEGMENT INFORMATION (continued)

Operating segments:		Exploration & Production	Gas & Power	Refining & Marketing	Corporate & Other	Total	Consolidation	Consolidated total
December 31, 2013								
Intersegment sales		12,112.56	435.56	180.65	553.25	13,282.02	(13,282.02)	-
Sales with third parties		1,107.85	3,879.91	19,127.63	69.83	24,185.22	-	24,185.22
Total sales		13,220.41	4,315.47	19,308.28	623.08	37,467.24	(13,282.02)	24,185.22
EBIT		5,528.61	112.43	385.53	(97.25)	5,929.32	28.54	5,957.86
Total assets*								
Additions in PPE/IA		22,296.95	2,948.54	5,491.25	737.37	31,474.11	-	31,474.11
Depreciation and amortization		4,502.71	18.32	827.84	59.46	5,408.33	-	5,408.33
Impairment losses (net)		2,045.27	167.96	529.31	81.36	2,823.90	-	2,823.90
		444.02	43.69	42.82	0.29	530.82	-	530.82

Information about geographical areas:

December 31, 2013	Romania	Rest of CEE	Rest of world	Consolidation	Consolidated total
Sales with third parties**	18,963.51	4,221.53	1,000.18	-	24,185.22
Total assets*	29,362.84	839.41	1,271.86	-	31,474.11
Additions in PPE/IA	5,123.17	23.65	261.51	-	5,408.33

Sales with third parties made in Rest of CEE (Central Eastern Europe) include sales made in Bulgaria amounting to RON 2,969.56 million in 2013.

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.

*) Intangible assets (IA), property, plant and equipment (PPE).

**) 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, 2014</u>	<u>December 31, 2013</u>
Total OMV Petrom Group	18,884	20,393
thereof:		
OMV Petrom S.A.	17,861	19,016
Subsidiaries	1,023	1,377

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

During 2014, a number of 1,141 employees were transferred to OMV Petrom Global Solutions S.R.L. Refer to Note 31d) for more details.

29. RELATED PARTIES

The terms of the outstanding balances receivable from/payable to related parties are typically 10 to 60 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, 2014 and December 31, 2013. Dividends receivable are not included in the below balances and revenues.

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

	Nature of transactions	<u>Purchases</u>	<u>Balances payable</u>
OMV Petrom S.A. - parent company			
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	-
Total OMV Petrom S.A.		<u>643.33</u>	<u>187.46</u>

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29. RELATED PARTIES (continued)

	Nature of transactions	Purchases	Balances payable
OMV Petrom Group subsidiaries			
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	-
Total subsidiaries		287.10	79.24
Total OMV Petrom Group		930.43	266.70

	Nature of transactions	Revenues	Balances receivable
OMV Petrom S.A. - parent company			
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	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
Total OMV Petrom S.A.		1,926.48	39.00

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

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29. RELATED PARTIES (continued)

	Nature of transaction	Revenues	Balances receivable
OMV Petrom Group subsidiaries			
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	-
Total subsidiaries		10.95	15.30
Total OMV Petrom Group		1,937.43	54.30

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

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

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

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29. RELATED PARTIES (continued)

During 2013, OMV Petrom Group had the following transactions with related parties (including balances as of December 31, 2013):

	Nature of transaction	Purchases	Balances payable
OMV Petrom S.A. - parent company			
OMV Refining & Marketing GmbH	Acquisition of petroleum products	512.53	39.69
OMV Exploration & Production GmbH	Delegation of personnel and other	110.43	45.51
OMV Solutions GmbH	Delegation of personnel and other	52.76	10.31
OMV Aktiengesellschaft	Delegation of personnel and other	35.60	5.51
OMV Trading GmbH	Acquisition of electricity and other	31.74	21.70
OMV Supply & Trading AG	Acquisition of petroleum products	30.76	1.03
OMV International Oil & Gas GmbH	Delegation of personnel and other	21.42	0.25
OMV Hungária Ásványolaj Korlátolt Felelősségű Társaság	Acquisition of bitumen	3.79	-
OMV Power International GmbH	Delegation of personnel and other	2.95	2.82
OMV Gas & Power GmbH	Delegation of personnel and other	1.27	0.12
Total OMV Petrom S.A.		803.25	126.94
	Nature of transaction	Purchases	Balances payable
OMV Petrom Group subsidiaries			
OMV Refining & Marketing GmbH	Acquisition of petroleum products	225.40	31.64
OMV Exploration & Production GmbH	Delegation of personnel	13.47	8.46
OMV Hungária Ásványolaj Korlátolt Felelősségű Társaság	Acquisition of petroleum products	12.51	0.60
OMV - International Services GmbH	Financial services	2.84	31.73
Petrol Ofisi A.Ş.	Acquisition of petroleum products	1.17	0.05
OMV Aktiengesellschaft	Delegation of personnel and other	0.18	0.12
OMV Power International GmbH	Delegation of personnel and other	0.13	0.13
OMV Solutions GmbH	Delegation of personnel and other	0.03	-
Petrom Nadlac S.R.L.	Various services	-	0.27
OMV Gas & Power GmbH	Various services	-	0.06
Total subsidiaries		255.73	73.06
Total OMV Petrom Group		1,058.98	200.00

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29. RELATED PARTIES (continued)

	Nature of transaction	Revenues	Balances receivable
OMV Petrom S.A. - parent company			
OMV Supply & Trading AG	Sales of petroleum products	1,905.88	60.10
OMV Deutschland GmbH	Sales of propylene	313.64	47.03
OMV Solutions GmbH	Financial, IT and other services	59.03	12.42
OMV Exploration & Production GmbH	Delegation of personnel and other	9.27	2.88
OMV Refining & Marketing GmbH	Delegation of personnel and other	7.89	0.67
OMV Aktiengesellschaft	Delegation of personnel and other	3.54	3.12
OMV Trading GmbH	Services and other	2.68	0.27
OMV Hungária Ásványolaj Korlátolt Felelősségű Társaság	Sales of petroleum products	0.31	-
OMV Gas & Power GmbH	Delegation of personnel and other	0.06	0.06
OMV (Pakistan) Exploration GmbH	Various services	0.01	-
SC Solar Jiu S.R.L.	Various services	-	0.01
Total OMV Petrom S.A.		2,302.31	126.56
	Nature of transaction	Revenues	Balances receivable
OMV Petrom Group subsidiaries			
OMV Refining & Marketing GmbH	Delegation of personnel and other	5.72	0.70
OMV - International Services GmbH	Other services	3.07	14.54
OMV Aktiengesellschaft	Delegation of personnel and other	2.20	0.07
OMV Exploration & Production GmbH	Delegation of personnel and other	0.05	0.05
Trans Gas LPG Services S.R.L.	Various services	0.01	-
Total subsidiaries		11.05	15.36
Total OMV Petrom Group		2,313.36	141.92

During 2013, OMV Petrom Group had no interest income and interest expenses with related parties (including balances as of December 31, 2013 related to interest payable and interest receivable).

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

A loan agreement with maturity on June 15, 2019 was signed 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, 2014. Relationship with OMV Petrom Global Solutions S.R.L. also comprises the cash pooling during 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, 2014 was RON 1.50 million.

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29. RELATED PARTIES (continued)

Ultimate parent

As disclosed in Note 1, OMV Petrom S.A.'s major shareholder is OMV Aktiengesellschaft, being the ultimate parent of the Group and it is based in Austria. The majority of OMV Aktiengesellschaft 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, 2014 (2013: same amount).

At December 31, 2014 and 2013 there are no loans or advances granted by the Group to the members of the Supervisory Board.

As at December 31, 2014 and 2013, 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, 2014

Company Name	Share interest percentage	Consolidation treatment*	Activity	Country of incorporation
Subsidiaries (>50%)				
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
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 sales services	Romania
OMV Bulgaria OOD	99.90%	FC	Fuel distribution	Bulgaria
OMV Srbija DOO	99.96%	FC	Fuel distribution	Serbia
Petrom Nadlac S.R.L.	98.51%	NC	Fuel distribution	Romania
Kom Munai LLP	95.00%	FC	Oil exploration and production in Kazakhstan	Kazakhstan
Petrochemicals Arges S.R.L.	95.00%	NC	Refining petrochemicals products	Romania
Trans Gas LPG Services S.R.L.	80.00%	NC	LPG transportation related services	Romania
Petrom Exploration & Production Limited	50.00%	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
Associated companies (20-50%)				
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
Fontegas Peco Mehedinti S.A.	37.40%	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

*¹) 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 Solar Jiu S.R.L. was deregistered during 2014.

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 2014 OMV Petrom Group has drawn borrowings amounting to RON 604.36 million (2013: RON 0.63 million) and has repaid borrowings amounting to RON 179.17 million (2013: RON 825.73 million) and finance lease obligations amounting to RON 27.70 million (2013: RON 12.24 million).

b) Investments and other financial assets

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% 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 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.

During 2013 OMV Petrom Group acquired from OMV Exploration & Production GmbH a percentage of 100% in two new companies: OMV Petrom Ukraine E&P GmbH and OMV Petrom Ukraine Finance Services GmbH. OMV Petrom paid a total amount of RON 198.36 million (equivalent of EUR 44.52 million), which represents exactly the cash owned by these companies at the moment of acquisition. Therefore, at OMV Petrom Group level there is no net cash out impact from these acquisitions.

During 2013 OMV Petrom paid in cash an amount of RON 0.10 million for the share capital of Solar Jiu S.R.L., not consolidated subsidiary.

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

	December 31, 2014	December 31, 2013
Non-current assets	50.57	-
Current assets	15.90	-
Current liabilities	(20.69)	-
Share in net assets disposed of	45.78	-
Gain / (Loss) on disposal of associate		
	December 31, 2014	December 31, 2013
Share of proceeds on disposal of associate	43.52	-
Share of net assets disposed of	(45.78)	-
Loss on disposal of associate	(2.26)	-

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31. CASH FLOW STATEMENT INFORMATION (continued)

Net cash flow from sale of associate

	December 31, 2014	December 31, 2013
Net consideration received	43.52	-
Net cash inflow on disposal of associate	43.52	-

Subsidiaries

During 2014, OMV Petrom Group did not dispose of any fully consolidated subsidiary. The Group deregistered Solar Jiu S.R.L., non-consolidated subsidiary, thus 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.

During 2013, OMV Petrom Group disposed of two subsidiaries: Petrom LPG S.A. from R&M segment and Petrom Distributie Gaze S.R.L. from G&P segment.

Net assets of disposed subsidiaries at the date of disposal

	December 31, 2014	December 31, 2013
Non-current assets		
Intangible assets	-	1.27
Property, plant and equipment	-	69.11
Current assets		
Inventories	-	21.99
Trade receivables	-	42.85
Other financial assets short term	-	39.56
Other assets short term	-	1.35
Cash and cash equivalents	-	36.48
Deferred tax asset	-	12.25
Liabilities		
Provisions for pensions and similar obligations long term	-	(7.70)
Other financial liabilities long term	-	(49.07)
Trade payables	-	(34.31)
Deferred tax liabilities	-	(3.46)
Current income tax payable	-	(0.09)
Other provisions and decommissioning short term	-	(1.90)
Other liabilities short term	-	(11.38)
Net assets disposed of	-	116.95

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31. CASH FLOW STATEMENT INFORMATION (continued)

Gain / (Loss) on disposal of subsidiaries

	December 31, 2014	December 31, 2013
Proceeds on disposal of subsidiaries	-	116.02
Net assets disposed of	-	(116.95)
Loss on disposal of subsidiaries	-	(0.93)

Net cash flow on disposal of subsidiaries

	December 31, 2014	December 31, 2013
Net consideration received in cash and cash equivalents	-	100.04
Less cash and cash equivalents balances disposed of	-	(36.48)
Net cash inflow on disposal of subsidiaries	-	63.56
Less cash advance received in 2012 for Petrom LPG S.A.	-	(9.82)
Plus encashment for 2013 sale of Petrom Distribuție Gaze S.R.L.	15.99	-
Net cash inflow on disposal of subsidiaries	15.99	53.74

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

	December 31, 2014	December 31, 2013
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)	-
Net assets	103.24	-

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31. CASH FLOW STATEMENT INFORMATION (continued)

Gain / (Loss) on transfer of business

	December 31, 2014	December 31, 2013
Proceeds on transfer of business	173.36	-
Unrecognized gain from transfer of business	(17.53)	
Net assets disposed of	(103.24)	-
Gain on transfer of business	52.59	-

Net cash flow from transfer of business

	December 31, 2014	December 31, 2013
Net consideration received	173.36	-
Net cash inflow on transfer of business	173.36	-

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, 2014 is of RON 1,018.02 million (2013: RON 416.20 million), out of which the amount of RON 102.22 million is related to operating activities (2013: RON 313.13 million) and the amount of RON 915.80 million represents cash outflows for exploration investing activities (2013: RON 103.07 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, 2014

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

Fair value hierarchy for derivative instruments as at December 31, 2013

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Derivatives designated and effective as hedging instruments	-	-	-	-
Other derivatives (net asset)	-	3.26	-	3.26
Total	-	3.26	-	3.26

The financial liabilities whose fair values differ from their carrying amounts as at December 31, 2014 and December 31, 2013 (Level 2 – observable inputs), as well as the respective differences are presented in the table below:

December 31, 2014

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

December 31, 2013

Financial liabilities	<u>Fair value</u>	<u>Carrying amount</u>	<u>Difference</u>
Interest-bearing debts	1,411.13	1,442.77	(31.64)
Finance lease liabilities	310.89	297.74	13.15
Total	1,722.02	1,740.51	(18.49)

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.

S.C. OMV PETROM S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(all amounts are expressed in million RON, unless otherwise specified)

33. COMMITMENTS AND CONTINGENCIES

Commitments

As at December 31, 2014 the total commitments engaged by OMV Petrom Group for investments is of RON 1,412.32 million (2013: RON 1,088.31 million), out of which RON 1,284.50 million related to property, plant and equipment (2013: RON 1,027.92 million) and RON 127.82 million for intangible assets (2013: RON 60.39 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 25.23 million as at December 31, 2014 (2013: RON 28.70 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, 2014 is amounting RON 235.11 million (2013: RON 541.59 million), mainly in relation to off-shore drilling requirements.

S.C. OMV PETROM S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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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 balance with their risks exposure in order to maximize the return to stakeholders. The capital structure of OMV Petrom Group consists of equity attributable to equity holders 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 3% as at December 31, 2014 (December 31, 2013: 1%) 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 being 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 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 an 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.

S.C. OMV PETROM S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(all amounts are expressed in million RON, unless otherwise specified)

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 immediately 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 the company's 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 2014 no financial instruments were used for commodity hedging.

Foreign exchange risk management

Because OMV Petrom Group operates in many countries and currencies, industry specific activities and the corresponding exchange risks are being 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 flow and EBIT.

Foreign currency sensitivity analysis

The carrying amounts of foreign currency denominated monetary assets and liabilities of OMV Petrom Group companies at the reporting date are as follows:

	Assets		Liabilities	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Thousand USD	468,260	616,894	129,219	26,720
Thousand EUR	92,087	155,397	437,717	440,822

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 lei.

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.

S.C. OMV PETROM S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(all amounts are expressed in million RON, unless otherwise specified)

35. RISK MANAGEMENT (continued)

+10% increase in the foreign currencies rates

	<u>Thousand USD Impact (i)</u>		<u>Thousand EUR Impact (ii)</u>	
	2014	2013	2014	2013
Profit/ (Loss)	6,841	42,379	(34,563)	(28,543)
Other comprehensive income	27,063	16,638	-	-

-10% decrease in the foreign currencies rates

	<u>Thousand USD Impact (i)</u>		<u>Thousand EUR Impact (ii)</u>	
	2014	2013	2014	2013
Profit/ (Loss)	(6,841)	(42,379)	34,563	28,543
Other comprehensive income	(27,063)	(16,638)	-	-

(i) This is mainly attributable to the exposure on USD loans (partially reimbursed during the year) and to increased USD liabilities in connection with investment activities.

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

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

Variable rate borrowings:	<u>Balance as at</u>		<u>Effect of 1% change in interest rate</u>	
	<u>December 31, 2014</u>	<u>December 31, 2013</u>	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Short term borrowings	263.15	181.12	2.63	1.81
Long term borrowings	1,604.91	1,262.51	16.05	12.63

In 2014, the internal risk analysis resulted in no need for hedging the interest rate risk, hence no financial instruments were used for interest rate hedging.

S.C. OMV PETROM S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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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. OMV Petrom Group defines counterparties as having similar characteristics if they are related entities.

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

There are no significant events subsequent to the reporting date.

These financial statements, presented from page 3 to page 71, 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 24, 2015.



Mrs. Mariana Gheorghe
Chief Executive Officer



Mr. Andreas Matje
Chief Financial Officer



Mr. Gabriel Selischi
E.B. Member Exploration & Production



Mr. Cristian Secoșan
E.B. Member Gas & Power



Mr. Neil Morgan
E.B. Member Refining & Marketing



Mrs. Alina Popa
Director Finance Department



Mr. Eduard Petrescu
Head of Financial Reporting

S.C. OMV PETROM S.A.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2013
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 S.C. 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 2013, 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 International Standards on Auditing. 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 OMV Petrom S.A. and its subsidiaries as of 31 December 2013 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.

Report on other legal and regulatory requirements

In accordance with the Order of the Minister of Public Finance no. 1286/2012, article no. 30 point c) from Chapter III, we have read the Directors' Report. The Directors' Report is not a part of the consolidated financial statements. In the Directors' Report we have not identified any financial information which is not in accordance, in all material respects, with the information presented in the accompanying consolidated financial statements as at 31 December 2013.

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
25 March 2014



Name of signing person: Anamaria Cora

Registered with the Chamber of Financial Auditors in Romania
Nr. 1593/ 16 August 2005

Bucharest, Romania
25 March 2014

S.C. OMV PETROM S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2013
(all amounts are expressed in million RON, unless otherwise specified)

	Notes	December 31, 2013	December 31, 2012
ASSETS			
Intangible assets	5	814.73	966.51
Property, plant and equipment	6	30,659.38	28,512.59
Investments in associated companies	7	42.71	39.44
Other financial assets	8	2,143.45	2,357.23
Other assets	9	22.34	34.72
Deferred tax assets	17	877.28	866.16
Non-current assets		34,559.89	32,776.65
Inventories	10	1,996.29	2,250.54
Trade receivables	8	1,429.24	1,968.09
Other financial assets	8	302.67	98.93
Other assets	9	314.67	210.82
Cash and cash equivalents		1,408.24	666.65
Current assets		5,451.11	5,195.03
Assets held for sale	11	35.87	172.94
Total assets		40,046.87	38,144.62
EQUITY AND LIABILITIES			
Share capital	12	5,664.41	18,983.37
Reserves		21,006.10	4,454.90
Stockholders' equity		26,670.51	23,438.27
Non-controlling interests		(28.83)	(32.93)
Equity		26,641.68	23,405.34
Provisions for pensions and similar obligations	13	303.95	241.33
Interest-bearing debts	14	1,253.73	1,717.05
Provisions for decommissioning and restoration obligations	13	5,778.13	5,866.10
Other provisions	13	601.80	644.88
Other financial liabilities	15	289.28	168.29
Deferred tax liabilities	17	11.05	8.24
Non-current liabilities		8,237.94	8,645.89

The notes on pages 10 to 65 form part of these consolidated financial statements.

S.C. OMV PETROM S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2013
(all amounts are expressed in million RON, unless otherwise specified)

	Notes	December 31, 2013	December 31, 2012
Trade payables	15	2,958.26	2,880.08
Interest-bearing debts	14	189.04	524.64
Current income tax payable		258.76	261.21
Other provisions and decommissioning	13	651.84	1,210.27
Other financial liabilities	15	318.87	360.85
Other liabilities	16	790.37	764.96
Current liabilities		5,167.14	6,002.01
Liabilities associated with assets held for sale	11	0.11	91.38
Total equity and liabilities		40,046.87	38,144.62

These consolidated financial statements were approved on March 25, 2014.



Mrs. Mariana Gheorghe
Chief Executive Officer



Mr. Andreas Matje
Chief Financial Officer



Mr. Gabriel Selischi
E.B. Member E&P



Mr. Cristian Secosan
E.B. Member Gas & Power



Mr. Neil Morgan
E.B. Member Refining & Marketing



Mrs. Alina Popa
Director Finance Department



Mr. Eduard Petrescu
Head of Financial Reporting

The notes on pages 10 to 65 form part of these consolidated financial statements.

S.C. OMV PETROM S.A. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2013
(all amounts are expressed in million RON, unless otherwise specified)

	Notes	December 31, 2013	December 31, 2012
Sales revenues	26	24,185.22	26,258.13
Direct selling expenses		(646.20)	(696.04)
Cost of sales		(15,484.69)	(17,305.65)
Gross profit		8,054.33	8,256.44
Other operating income	18	298.26	186.58
Selling expenses		(1,090.38)	(1,172.77)
Administrative expenses		(193.56)	(242.12)
Exploration expenses		(423.45)	(327.72)
Other operating expenses	19	(687.34)	(1,038.41)
Earnings before interest and taxes (EBIT)		5,957.86	5,662.00
Income from associated companies	21	4.40	2.18
Interest income	22	205.90	59.86
Interest expenses	22	(360.20)	(825.59)
Other financial income and expenses	23	(109.36)	(72.19)
Net financial result		(259.26)	(835.74)
Profit from ordinary activities		5,698.60	4,826.26
Taxes on income	24	(874.56)	(880.16)
Net income for the year		4,824.04	3,946.10
thereof attributable to stockholders of the parent		4,820.85	3,953.31
thereof attributable to non-controlling interests		3.19	(7.21)
Basic and diluted earnings per share in RON	25	0.0851	0.0698

These consolidated financial statements were approved on March 25, 2014.



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The notes on pages 10 to 65 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, 2013
(all amounts are expressed in million RON, unless otherwise specified)

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Net income for the year	4,824.04	3,946.10
Exchange differences from translation of foreign operations	(4.36)	3.79
Unrealized gains/ (losses) on hedges	-	(249.69)
Realized (gains) / losses on hedges recycled to income statement	-	401.58
Total of items that may be reclassified ("recycled") subsequently to the income statement	<u>(4.36)</u>	<u>155.68</u>
Income tax relating to components of other comprehensive income	<u>2.73</u>	<u>(25.61)</u>
Other comprehensive income for the year, net of tax	<u>(1.63)</u>	<u>130.07</u>
Total comprehensive income for the year	<u>4,822.41</u>	<u>4,076.17</u>
thereof attributable to stockholders of the parent	4,818.27	4,083.30
thereof attributable to non-controlling interests	4.14	(7.13)

The notes on pages 10 to 65 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, 2013
(all amounts are expressed in million RON, unless otherwise specified)

	Share capital	Revenue reserves	Cash flow hedging reserve	Foreign currency translation reserve	Other reserves	Treasury shares	Stockholders' equity	Non-controlling interests	Total equity
Balance at January 1, 2013	18,983.37	4,396.08	-	60.91	(2.07)	(0.02)	23,438.27	(32.93)	23,405.34
Net income for the year	-	4,820.85	-	-	-	-	4,820.85	3.19	4,824.04
Other comprehensive income for the year	-	-	-	11.72	(14.30)	-	(2.58)	0.95	(1.63)
Total comprehensive income for the year	-	4,820.85	-	11.72	(14.30)	-	4,818.27	4.14	4,822.41
Dividends distribution	-	(1,586.03)	-	-	-	-	(1,586.03)	(0.03)	(1,586.06)
Adjustments to share capital and revenue reserves	(13,318.96)	13,318.96	-	-	-	-	-	-	-
Change in non-controlling interests and other	-	50.82	-	-	(50.82)	-	-	(0.01)	(0.01)
Balance at December 31, 2013	5,664.41	21,000.68	-	72.63	(67.19)	(0.02)	26,670.51	(28.83)	26,641.68

Note: For details on reserves, see Note 12.

The notes on pages 10 to 65 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, 2012
(all amounts are expressed in million RON, unless otherwise specified)

	Share capital	Revenue reserves	Cash flow hedging reserve	Foreign currency translation reserve	Other reserves	Treasury shares	Stockholders' equity	Non-controlling interests	Total equity
Balance at January 1, 2012	18,983.37	2,198.73	(127.59)	52.52	(4.61)	(0.02)	21,102.40	(25.79)	21,076.61
Net income for the year	-	3,953.31	-	-	-	-	3,953.31	(7.21)	3,946.10
Other comprehensive income for the year	-	-	127.59	(4.49)	6.89	-	129.99	0.08	130.07
Total comprehensive income for the year	-	3,953.31	127.59	(4.49)	6.89	-	4,083.30	(7.13)	4,076.17
Dividends distribution	-	(1,755.96)	-	-	-	-	(1,755.96)	(0.01)	(1,755.97)
Change in non-controlling interests and other	-	-	-	12.88	(4.35)	-	8.53	-	8.53
Balance at December 31, 2012	18,983.37	4,396.08	-	60.91	(2.07)	(0.02)	23,438.27	(32.93)	23,405.34

Note: For details on reserves, see Note 12.

The notes on pages 10 to 65 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, 2013
(all amounts are expressed in million RON, unless otherwise specified)

	Notes	December 31, 2013	December 31, 2012
Cash flow from operating activities			
Profit before taxation		5,698.60	4,826.26
Adjustments for:			
Interest expenses and other financial expenses	22, 23	138.10	361.39
Interest income	22	(82.32)	(38.86)
Net movement in provisions and allowances for:			
- Inventories		(59.24)	31.33
- Receivables		30.95	207.07
- Pensions and similar liabilities		66.29	50.13
- Decommissioning and restoration obligations		56.54	109.15
- Other provisions for risk and charges		(154.85)	(625.04)
Discounting / Write-off of receivables and other similar items		0.56	263.54
Income from investments in associates	21	(3.27)	1.47
(Gain)/Loss on disposal of subsidiaries	30	0.93	2.08
Cash flow hedge recycled through income statement		-	83.94
(Gain)/Loss on disposals of fixed assets	18, 19	(1.50)	74.38
Depreciation, amortization and impairment expense	5, 6, 20	3,354.72	2,852.22
Other non-cash items		48.25	32.75
Interest received		38.36	40.86
Interest paid		(102.54)	(108.65)
Tax on profit paid		(904.74)	(985.70)
Cash generated from operating activities before working capital movements		8,124.84	7,178.32
(Increase)/Decrease in inventories		145.53	(25.46)
(Increase)/Decrease in receivables and other assets		339.72	(161.54)
Increase/(Decrease) in liabilities		(562.10)	194.12
Net cash generated from operating activities		8,047.99	7,185.44
Cash flow from investment activities			
Purchase of tangible and intangible assets		(4,995.37)	(5,129.65)
Proceeds from sale of fixed assets		47.14	64.42
Acquisition / set-up of subsidiaries	30	(0.10)	-
Proceeds from sale of Petrom Group companies less cash and cash equivalents	30	53.74	9.92
Net cash used for investment activities		(4,894.59)	(5,055.31)
Cash flow from financing activities			
Net repayment of loans	30	(837.34)	(478.15)
Dividends paid		(1,574.31)	(1,741.39)
Net cash used for financial activities		(2,411.65)	(2,219.54)
Effect of foreign exchange rate changes on cash and cash equivalents		(0.16)	2.22
Net increase/(decrease) in cash and cash equivalents		741.59	(87.19)
Cash and cash equivalents at the beginning of the year		666.65	753.84
Cash and cash equivalents at the end of the year		1,408.24	666.65

The notes on pages 10 to 65 form part of these consolidated financial statements.

S.C. OMV PETROM S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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1. LEGAL PRINCIPLES AND BASIS OF PREPARATION

OMV Petrom S.A. (22 Coralilor Street, 013329 Bucharest, Romania), has activities in Exploration and Production (E&P), Gas and Power (G&P), Refining and Marketing (R&M) segments and it is listed on Bucharest Stock Exchange under "SNP" code.

Shareholders' structure as at December 31, 2013 was as follows:

	<u>Percent</u>
OMV Aktiengesellschaft	51.01%
Ministry of Economy	20.64%
Property Fund S.A.	18.99%
Legal entities and individuals	<u>9.36%</u>
Total	<u>100.00%</u>

On May 17, 2013, Property Fund S.A. sold 632,482,000 shares in OMV Petrom S.A. on the Bucharest Stock Exchange. The sale represented 1.12% of OMV Petrom S.A.'s total shares. Thus, the Property Fund S.A. stake in OMV Petrom S.A. diminished from 20.11% at the end of 2012 to 18.99% at the end of 2013.

On November 15, 2013 the European Bank for Reconstruction and Development (EBRD) sold all its 918,216,049 shares in OMV Petrom S.A. on the Bucharest Stock Exchange. The sale represented 1.62% of OMV Petrom S.A.'s total shares.

Consequently, the free float increased to 9.36%.

Statement of compliance

These consolidated financial statements have been drawn up 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 1121/2006 to submit the consolidated financial statements prepared in accordance with IFRS as endorsed by EU starting 2007.

Basis of preparation

Consolidated financial statements of Petrom 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 have been prepared on the historical cost basis, except for certain items that have been measured at fair value as described in Note 31.

Standards and Interpretations effective in the current period

The accounting policies adopted are consistent with those of the previous financial year except for the following new interpretations and amendments to the existing standards and interpretations issued by the International Accounting Standards Board and endorsed by EU that became effective in the current period, but had no significant effects on the financial statements:

- IAS 1 Financial Statement Presentation (Amended) – Presentation of Items of Other Comprehensive Income
- Amendments to IFRS 1 First-time adoption of International Financial Reporting Standards – Government loans
- IAS 19 Employee Benefits (Revised)
- IFRS 7 Financial Instruments: Disclosures (Amended) - Offsetting Financial Assets and Financial Liabilities
- IFRS 13 Fair Value Measurement
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine
- Annual Improvements to IFRSs 2009 – 2011 Cycle that included specific changes to IAS 1, IAS 16, IAS 32 and IAS 34.

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1. LEGAL PRINCIPLES AND BASIS OF PREPARATION (continued)

Standards and Interpretations issued by IASB but not yet effective and not early adopted

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:

- **IAS 27 Separate Financial Statements (Revised)**
For companies which apply IFRS as endorsed by the EU the standard is effective for annual periods beginning on or after 1 January 2014. As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements.
- **IAS 28 Investments in Associates and Joint Ventures (Revised)**
For companies which apply IFRS as endorsed by the EU, the standard is effective for annual periods beginning on or after 1 January 2014. As a consequence of the new IFRS 11 Joint arrangements and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates.
- **IAS 32 Financial Instruments: Presentation (Amended) - Offsetting Financial Assets and Financial Liabilities**
The amendment is effective for annual periods beginning on or after 1 January 2014. These amendments clarify the meaning of “currently has a legally enforceable right to set-off”. The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous.
- **IFRS 9 Financial Instruments: Classification and Measurement and subsequent amendments to IFRS 9 and IFRS 7- Mandatory Effective Date and Transition Disclosures; Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39**
IFRS 9, as issued, reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of financial assets, but will not have an impact on classification and measurements of financial liabilities. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The subsequent package of amendments issued in November 2013 initiate further accounting requirements for financial instruments. These amendments a) bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements; b) allow the changes to address the so-called ‘own credit’ issue that were already included in IFRS 9 Financial Instruments to be applied in isolation without the need to change any other accounting for financial instruments; and c) remove the 1 January 2015 mandatory effective date of IFRS 9, to provide sufficient time for preparers of financial statements to make the transition to the new requirements. The standard and subsequent amendments have not yet been endorsed by the EU. The Group will evaluate potential effects when the final standard including all phases is issued.
- **IFRS 10 Consolidated Financial Statements**
For companies which apply IFRS as endorsed by the EU, the standard is effective for annual periods beginning on or after 1 January 2014. IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation — Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities.

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1. LEGAL PRINCIPLES AND BASIS OF PREPARATION (continued)

- **IFRS 11 Joint Arrangements**

For companies which apply IFRS as endorsed by the EU, the standard is effective for annual periods beginning on or after 1 January 2014. IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method.

- **IFRS 12 Disclosures of Interests in Other Entities**

For companies which apply IFRS as endorsed by the EU, the standard is effective for annual periods beginning on or after 1 January 2014. IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. A number of new disclosures are also required.

- **IFRS 14 Regulatory Deferral Accounts**

The standard is effective for annual periods beginning on or after 1 January 2016. The IASB has a project to consider the broad issues of rate regulation and plans to publish 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 recognise 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 recognise 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.

- **IAS 36 Impairment of Assets (Amended) – Recoverable Amount Disclosures for Non-Financial Assets**

This amendment is effective for annual periods beginning on or after 1 January 2014. These amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or CGUs for which impairment loss has been recognised or reversed during the period.

- **IAS 39 Financial Instruments (Amended): Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting**

This amendment is effective for annual periods beginning on or after 1 January 2014. Under the amendment there would be no need to discontinue hedge accounting if a hedging derivative was novated, provided certain criteria are met. The IASB made a narrow-scope amendment to IAS 39 to permit the continuation of hedge accounting in certain circumstances in which the counterparty to a hedging instrument changes in order to achieve clearing for that instrument.

- **IAS 19 Defined Benefit Plans (Amended): Employee Contributions**

The amendment is effective from 1 July 2014. 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. This amendment has not yet been endorsed by the EU.

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1. LEGAL PRINCIPLES AND BASIS OF PREPARATION (continued)

- **IFRIC Interpretation 21: Levies**

The interpretation is effective for annual periods beginning on or after 1 January 2014. The Interpretations Committee was asked to consider how an entity should account for liabilities to pay levies imposed by governments, other than income taxes, in its financial statements. This Interpretation is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. This interpretation has not yet been endorsed by the EU.

- **Annual Improvements to IFRSs cycle 2010-2012 and cycle 2011-2013** - effective for annual periods beginning on or after 1 July 2014, not yet endorsed by EU. Earlier application is permitted in all cases, provided that fact is disclosed. This set of amendments published as part of the annual improvements process includes specific changes to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24, IAS 38 and IAS 40.

- **Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)**

For companies which apply IFRS as endorsed by the EU, the guidance is effective for annual periods beginning on or after 1 January 2014. The IASB issued amendments to IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities. The amendments change the transition guidance to provide further relief from full retrospective application. The date of initial application' in IFRS 10 is defined as 'the beginning of the annual reporting period in which IFRS 10 is applied for the first time'. The assessment of whether control exists is made at 'the date of initial application' rather than at the beginning of the comparative period. If the control assessment is different between IFRS 10 and IAS 27/SIC-12, retrospective adjustments should be determined. However, if the control assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons IASB has also amended IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities to provide transition relief.

- **Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)**

The amendment is effective for annual periods beginning on or after 1 January 2014. The amendment applies to a particular class of business that qualifies as investment entities. The IASB uses the term 'investment entity' to refer to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. An investment entity must also evaluate the performance of its investments on a fair value basis. Such entities could include private equity organizations, venture capital organizations, pension funds, sovereign wealth funds and other investment funds. Under IFRS 10 Consolidated Financial Statements, reporting entities were required to consolidate all investees that they control (i.e. all subsidiaries). The Investment Entities amendment provides an exception to the consolidation requirements in IFRS 10 and requires investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendment also sets out disclosure requirements for investment entities.

Early application of the above standards and interpretations is not foreseen by the Group. Potential effects in the respective years of initial application are currently being evaluated by management.

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1. LEGAL PRINCIPLES AND BASIS OF PREPARATION (continued)

Significant estimates, assumptions and accounting judgments

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, as well as the amounts disclosed in the Notes 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 in future periods.

Estimates and assumptions need to be made particularly with respect to the following:

a) Mineral reserves (oil and gas reserves) are estimated by 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, 2013 is shown in Note 6.

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 has been impaired.

b) 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 E&P 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 by 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 13).

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) In accordance with IAS 36, intangible assets, as well as property, plant and equipment are reviewed at balance sheet date for any indications of impairment. If indicators that an impairment loss may have occurred are present, the Group makes a formal estimate of the recoverable amount of the cash generating unit or asset. The recoverable value is the higher of value in use and fair value less costs to sell. In most cases the Group formally estimates the value in use. The value in use computation is based on budgets and forecasts and requires the use of a wide range of estimates and assumptions, such as future product prices and/or gross margins, growth rates, inflation rates, foreign exchange rates, discount rates etc.

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1. LEGAL PRINCIPLES AND BASIS OF PREPARATION (continued)

For the computation of value in use as of December 31, 2013 the relevant pre-tax discount rates (that reflect current market assessments of the time value of money and the risks specific to the asset / cash generating unit) are country specific and vary between:

- 8.6% to 8.9% for E&P (2012: 8.7% to 9.1%)
- 6.2% to 6.4% for G&P (2012: 7.2%)
- 6.6% to 7.3% for R&M (2012: 6.8% to 7.7%)

Taking into account the challenging market conditions for gas power plants, Brazi Power Plant was tested for impairment as of December 31, 2013. The recoverable amount was based on the value in use. The relevant cash flows are in line with mid-term planning assumptions of the Group, which cover three years, and on figures beyond that time frame that were prepared on the basis of macro-economic assumptions. The key valuation assumptions for recoverable amount are: the spark spreads (being the differences between the electricity prices and the gas prices) the power quantity produced and the amount of balancing revenues. The assumptions used for the first three years are based on forward prices, while the medium and long-term assumptions are consistent with data provided by external studies. The pre-tax discount rate used was 6.16%.

d) 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.

Significant judgments were made in particular with respect to the following:

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

b) 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.

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2. CONSOLIDATION

a) Subsidiaries

The consolidated financial statements comprise the financial statements of OMV Petrom S.A. ("OMV Petrom") and its subsidiaries ("Petrom Group") as at December 31, 2013, prepared in accordance with consistent accounting and valuation principles. The financial statements of the subsidiaries are prepared for the same reporting date, December 31, 2013, as the parent company.

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 profit or loss.

Non-controlling interests that represent ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

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

Non-controlling interests represent the equity of a subsidiary not attributable directly or indirectly to Petrom Group and 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.

The number of consolidated companies is as follows:

	Full consolidation	Equity consolidation
As at January 1, 2013	14	1
Included for the first time*	2	-
Deconsolidated during the year**	(2)	-
As at December 31, 2013	14	1
Romanian companies	6	1
Foreign companies	8	-

*) In 2013 OMV Petrom acquired and consolidated for the first time two new companies: OMV Petrom Ukraine E&P GmbH and OMV Petrom Ukraine Finance Services GmbH.

**) In 2013 OMV Petrom disposed of two consolidated companies: Petrom LPG SA and Petrom Distributie Gaze SRL.

Please refer to Note 29 for further details on group structure.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of Petrom Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

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2. CONSOLIDATION (continued)

b) Associates

An associate is an enterprise over which the Group is in a position to exercise significant influence, through participation in the financial and operating policy decisions of the investee. 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 amortized. After application of the equity method, the Group determines whether it is necessary to recognize any additional impairment loss with respect to Group's net investment in the associate.

The income statement reflects the share of the results of operations of the associate. 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 other comprehensive income and/or 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 21) the share of the results of operations of the associate corresponding to dividends received.

Where a Group enterprise transacts with an associate of the Group, unrealized profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

c) Interests in joint ventures

IFRS defines joint control as the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions regarding the activity require the unanimous consent of the parties sharing the control (the venturers).

The Group has interests in jointly controlled assets.

A jointly controlled asset (JCA) involves joint control and often joint ownership by the Group and other venturers of the assets contributed to, or acquired for the purpose of the joint venture, without the formation of a corporation, partnership or other entity.

Where the Group's activities are conducted through JCAs, the Group recognizes its share of the jointly controlled assets and liabilities it has incurred, its share of any liabilities jointly incurred with other venturers, income from the sale or use of its share of the joint venture's output, together with its share of the expenses incurred by the joint venture, and any expenses it incurs in relation to its interest in the joint venture and a share of production. The Group combines its share of the jointly controlled assets and liabilities, income and expenses of the JCA with similar items, line by line, in its consolidated financial statements.

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3. ACCOUNTING AND VALUATION PRINCIPLES

a) Pre-licence costs

Pre-licence costs are expensed in the period in which they are incurred.

b) Licence acquisition costs

Exploration licence acquisition costs are capitalized in intangible assets. Licence costs paid in connection with a right to explore in an existing exploration area are capitalized and amortized over the term of the permit.

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 profit or loss. Upon recognition of proved reserves and internal approval for development, the relevant expenditure is transferred to oil and gas assets.

c) 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 profit and loss account for the year. If the prospects are deemed commercially viable, such costs are transferred to tangible oil and gas assets upon commencement of the production. 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.

d) 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 with proved reserves.

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.

e) 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.

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3. ACCOUNTING AND VALUATION PRINCIPLES (continued)

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.

In accordance with IAS 36, intangible assets as well as property, plant and equipment are reviewed at balance sheet 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.

If the carrying amount of an asset or cash generating unit exceeds its recoverable amount, an impairment loss is recognized to reduce the asset to its lower recoverable amount. The asset's value is written back up to its depreciated cost if the reasons for recognition of an impairment loss disappear in subsequent periods. The difference is disclosed under other operating income.

Depreciation and amortization is calculated on a straight-line basis, except for E&P 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 other operating expenses.

Intangible assets	Useful life (years)
Goodwill	Indefinite
Software	3 - 5
Concessions, licences and other intangibles	5 - 20, or contract duration
Business-specific property, plant and equipment	
E&P Oil and gas core assets	Unit of production method
G&P Gas pipelines	20 - 30
G&P Gas power plant	8 - 30
G&P Wind power stations	10 - 20
R&M Storage tanks and Refinery facilities	25 - 40
R&M Pipeline systems	20
R&M Filling stations components	5 - 20
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 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 exploration and development costs and support equipment are generally depreciated based on proved developed reserves/ total proved reserves by applying the unit-of-production method; capitalized exploration rights and acquired reserves are amortized on the basis of total proved reserves.

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3. ACCOUNTING AND VALUATION PRINCIPLES (continued)

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. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

Advances for the acquisition of tangible and intangible assets are non-monetary items presented within property, plant and equipment and respectively on intangible assets.

f) Major maintenance and repairs

The capitalized costs of regular 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.

g) 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.

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3. ACCOUNTING AND VALUATION PRINCIPLES (continued)

Property, plant and equipment contains assets being used under finance leases. Since the Group has all the risks and benefits incidental to ownership of the leased item, the assets must be capitalized at the commencement of the lease at the lower of the present value of minimum lease obligation 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.

All lease agreements not classified as finance leases are treated as operating leases and the operating lease payments then form part of the operating expenses in the income statement on a straight line basis over the lease term.

h) Financial instruments

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace are recognized on the settlement date, i.e. the date on which the agreement is settled by delivery of assets that are subject of the agreement. Derivatives are recognized/ derecognized on trade date basis, i.e. the date that the Group commits to purchase or sell the asset.

The classification of financial instruments at initial recognition depends on the purpose for which the financial instruments were acquired and their characteristics. All financial instruments are measured initially at their fair value plus, in the case of financial assets and financial liabilities not at fair value through profit or loss, any directly attributable incremental costs of acquisition or issue.

The Group's financial assets include trade receivables and other receivables, cash and cash equivalents, derivative financial assets and available-for-sale investments.

After initial measurement, trade and other receivables are subsequently measured at amortized cost using the effective interest rate method, less allowance for impairment.

After initial measurement, available-for-sale securities are recognized at fair value. Changes in their fair value are however not recognized as income, but included directly as part of other comprehensive income. The losses arising from impairment of such investments are recognized in the profit or loss and removed from the available-for-sale reserve.

Available-for-sale securities which are not listed and for which the fair value cannot be reliable established are carried at acquisition cost less any impairment losses, and are tested yearly for impairment.

The Group's financial liabilities include trade payables and other liabilities, loans and borrowings, and derivative financial instruments, if the case.

Liabilities other than derivatives are carried at amortized cost using the effective interest rate method. If goods and services supplied in connection with operating activities have not yet been invoiced but both the dates and amounts of supply are already incurred, the obligations are included under liabilities rather than as provisions.

Derivative instruments are used to hedge risks resulting from changes in interest rates, currency exchange rates and commodity prices and are subsequently measured at fair value.

The fair value of derivative financial instruments reflects the estimated amounts that Group would pay or receive if the positions were closed at year end date, and thus the unrealized gains and losses on open positions. Quotations from banks or appropriate pricing models have been used to estimate the fair value of financial instruments at year end date.

Unrealized gains and losses are recognized as income or expense, except where the requirements for hedge accounting are met. For hedge accounting to be applied the hedging relationship must be documented and actual hedge effectiveness must be in the range 80%–125%.

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3. ACCOUNTING AND VALUATION PRINCIPLES (continued)

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

For cash flow hedges, the effective part of the changes in fair value is recognized directly in other comprehensive income, while the ineffective part is recognized immediately in the income statement. Amounts deferred in other comprehensive income are recycled in profit or loss in the periods when the hedged item is recognized in profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in other comprehensive income are transferred from other comprehensive income and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in other comprehensive income is recognized immediately in profit or loss.

Derivatives embedded in other financial instruments or host contracts are treated as independent instruments if their risks and characteristics are not closely associated with the host instruments and the host instruments were not recognized at fair value, so that the related unrealized gains and losses are recognized as income or expense.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets than can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in payments, the probability that they will enter in bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease on the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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 realised or has been transferred to the Group.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognized amounts; and
- There is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously

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3. ACCOUNTING AND VALUATION PRINCIPLES (continued)

i) Borrowing costs

Borrowing costs incurred directly for the acquisition, construction or production of qualifying assets are capitalized until the assets are effectively 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.

j) Inventories

Inventories are recorded at the lower of cost and net realizable value. Net realizable value is estimated on selling price in the normal course of activity less estimated costs of completion and selling expenses.

Cost of producing crude oil and gas and refining 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.

k) Provisions

Provisions are made for all present obligations (legal or constructive) to third parties resulting from a past event, where 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 reliably be estimated. 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 used, the increase in the provision due to the passage of time is recognized as a finance cost.

Decommissioning of oil and gas production assets describes the process of:

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

The Group's core activities regularly give rise to dismantling and removal, asset retirement and soil remediation obligations. These decommissioning and restoration obligations are mainly of material importance in the E&P segment (oil and gas wells, above-ground facilities). They are therefore disclosed as a separate item. 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.

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.

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3. ACCOUNTING AND VALUATION PRINCIPLES (continued)

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 / 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 fully through the income statement.

Provisions for voluntary and involuntary separations under restructuring programs are recognized if a detailed plan has been approved by management prior to balance sheet 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 known.

Emission allowances received free of cost from governmental authorities (EU Emissions Trading Scheme for greenhouse gas emissions allowances) reduce obligations for CO₂ emissions, and 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, which are part of cost of sales. If subsequently to the recognition of a provision emission rights are purchased an asset is only recognized for the excess of the emission rights over the CO₂ emissions. Any price difference between the provision and the quantity of offsetting emission rights is expensed as emission cost.

I) Taxes on income and royalties

Current tax

The income tax currently payable is based on taxable profit for the year. 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. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date, in the countries where the Group operates and generates taxable income.

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3. ACCOUNTING AND VALUATION PRINCIPLES (continued)

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 provided using the liability method on 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 outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Production taxes

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

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3. ACCOUNTING AND VALUATION PRINCIPLES (continued)

m) 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 on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

n) Components of cash and cash equivalents

For the purpose of the 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.

o) Comparatives

Certain comparative information related to Consolidated Statement of Cash Flows for the previous year has been reclassified, since starting with 2013, interest received, interest paid and tax on profit paid were presented under sources of funds.

Foreign currency sensitivity analysis included in Note 34 was detailed in order to present separately the impact to other comprehensive income and comparative figures were adjusted accordingly.

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4. FOREIGN CURRENCY TRANSLATION

i) Group companies

The consolidated financial statements are presented in RON, which is OMV Petrom S.A. functional currency. Each entity in Petrom Group determines its own functional currency, and items included in its 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 local currency, monetary assets are valued at closing rates and non-monetary assets at transaction rates.

Where the functional currency differs from Petrom Group presentation currency, financial statements are translated using closing rate method. Differences arising between balance sheet items translated at closing and historical rates are disclosed as a separate balancing item directly in other comprehensive income (foreign exchange differences). Income statement items are translated at average rates for the year. Differences arising from the use of average rather than closing rates are also recorded directly in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to the translation of that particular foreign operation is recognized in the income statement.

The rates applied in translating currencies were as follows:

Exchange rates	Year ended December 31, 2013	Average for the year ended December 31, 2013	Year ended December 31, 2012	Average for the year ended December 31, 2012
US dollar (USD)	3.2551	3.3279	3.3575	3.4704
Euro (EUR)	4.4847	4.4186	4.4287	4.4573
Moldavian Leu (MDL)	0.2496	0.2646	0.2769	0.2863
Serbian Dinar (RSD)	0.0391	0.0391	0.0390	0.0394
Bulgarian Leva (BGN)	2.2930	2.2592	2.2644	2.2790

ii) 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 profit or loss. 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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5. INTANGIBLE ASSETS

	<u>Concessions, licences, and other intangible assets</u>	<u>Oil and gas assets with unproved reserves</u>	<u>Total</u>
COST			
Balance as at January 1, 2013	<u>1,813.76</u>	<u>795.69</u>	<u>2,609.45</u>
Exchange differences	0.13	-	0.13
Changes in consolidated Group	(0.54)	-	(0.54)
Additions	24.92	119.89	144.81
Transfers to tangible assets (Note 6)	7.68	(29.40)	(21.72)
Disposals	(4.85)	(103.23)	(108.08)
Transfers to assets held for sale	(4.39)	-	(4.39)
Balance as at December 31, 2013	<u>1,836.71</u>	<u>782.95</u>	<u>2,619.66</u>
ACCUMULATED AMORTISATION AND IMPAIRMENT			
Balance as at January 1, 2013	<u>1,268.69</u>	<u>374.25</u>	<u>1,642.94</u>
Exchange differences	0.07	-	0.07
Changes in consolidated Group	(0.07)	-	(0.07)
Amortization	177.57	-	177.57
Impairment	7.73	93.71	101.44
Disposals	(4.63)	(102.97)	(107.60)
Write-ups	-	(6.53)	(6.53)
Transfers to assets held for sale	(2.89)	-	(2.89)
Balance as at December 31, 2013	<u>1,446.47</u>	<u>358.46</u>	<u>1,804.93</u>
CARRYING AMOUNT			
As at January 1, 2013	<u>545.07</u>	<u>421.44</u>	<u>966.51</u>
As at December 31, 2013	<u>390.24</u>	<u>424.49</u>	<u>814.73</u>

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6. PROPERTY, PLANT AND EQUIPMENT

COST	Land, land rights and buildings, incl. third-party property	Oil and gas assets	Plant and machinery	Other fixtures and tools and equipment	Assets under construction	Payments in advance	Total
Balance as at January 1, 2013	4,596.12	26,788.74	7,947.04	893.54	1,213.23	63.59	41,502.26
Exchange differences	3.00	(85.31)	(1.38)	(7.79)	(1.30)	(0.09)	(92.87)
Changes in consolidated Group Additions**)	-	-	(59.97)	-	(4.92)	-	(64.89)
Transfers*)	45.41	3,952.07	360.00	26.03	785.05	94.96	5,263.52
Transfers (to)/from assets held for sale	12.76	143.88	611.88	43.77	(714.39)	(76.18)	21.72
Disposals	15.52	-	(3.22)	(1.48)	-	-	10.82
	(51.24)	(445.24)	(80.23)	(35.65)	(83.41)	-	(695.77)
Balance as at December 31, 2013	4,621.57	30,354.14	8,774.12	918.42	1,194.26	82.28	45,944.79

ACCUMULATED DEPRECIATION AND IMPAIRMENT

Balance as at January 1, 2013	1,221.52	8,522.18	2,602.47	513.99	129.43	0.08	12,989.67
Exchange differences	(0.54)	(48.24)	(0.66)	(5.18)	(0.19)	-	(54.81)
Changes in consolidated Group	-	-	(59.97)	-	(1.18)	-	(61.15)
Depreciation	196.64	1,757.42	611.47	80.80	-	-	2,646.33
Impairment	33.51	345.27	47.56	3.68	11.66	-	441.68
Transfers*)	0.57	(17.55)	7.72	9.27	(0.01)	-	-
Transfers to/(from) assets held for sale	(27.90)	-	(2.41)	(0.81)	-	-	(31.12)
Disposals	(37.69)	(408.96)	(76.61)	(32.89)	(83.27)	-	(639.42)
Write-ups	(1.15)	-	-	(0.01)	(4.61)	-	(5.77)
Balance as at December 31, 2013	1,384.96	10,150.12	3,129.57	568.85	51.83	0.08	15,285.41
CARRYING AMOUNT							
As at January 1, 2013	3,374.60	18,266.56	5,344.57	379.55	1,083.80	63.51	28,512.59
As at December 31, 2013	3,236.61	20,204.02	5,644.55	349.57	1,142.43	82.20	30,659.38

*) Net amount represents transfers from intangibles. See Note 5.

**) Includes the amount of RON 174.45 million representing additions through finance lease, mainly for the hydrogen plant, and RON 3.63 million representing land deeds.

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6. PROPERTY, PLANT AND EQUIPMENT (continued)

Property, plant and equipment include fixed assets acquired through finance lease with a carrying amount of RON 292.85 million as at December 31, 2013 (2012: RON 135.31 million).

During 2013, the Group has capitalized in the value of tangible and intangible assets of OMV Petrom S.A. borrowing costs related to current year in amount of RON 0.67 million (2012: RON 81.27 million). The Group ceased to capitalize borrowing costs during 2013, following the finalization of the qualifying projects. In addition, expenditure capitalized in the course of construction of tangible and intangible assets includes also an amount of RON 680.92 million (2012: RON 491.99 million).

For details on impairments see Note 20.

7. INVESTMENTS IN ASSOCIATED COMPANIES

As at December 31, 2013 and December 31, 2012 Petrom Group had one associated company: Congaz S.A. Changes in investments in associated companies during the year were as follows:

COST	Associated companies
Balance as at January 1, 2013	39.44
Changes in consolidated Group	-
Share of result of associate (Note 21)	3.27
Disposals	-
Balance as at December 31, 2013	42.71

8. RECEIVABLES AND OTHER FINANCIAL ASSETS

a) **Trade receivables** are amounting to RON 1,429.24 million as at December 2013 (2012: RON 1,968.09 million). They are presented net of impairment allowances, which are detailed in 8 c) below.

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

	December 31, 2013	Liquidity term	
		less than 1 year	over 1 year
Investments	5.03	-	5.03
Expenditure recoverable from Romanian State	2,249.88	180.44	2,069.44
Other financial assets	191.21	122.23	68.98
Total	2,446.12	302.67	2,143.45

	December 31, 2012	Liquidity term	
		less than 1 year	over 1 year
Investments	4.93	-	4.93
Expenditure recoverable from Romanian State	2,288.33	-	2,288.33
Other financial assets	162.90	98.93	63.97
Total	2,456.16	98.93	2,357.23

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8. RECEIVABLES AND OTHER FINANCIAL ASSETS (continued)

Investments

The position "Investments" comprises all the investments in companies that were not consolidated, as the Group does not have control or 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 required to close wells, which are abandoned and are awaiting closure. Such expenditures will be recoverable by OMV Petrom S.A. from the Romanian State as these pertain to E&P activities prior to privatization of OMV Petrom S.A. in 2004. Consequently, OMV Petrom S.A. has recorded the estimated decommissioning expenditures against receivable from the Romanian State with a net present value of RON 1,895.73 million as at December 31, 2013 (2012: RON 1,956.22 million). OMV Petrom S.A. also recorded receivable from the Romanian State related to environmental liabilities in E&P, R&M and Doljchim with net present value of RON 354.15 million (2012: RON 332.11 million) as these were existing prior to privatization of OMV Petrom S.A.

c) Valuation allowances

Valuation allowances for investments as of December 31, 2013 are amounting to RON 13.96 million (2012: same amount). No changes occurred in 2013.

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

	<u>Trade receivables</u>	<u>Other financial assets</u>	<u>Total</u>
January 1, 2013	177.20	429.63	606.83
Additions/ (releases)	35.82	34.79	70.61
Used	(8.68)	-	(8.68)
Exchange differences and changes in consolidated Group	(4.17)	(0.09)	(4.26)
December 31, 2013	200.17	464.33	664.50

The gross value of the impaired trade receivables as at December 31, 2013 is of RON 220.25 million (2012: RON 194.11 million) and the gross value of the impaired other financial assets amounts to RON 476.81 million (2012: RON 462.91 million).

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

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Trade receivables		
Up to 60 days overdue	121.25	251.23
61 to 120 days overdue	2.82	9.55
More than 120 days overdue	8.30	7.34
Total	132.37	268.12

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8. RECEIVABLES AND OTHER FINANCIAL ASSETS (continued)

Other financial assets	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Up to 60 days overdue	0.24	0.28
61 to 120 days overdue	-	0.04
More than 120 days overdue	<u>0.04</u>	<u>0.04</u>
Total	<u>0.28</u>	<u>0.36</u>

9. OTHER ASSETS

The carrying value of other assets was as follows:

	<u>December 31, 2013</u>	<u>Liquidity term</u>	
		<u>less than 1 year</u>	<u>over 1 year</u>
Prepaid expenses and deferred charges	40.80	40.57	0.23
Rental and lease prepayments	30.97	30.97	-
Other assets	<u>265.24</u>	<u>243.13</u>	<u>22.11</u>
Total	<u>337.01</u>	<u>314.67</u>	<u>22.34</u>

	<u>December 31, 2012</u>	<u>Liquidity term</u>	
		<u>less than 1 year</u>	<u>over 1 year</u>
Prepaid expenses and deferred charges	54.08	42.05	12.03
Rental and lease prepayments	28.67	28.67	-
Other assets	<u>162.79</u>	<u>140.10</u>	<u>22.69</u>
Total	<u>245.54</u>	<u>210.82</u>	<u>34.72</u>

The increase of other receivables as of December 31, 2013 is related mainly to value added tax.

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10. INVENTORIES

	December 31, 2013	December 31, 2012
Crude oil	358.13	365.29
Natural gas	57.32	96.16
Other raw materials	253.72	397.35
Work in progress	117.91	135.58
Finished products	1,198.39	1,247.93
Advances paid for inventories	10.82	8.23
Total	1,996.29	2,250.54

The cost of materials and goods consumed during 2013 (whether used in production or re-sold) is of RON 7,958.41 million (2012: RON 10,460.98 million).

11. ASSETS HELD FOR SALE

	December 31, 2013	December 31, 2012
Land and buildings	27.70	108.96
Plant and equipment	3.01	29.16
Intangible assets	1.78	1.10
Other assets	1.74	32.13
Deferred tax asset (Note 17)	1.64	1.59
Assets held for sale	35.87	172.94
Provisions	0.09	26.54
Liabilities	0.02	61.95
Deferred tax liability (Note 17)	-	2.89
Liabilities associated with assets held for sale	0.11	91.38

In 2013, the main parts of assets and liabilities held for sale relates to the following subsidiaries in R&M segment: OMV Bulgaria OOD and OMV Srbija DOO, for the estimated sale of several filling stations and plots of land.

During 2013, OMV Petrom SA and Raiffeisen Evolution subsidiaries concluded a termination agreement of previously signed sale and purchase agreement for lands in Bucharest. Consequently, the assets were transferred back to tangible assets, under land position.

In 2012 assets and liabilities held for sale consisted mainly of plots of land owned by OMV Petrom S.A. and of assets and liabilities of Petrom LPG SA subsidiary.

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12. 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, 2013 (2012: same number) with a total nominal value of RON 5,664.41 million.

As at December 31, 2013 total carrying value of share capital was in amount of RON 5,664.41 million (2012: RON 18,983.37 million). During 2013, OMV Petrom S.A. used the inflation adjustment to share capital in amount of RON 13,318.96 million (Romania was a hyperinflationary economy until January 2004), to cover the related accumulated loss. This was approved at the General Meeting of the Shareholders held on April 22, 2013.

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 (2012: 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 (2012: RON 1,039.65 million). OMV Petrom S.A. sets its legal reserve in accordance with the provisions of the Romanian Companies Law, which requires that 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 208.60 million (2012: same amount).

Cash flow hedging reserve

Cash flow hedging reserve is generated by hedge contracts concluded by the Group, when such contracts are accounted as cash flow hedge.

In order to protect the Group's cash flow in 2012, OMV Petrom S.A. entered in September 2011 into oil price swaps, locking in a Brent price of approximately USD 101/bbl for a volume of 30,000 bbl/d. The oil price swaps were accounted as cash flow hedge. During the year 2012 the oil price hedge was realized, resulting in expense of RON 394.08 million in OMV Petrom S.A. There are no equity related balances for this hedge as of December 31, 2012.

Furthermore, in June 2011, OMV Petrom Gas S.R.L. concluded RON/USD average rate forward contracts for the period November 2011 – February 2012 where OMV Petrom Gas sold USD 29.97 million with monthly pricing and settlement, locking in the RON/USD average rate. This instrument was aimed to protect the cash flows from planned sales of gas to domestic clients during November 2011 – February 2012 against depreciation of USD versus RON, as the sales formula price is linked to USD/RON exchange rate. During the year 2012 also these forwards contracts were realized, resulting in an expense of RON 8.50 million in OMV Petrom GAS S.R.L. There are no related balances as of December 31, 2012.

In 2013, the Group did not conclude hedge contracts.

For more details please refer also to Note 34.

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13. PROVISIONS

	Pensions and similar obligations	Decommissioning and restoration	Other provisions	Total
January 1, 2013	241.33	6,228.04	1,493.21	7,962.58
thereof short-term	-	361.94	848.33	1,210.27
thereof long-term	241.33	5,866.10	644.88	6,752.31
Exchange differences		(3.15)	(0.01)	(3.16)
Changes in consolidated Group	(3.67)	-	-	(3.67)
Liabilities associated with assets held for sale	-	-	0.01	0.01
Used	(16.98)	(199.36)	(628.39)	(844.73)
Allocations/(releases)	83.27	122.71	18.71	224.69
December 31, 2013	303.95	6,148.24	883.53	7,335.72
thereof short-term	-	370.11	281.73	651.84
thereof long-term	303.95	5,778.13	601.80	6,683.88

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 4.85% (2012: 6.48%), an inflation rate of 2.02% (2012: 3.15%) and an average yearly salary increase of 5.00% (2012: 6.00%).

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. Decommissioning and restoration provision for the year ended December 31, 2013 was calculated using a discount rate of 4.85% (2012: 6.48%) and an inflation rate of 2.02% (2012: 3.15%) for Romania (RON) and a discount rate of 2.52% (2012: 1.60%) and an inflation rate of 1.92% (2012: 0.51%) for Kazakhstan (USD).

The provision for decommissioning and restoration costs includes mainly obligations in respect of OMV Petrom S.A. amounting to RON 6,033.66 million (2012: RON 6,109.75 million). There is a corresponding receivable from the Romanian State of RON 1,895.73 million (2012: RON 1,956.22 million), which is disclosed under "Other financial assets" item.

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.

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13. PROVISIONS (continued)

Details on the Decommissioning and restoration obligations are as follows:

	<u>2013</u>	<u>2012</u>
Balance as at January 1	6,228.04	6,222.22
Exchange differences	(3.15)	0.72
Changes in consolidated Group	-	-
Revisions in estimates	(251.12)	(256.04)
Unwinding effect	373.83	433.66
Settlements current year	<u>(199.36)</u>	<u>(172.52)</u>
Balance as at December 31	<u>6,148.24</u>	<u>6,228.04</u>

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 (as presented in Note 22) net of the unwinding effect on the related receivable from State. The effect of changes in discount rate or timing of the receivables 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.

Other provisions were as follows:

December 31, 2013	<u>Total</u>	<u>less than 1 year</u>	<u>over 1 year</u>
Environmental provision	173.38	52.40	120.98
Other personnel provisions	65.92	65.92	-
Provisions for litigations	453.75	78.10	375.65
Other	<u>190.48</u>	<u>85.31</u>	<u>105.17</u>
Total	<u>883.53</u>	<u>281.73</u>	<u>601.80</u>

December 31, 2012	<u>Total</u>	<u>less than 1 year</u>	<u>over 1 year</u>
Environmental provision	232.12	117.47	114.65
Other personnel provisions	141.65	141.65	-
Provisions for litigations	507.83	95.39	412.44
Other	<u>611.61</u>	<u>493.82</u>	<u>117.79</u>
Total	<u>1,493.21</u>	<u>848.33</u>	<u>644.88</u>

Environmental provisions

The environmental provisions were estimated by the management based on the list of environment related projects that must be completed by Petrom Group. The Group experts in environmental issues made their best estimates in order to determine the necessary provisions recorded as at December 31, 2013. The same discount rates and inflation rates as for the decommissioning and restoration provisions are used to compute the environmental provisions.

OMV Petrom S.A. recorded environmental liabilities against receivable from the Romanian State in E&P, R&M and Doljchim, as these obligations existed prior to privatization.

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13. 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

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

Other provisions

As at December 31, 2012 other short-term provisions included under this line were related mainly to provisions for taxes to be paid to Romanian State amounting to RON 235.71 million and also provisions for late payment interest following receipt of the preliminary results of the fiscal review of OMV Petrom S.A. for the years 2009 and 2010 in amount of RON 209.03 million (Note 22). The decrease of the balance as at December 31, 2013 is related mainly to the usage of provisions following the payments made to fiscal authorities.

Under other long-term provisions are included the estimated costs amounting to RON 104.88 million (2012: RON 115.85 million) in relation to Arpechim refinery closure.

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 allocation is OMV Petrom SA. Under this scheme OMV Petrom S.A. is entitled to 3,006,806 emission certificates for year 2013 (2012: 4,287,525 emissions certificates were received).

During 2013 the Group had net purchases of 159,507 emissions certificates (2012: no sales/purchases of certificates).

A shortfall in emissions certificates would be provided for. Until December 31, 2013, the Group was not short of certificates.

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14. INTEREST-BEARING DEBTS

As at December 31, 2013 and December 31, 2012 Petrom Group had the following loans:

Interest-bearing debts short-term

Borrower	Lender	December 31, 2013	December 31, 2012
OMV Petrom S.A.	European Bank for Reconstruction and Development (a)	95.07	411.20
OMV Petrom S.A.	Black Sea Trade and Development Bank (b)	-	22.14
OMV Petrom S.A.	European Investment Bank (c)	85.42	84.36
OMV Petrom S.A.	Raiffeisen Bank S.A. (d)	-	0.02
Tasbulat Oil Corp.	Citibank Kazakhstan (e)	0.63	-
	Accrued interest	9.38	13.11
OMV Petrom S.A.	Prepayments in relation with loan amounts drawn	(1.46)	(6.19)
Total interest bearing debts short term		189.04	524.64

Interest-bearing debts long-term

Borrower	Lender	December 31, 2013	December 31, 2012
OMV Petrom S.A.	European Bank for Reconstruction and Development (a)	564.18	916.74
OMV Petrom S.A.	Black Sea Trade and Development Bank (b)	-	44.29
OMV Petrom S.A.	European Investment Bank (c)	698.33	773.97
OMV Petrom S.A.	Prepayments in relation with loan amounts drawn	(8.78)	(17.95)
Total interest-bearing debts long term		1,253.73	1,717.05
Total interest-bearing debts		1,442.77	2,241.69

(a) During 2009, OMV Petrom S.A. concluded two loan agreements with European Bank for Reconstruction and Development:

- (i) An unsecured corporate loan agreement for a maximum amount of EUR 200.00 million for the construction of Brazi Power Plant. The agreement was signed on May 8, 2009 and the final maturity date is November 10, 2020. The amount due as at December 31, 2013 amounted to RON 659.25 million (equivalent of EUR 147.00 million) (2012: RON 744.90 million, equivalent of EUR 168.20 million).
- (ii) An unsecured corporate loan agreement for a maximum amount of EUR 275.00 million with the purpose of funding an environmental projects' program in respect of various operations (upstream, midstream and downstream), dated March 31, 2009, with final maturity date November 16, 2015 (for an amount of EUR 150.00 million) and November 15, 2013 (for the remaining EUR 125.00 million). The drawings as of December 31, 2012, in amount of RON 583.04 million (equivalent of EUR 131.65 million) were fully reimbursed during 2013.

(b) For the funding of the environmental program OMV Petrom S.A. concluded also a parallel corporate loan agreement with Black Sea Trade and Development Bank, for a maximum amount of EUR 25.00 million. The agreement was signed on April 27, 2009 and the final maturity date was November 15, 2015. The drawings as of December 31, 2012, in amount of RON 66.43 million (equivalent of EUR 15.00 million) were fully reimbursed during 2013.

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14. INTEREST-BEARING DEBTS (continued)

- (c) For funding the construction of the Brazi Power Plant, OMV Petrom S.A. concluded also 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, 2013 was RON 783.75 million (equivalent of EUR 174.76 million) (2012: RON 858.33 million, equivalent of EUR 193.81 million).
- (d) Credit facility unsecured granted by Raiffeisen Bank S.A. up to EUR 135.60 million consists in two subfacilities: SubFacility A with maturity date prolonged to December 31, 2014 (for an amount of EUR 95.00 million) and SubFacility B with maturity date December 15, 2015 (for an amount of EUR 40.60 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 SRL (up to the limit of EUR 40.60 million) and by SC 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, 2013.
- (e) A revolving credit facility contracted by Tasbulat LLP from Citibank Kazakhstan, with a maximum limit of USD 3.00 million (equivalent of RON 9.77 million) and maturity date December 31, 2014. The purpose of the facility is for general corporate needs and working capital financing. The drawings made under the revolving facility as at December 31, 2013 amounting USD 0.19 million (equivalent of RON 0.63 million).
- (f) On November 22, 2011, OMV Petrom SA replaced the Banks Consortiums credit facilities amounting to EUR 875.00 million contracted in 2008 and 2009 with a new unsecured Banks Consortium revolving facility amounting to EUR 930.00 million with 3 years maturity and possibility of extension with another 2 years. The Banks Consortium included Banca Comercială Română S.A (Erste Bank), Barclays Bank PLC, BRD – Groupe Société Générale S.A., Citibank Europe plc, BNP Paribas-Fortis Bank SA/NV Bruxelles Bucharest Branch, ING Bank N.V. Amsterdam Bucharest Branch, J.P. Morgan Europe Limited, OTP Bank Romania SA, Raiffeisen Bank International AG, Raiffeisenlandesbank Niederösterreich Wien AG, Raiffeisenlandesbank Oberösterreich AG, Raiffeisen Bank SA, Bank of Tokyo Mitsubishi UFJ (Holland) N.V., Unicredit Bank Austria AG, Unicredit Țiriac Bank SA. The final maturity date was prolonged until November 22, 2016. There are no drawings from this facility as at December 31, 2013 or December 31, 2012.
- (g) A Credit Offer of EUR 500.00 million was signed by OMV Petrom S.A. with OMV AG for funding the general corporate purposes. The agreement was signed on January 15, 2009 and it expired on January 15, 2014, without being prolonged. The facility was not used as at December 31, 2013 and December 31, 2012. The facility was unsecured.

The Petrom Group's companies have several credit facilities signed as at December 31, 2013 as follows:

- (h) An unsecured facility contracted by OMV Bulgaria OOD from Citibank Sofia, with a maximum limit of BGN 31.27 million (equivalent of RON 71.70 million) and maturity date June 30, 2014. The destination of the facility is financing current operational activities (overdraft) and issuance of letters of bank guarantee without cash collateral. There were no drawings under the overdraft facility as at December 31, 2013.
- (i) An unsecured revolving facility contracted by OMV Srbija from Raiffeisen Bank Belgrade, with a maximum limit of EUR 4.00 million (equivalent of RON 17.94 million) and maturity prolonged until March 2, 2015. 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, 2013.
- (j) An unsecured facility contracted by OMV Srbija from Raiffeisen Bank Belgrade, with a maximum limit of RSD 350.00 million (equivalent of RON 13.69 million) and maturity date January 11, 2014. 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, 2013.

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14. INTEREST-BEARING DEBTS (continued)

- (k) An uncommitted, unsecured overdraft facility of RON 85.00 million contracted by OMV Petrom S.A. from Banca Comercială Intesa Sanpaolo Romania S.A. for general corporate expenditure, with maturity date April 22, 2014. No drawings were made under the overdraft facility as at December 31, 2013.
- (l) An uncommitted, 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 313.93 million), for issuance of contingent liabilities and as overdraft for working capital financing. The maturity for contingent liabilities is until November 22, 2017 and for overdraft and the maturity is until November 21, 2014. No drawings under the overdraft were made as at December 31, 2013.
- (m) A 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 538.16 million) that can be used in RON, with maturity date April 30, 2014. 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, 2013.
- (n) A revolving credit facility contracted by Kom Munai LLP from Citibank Kazakhstan, with a maximum limit of USD 7.00 million (equivalent of RON 22.79 million) and maturity date December 31, 2014. The purpose of the facility is for general corporate needs and working capital financing. No drawings were made under the revolving facility as at December 31, 2013.

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

- (o) An unsecured facility agreement was signed by OMV Petrom S.A. with Fortis Bank S.A– Bucharest branch – for up to EUR 30.00 million (equivalent of RON 134.54 million), to be utilized only for issuance of letters of bank guarantee, with maturity date May 31, 2014 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 134.54 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. The validity period for the credit facility is April 30, 2014.
- (q) An unsecured Credit facility received by OMV Petrom S.A. from Bancpost S.A., up to EUR 25.00 million (equivalent of RON 112.12 million), to be utilized only for issuance of letters of bank guarantee, with maturity date January 31, 2014. The credit facility was extended on January 22, 2014 until March 31, 2015.
- (r) An unsecured Credit facility up to USD 3.00 million (equivalent of RON 9.77 million) obtained by OMV Petrom S.A. from RBS Bank Romania S.A, to be utilized for purpose of issuance of letters of bank guarantee, with approval to be extended until October 28, 2014, with the possibility of utilization by tacit consent of the parties.
- (s) A Frame facility contracted by OMV Srbija from Raiffeisen Bank Belgrade, with a maximum limit of EUR 2.00 million (equivalent of RON 8.97 million) and maturity date January 22, 2019. The destination of the facility is the issuance of letters of bank guarantee and opening of letters of credit.

As at December 31, 2013, Petrom Group is in compliance with all financial covenants stipulated by the loan agreements.

Please refer also to Note 34 for details regarding interest rate risks of interest-bearing debt.

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15. OTHER FINANCIAL LIABILITIES

	December 31, 2013	less than 1 year	over 1 year
Finance lease liabilities	297.74	36.62	261.12
Other financial liabilities	310.41	282.25	28.16
Total	608.15	318.87	289.28

	December 31, 2012	less than 1 year	over 1 year
Finance lease liabilities	135.52	16.60	118.92
Other financial liabilities	393.62	344.25	49.37
Total	529.14	360.85	168.29

Finance lease liabilities

Petrom Group acquired through finance lease mainly equipment for production of electricity and pipe yards facilities for tubing reconditioning in OMV Petrom (E&P segment) and a hydrogen and medium pressure steam production plant for Petrobrazi Refinery in OMV Petrom (R&M segment).

For the pipe yards facilities (including 2013 additions) the lease period is 15 years and the total future minimum lease payments amounts to RON 68.60 million as at December 31, 2013 (2012: RON 62.70 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 175.35 million.

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

	December 31, 2013	December 31, 2012
Obligations under finance leases		
Amounts due within 1 year	51.88	24.65
Amounts due after more than 1 year but not later than 5 years	161.63	93.32
Amounts due after 5 years	202.93	88.05
Total lease obligations	416.44	206.02
Less future finance charges on finance leases	(118.70)	(70.50)
Present value of finance lease liabilities	297.74	135.52
<i>Analyzed as follows:</i>		
Maturing within 1 year	36.62	16.60
Maturing after more than 1 year but not later than 5 years	119.04	70.32
Maturing after 5 years	142.08	48.60
Total present value of finance lease liabilities	297.74	135.52

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15. 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>< 1 year</u>	<u>1-5 years</u>	<u>> 5 years</u>	<u>Total</u>
December 31, 2013				
Interest-bearing debts	224.96	812.33	560.63	1,597.92
Trade payables	2,958.26	-	-	2,958.26
Other financial liabilities	334.14	189.71	203.00	726.85
Total	3,517.36	1,002.04	763.63	5,283.03

	<u>< 1 year</u>	<u>1-5 years</u>	<u>> 5 years</u>	<u>Total</u>
December 31, 2012				
Interest-bearing debts	578.37	1,148.05	749.27	2,475.69
Trade payables	2,880.08	-	-	2,880.08
Other financial liabilities	368.90	141.32	89.42	599.64
Total	3,827.35	1,289.37	838.69	5,955.41

16. OTHER LIABILITIES

	<u>December 31, 2013</u>	<u>less than 1 year</u>	<u>over 1 year</u>
Deferred income	114.08	114.08	-
Tax liabilities	587.11	587.11	-
Social security	42.10	42.10	-
Other liabilities	47.08	47.08	-
Total	790.37	790.37	-

	<u>December 31, 2012</u>	<u>less than 1 year</u>	<u>over 1 year</u>
Deferred income	107.83	107.83	-
Tax liabilities	536.62	536.62	-
Social security	20.56	20.56	-
Other liabilities	99.95	99.95	-
Total	764.96	764.96	-

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17. DEFERRED TAX

December 31, 2013	Deferred tax assets before allowances	Allowances	Net deferred tax assets	Deferred tax liabilities
Tangible and intangible assets	209.37	-	209.37	398.78
Financial assets	85.09	-	85.09	8.96
Inventories	50.92	-	50.92	1.30
Receivables and other assets	76.42	41.99	34.43	0.13
Untaxed reserves	-	-	-	10.15
Provisions for pensions and severance payments	48.63	-	48.63	-
Other provisions	781.80	-	781.80	-
Liabilities	24.10	-	24.10	0.97
Tax loss carried forward	52.18	-	52.18	-
Total	1,328.51	41.99	1,286.52	420.29
Netting (same tax jurisdiction/country)			(409.24)	(409.24)
Deferred tax, net			877.28	11.05
Deferred tax for assets and related liabilities held for sale (Note 11)	1.64	-	1.64	-
Total deferred tax			878.92	11.05

December 31, 2012	Deferred tax assets before allowances	Allowances	Net deferred tax assets	Deferred tax liabilities
Tangible and intangible assets	187.72	-	187.72	392.55
Financial assets	92.90	-	92.90	6.70
Inventories	59.35	-	59.35	1.73
Receivables and other assets	80.98	42.41	38.57	0.16
Untaxed reserves	-	-	-	14.72
Provisions for pensions and severance payments	38.61	-	38.61	-
Other provisions	779.20	-	779.20	-
Liabilities	9.74	-	9.74	0.52
Tax loss carried forward	68.21	-	68.21	-
Total	1,316.71	42.41	1,274.30	416.38
Netting (same tax jurisdiction/country)			(408.14)	(408.14)
Deferred tax, net			866.16	8.24
Deferred tax for assets and related liabilities held for sale (Note 11)	1.59	-	1.59	2.89
Total deferred tax			867.75	11.13

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17. DEFERRED TAX (continued)

As at December 31, 2013, losses carry-forward for tax purposes amounted to RON 278.68 million (2012: RON 389.37 million). Eligibility of losses for carry-forward expires as follows:

	<u>2013</u>	<u>2012</u>
2013	-	15.91
2014	3.26	1.76
2015	10.21	7.62
2016	3.75	13.58
2017	-	102.36
2018 / After 2017	65.46	248.14
After 2018	<u>196.00</u>	<u>-</u>
Total	<u>278.68</u>	<u>389.37</u>

18. OTHER OPERATING INCOME

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Exchange gains from operating activities	64.45	85.98
Gains from the disposal of fixed assets	45.94	39.65
Write-up tangible and intangible assets	12.30	3.42
Other operating income	<u>175.57</u>	<u>57.53</u>
Total	<u>298.26</u>	<u>186.58</u>

The increase in line other operating income in 2013 relates mainly to damages received in relation with termination of land sales agreements (please refer also to Note 11) and revenues from insurance indemnities mainly in relation to Power business division.

19. OTHER OPERATING EXPENSES

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Exchange losses from operating activities	74.36	110.35
Losses from the disposal of fixed assets	44.44	114.03
Expenses/ (Income) with provisions for litigations	7.53	(31.36)
Other operating expenses	<u>561.01</u>	<u>845.39</u>
Total	<u>687.34</u>	<u>1,038.41</u>

Other operating expenses include an amount of RON 15.81 million (2012: RON 68.69 million) representing restructuring expenses and RON 63.53 million representing reassessment of retirement provision (2012: RON 49.51 million). In 2012 other operating expenses included also an impairment provision of RON 116.60 million in relation to a legal case in Kazakhstan for uncollected receivables.

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20. COST INFORMATION

For the years ended December 31, 2013 and December 31, 2012 the consolidated income statement includes the following personnel expenses:

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Wages and salaries	2,013.14	1,958.90
Other personnel expenses	<u>167.94</u>	<u>253.18</u>
Total personnel expenses	<u>2,181.08</u>	<u>2,212.08</u>

Included in the above personnel expenses is the amount of RON 328.20 million, representing Group's contribution to state pension plan for the year ended December 31, 2013 (2012: RON 309.09 million).

Depreciation, amortization and impairment losses of intangible assets and property, plant and equipment consisted of:

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Depreciation and amortization	2,823.90	2,608.15
Net impairment tangible and intangible assets	<u>530.82</u>	<u>244.07</u>
Total depreciation, amortization and impairment	<u>3,354.72</u>	<u>2,852.22</u>

Net impairment losses booked during the year ended December 31, 2013 for tangible and intangible assets were related to E&P segment amounting RON 444.02 million (including mainly impairments for replaced assets and for unsuccessful exploration wells in Romania), to G&P amounting RON 43.69 million (mainly related to Petrom Distributie Gaze SRL assets), to R&M amounting RON 42.82 million (mainly related to impairment of marketing assets) and also to Corporate & Other segment RON 0.29 million.

Net impairment losses booked during the year ended December 31, 2012 for tangible and intangible assets were related to E&P segment amounting RON 157.54 million (including impairments for unsuccessful exploration wells in Romania and other projects), to R&M amounting RON 84.79 million (mainly related to impairment of marketing assets in Petrom Moldova) and also other segments RON 1.74 million.

In the consolidated income statement the impairment losses are mainly included under exploration expenses of RON 93.72 million (2012: RON 51.37 million), cost of sales amounting RON 367.64 million (2012: RON 138.02 million) and selling expenses of RON 81.76 million (2012: RON 48.15 million). These impairment losses are netted of with write-ups amounting to RON 12.30 (2012: RON 3.42 million).

Rental expenses included in current period consolidated income statement are RON 225.72 million (2012: RON 234.31 million).

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21. INCOME FROM ASSOCIATED COMPANIES

	December 31, 2013	December 31, 2012
Share of the result of associated companies	3.27	(1.47)
Dividends from associated companies	1.13	3.65
Total income from associated companies	4.40	2.18

22. INTEREST INCOME AND INTEREST EXPENSES

	December 31, 2013	December 31, 2012
Interest income		
Interest income from receivables and other	48.45	20.05
Interest income from short term bank deposits	33.87	18.81
Unwinding income for other financial assets and positive effect of changes in discount rate and timing for State receivables	123.58	21.00
Total interest income	205.90	59.86
Interest expenses		
Interest expenses	(78.97)	(314.68)
Unwinding expenses for retirement benefits provision	(15.59)	(14.22)
Unwinding expenses for decommissioning provision, net of the unwinding income for related State receivables	(258.58)	(282.61)
Unwinding and discounting for other items, including negative effect of changes in discount rate and timing for State receivables	(7.06)	(214.08)
Total interest expenses	(360.20)	(825.59)
Net interest result	(154.30)	(765.73)

In 2012 included into interest expense line are special charges amounting RON 209.03 million recorded for alleged late payment interest assessed by the fiscal authorities according to the preliminary results of the fiscal review for the years 2009 and 2010 in OMV Petrom S.A.

23. OTHER FINANCIAL INCOME AND EXPENSES

	December 31, 2013	December 31, 2012
Financial income		
Exchange gains from financing activities	72.60	99.67
Gains from investments and financial assets	1.86	1.45
Total financial income	74.46	101.12
Financial expense		
Exchange losses from financing activities	(124.69)	(126.60)
Other financial expenses	(59.13)	(46.71)
Total financial expense	(183.82)	(173.31)
Other financial income and expenses	(109.36)	(72.19)

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24. TAXES ON INCOME

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Taxes on income - current year	896.95	963.76
Deferred tax	<u>(22.39)</u>	<u>(83.60)</u>
Total taxes on income	<u>874.56</u>	<u>880.16</u>

The reconciliation of deferred taxes is as follows:

	<u>2013</u>	<u>2012</u>
Deferred taxes January 1	856.62	795.51
Deferred taxes December 31	<u>867.87</u>	<u>856.62</u>
Changes in deferred taxes	<u>11.25</u>	<u>61.11</u>
Deferred taxes on valuation of hedges charged directly to other comprehensive income	-	(24.30)
Changes in consolidated Group, exchange differences and similar items	<u>(11.14)</u>	<u>1.81</u>
Deferred taxes in the Income Statement	<u>22.39</u>	<u>83.60</u>

Reconciliation

Profit before taxation	5,698.60	4,826.26
Income tax rate applicable for Parent company	16.00%	16.00%
Profits tax based on income tax rate of the Parent	911.78	772.20
Effect of differing foreign tax rates	<u>(31.06)</u>	<u>(15.96)</u>
Profits tax based on applicable rates	880.72	756.24
Tax effect of permanent differences	<u>(6.16)</u>	<u>123.92</u>
Profits tax expense in the Income Statement	<u>874.56</u>	<u>880.16</u>

Permanent differences in 2013 were generated mainly by the positive impact from tax reassessments in Kazakhstan companies.

Permanent differences in 2012 were generated mainly by the non-deductible expenses related to the preliminary results of the fiscal audit in OMV Petrom S.A.

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25. EARNINGS PER SHARE

Calculation of earnings per share is based on the following data:

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Net profit attributable to own shareholders	4,820.85	3,953.31
Weighted average number of shares	<u>56,643,903,559</u>	<u>56,643,903,559</u>
Earnings per share in RON	<u>0.0851</u>	<u>0.0698</u>

The basic and diluted earnings 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 22, 2013, the shareholders of OMV Petrom S.A. approved the distribution of dividends for the financial year 2012 for the amount of RON 1,586.03 million, resulting in a dividend per share of 0.028 RON.

26. SEGMENT INFORMATION

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 Petrom Group management, financing activities and certain service functions are concentrated in the Corporate & Other segment.

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 Petrom Group's upstream and downstream operations, and the policy of maintaining a balanced portfolio of assets in the E&P 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 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.

E&P activities are mainly focused on Romania and Kazakhstan. E&P products are crude oil and natural gas.

Gas business unit 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** mainly extends the gas value chain into a gas-fired power plant.

R&M produces and delivers gasoline, diesel and other petroleum products to its customers. **Refining** division operates one Romanian refinery, Petrobrazi. **Marketing** division 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.

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26. SEGMENT INFORMATION (continued)

Operating segments:	Exploration & Production	Gas & Power	Refining & Marketing	Corporate & Other	Total	Consolidation	Consolidated total
December 31, 2013							
Intersegment sales	12,112.56	435.56	180.65	553.25	13,282.02	(13,282.02)	-
Sales with third parties	1,107.85	3,879.91	19,127.63	69.83	24,185.22	-	24,185.22
Total sales	13,220.41	4,315.47	19,308.28	623.08	37,467.24	(13,282.02)	24,185.22
EBIT	5,528.61	112.43	385.53	(97.25)	5,929.32	28.54	5,957.86
Total assets*	22,296.95	2,948.54	5,491.25	737.37	31,474.11	-	31,474.11
Investments in PPE/IA	4,502.71	18.32	827.84	59.46	5,408.33	-	5,408.33
Depreciation and amortization	2,045.27	167.96	529.31	81.36	2,823.90	-	2,823.90
Impairment losses (net)	444.02	43.69	42.82	0.29	530.82	-	530.82

Information about geographical areas:

December 31, 2013	Romania	Rest of CEE	Rest of world	Consolidation	Consolidated total
Sales with third parties**	18,963.51	4,221.53	1,000.18	-	24,185.22
Total assets*	29,362.84	839.41	1,271.86	-	31,474.11
Investments in PPE/IA	5,123.17	23.65	261.51	-	5,408.33

Sales with third parties made in Rest of CEE (Central Eastern Europe) include sales made in Bulgaria amounting to RON 2,969.56 million in 2013.

The key figure of operating performance for 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.

*) Intangible assets (IA), property, plant and equipment (PPE).

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

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26. SEGMENT INFORMATION (continued)

Operating segments:	Exploration & Production	Gas & Power	Refining & Marketing	Corporate & Other	Total	Consolidation	Consolidated total
December 31, 2012							
Intersegment sales	12,071.98	446.63	162.36	561.49	13,242.46	(13,242.46)	-
Sales with third parties	919.94	3,696.19	21,587.19	54.81	26,258.13	-	26,258.13
Total sales	12,991.92	4,142.82	21,749.55	616.30	39,500.59	(13,242.46)	26,258.13
EBIT	5,466.57	359.80	137.52	(116.52)	5,847.37	(185.37)	5,662.00
Total assets*	20,364.83	3,146.14	5,277.72	690.41	29,479.10	-	29,479.10
Investments in PPE/IA	3,829.92	288.93	903.26	52.90	5,075.01	-	5,075.01
Depreciation and amortization	1,897.06	90.36	530.72	90.01	2,608.15	-	2,608.15
Impairment losses (net)	157.54	-	84.79	1.74	244.07	-	244.07

Information about geographical areas:

December 31, 2012	Romania	Rest of CEE	Rest of world	Consolidation	Consolidated Total
Sales with third parties**	20,534.35	4,485.17	1,238.61	-	26,258.13
Total assets*	27,266.47	944.29	1,268.34	-	29,479.10
Investments in PPE/IA	4,866.43	33.28	175.30	-	5,075.01

Sales with third parties made in Rest of CEE include sales made in Bulgaria amounting to RON 2,937.71 million in 2012.

The key figure of operating performance for 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.

*) Intangible assets (IA), property, plant and equipment (PPE).

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

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27. AVERAGE NUMBER OF EMPLOYEES

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Total Petrom Group	20,393	22,255
thereof:		
OMV Petrom S.A.	19,016	20,508
Subsidiaries	1,377	1,747

Note: The number of employees was calculated as average headcount of 12 months number of employees.

28. RELATED PARTIES

The terms of the outstanding balances receivable from/payable to related parties are typically 10 to 60 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, 2013 and December 31, 2012. Dividends receivable are not included in the below balances and revenues.

During 2013 Petrom Group had the following transactions with related parties (including balances as of December 31, 2013):

	Nature of transaction	<u>Purchases</u>	<u>Balances payable</u>
OMV Petrom S.A. - mother company			
OMV Refining & Marketing GmbH	Acquisition of petroleum products	512.53	39.69
OMV Exploration & Production GmbH	Delegation of personnel and other	110.43	45.51
OMV Solutions GmbH	Delegation of personnel and other	52.76	10.31
OMV Aktiengesellschaft	Delegation of personnel and other	35.60	5.51
OMV Trading GmbH	Acquisition of electricity and other	31.74	21.70
OMV Supply & Trading AG	Acquisition of petroleum products	30.76	1.03
OMV International Oil & Gas GmbH	Delegation of personnel and other	21.42	0.25
OMV Hungária Ásványolaj Korlátolt Felelősségű Társaság	Acquisition of bitumen	3.79	-
OMV Power International GmbH	Delegation of personnel and other	2.95	2.82
OMV Gas & Power GmbH	Delegation of personnel and other	1.27	0.12
Total OMV Petrom S.A.		<u>803.25</u>	<u>126.94</u>

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28. RELATED PARTIES (continued)

	Nature of transaction	Purchases	Balances payable
Petrom Group subsidiaries			
OMV Refining & Marketing GmbH	Acquisition of petroleum products	225.40	31.64
OMV Exploration & Production GmbH	Delegation of personnel and other	13.47	8.46
OMV Hungária Ásványolaj Korlátolt Felelősségű Társaság	Acquisition of petroleum products	12.51	0.60
OMV - International Services Ges.m.b.H.	Financial services	2.84	31.73
Petrol Ofisi A.Ş.	Acquisition of petroleum products	1.17	0.05
OMV Aktiengesellschaft	Delegation of personnel and other	0.18	0.12
OMV Power International GmbH	Delegation of personnel and other	0.13	0.13
OMV Solutions GmbH	Delegation of personnel and other	0.03	-
Petrom Nadlac SRL	Various services	-	0.27
OMV Gas & Power GmbH	Various services	-	0.06
Total subsidiaries		255.73	73.06
Total Petrom Group		1,058.98	200.00

	Nature of transaction	Revenues	Balances receivable
OMV Petrom S.A. - mother company			
OMV Supply & Trading AG	Sales of petroleum products	1,905.88	60.10
OMV Deutschland GmbH	Sales of propylene	313.64	47.03
OMV Solutions GmbH	Financial, IT and other services	59.03	12.42
OMV Exploration & Production GmbH	Delegation of personnel and other	9.27	2.88
OMV Refining & Marketing GmbH	Delegation of personnel and other	7.89	0.67
OMV Aktiengesellschaft	Delegation of personnel and other	3.54	3.12
OMV Trading GmbH	Sales of electricity and other	2.68	0.27
OMV Hungária Ásványolaj Korlátolt Felelősségű Társaság	Sales of petroleum products	0.31	-
OMV Gas & Power GmbH	Delegation of personnel and other	0.06	0.06
OMV (Pakistan) Exploration Gesellschaft m.b.H	Various services	0.01	-
SC Solar Jiu SRL	Various services	-	0.01
Total OMV Petrom S.A.		2,302.31	126.56

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28. RELATED PARTIES (continued)

	Nature of transaction	Revenues	Balances receivable
Petrom Group subsidiaries			
OMV Refining & Marketing GmbH	Delegation of personnel and other	5.72	0.70
OMV - International Services Ges.m.b.H	Other services	3.07	14.54
OMV Aktiengesellschaft	Delegation of personnel and other	2.20	0.07
OMV Exploration & Production GmbH	Delegation of personnel and other	0.05	0.05
Trans Gas LPG Services SRL	Various services	0.01	-
Total subsidiaries		11.05	15.36
Total Petrom Group		2,313.36	141.91

During 2012, Petrom Group had the following transactions with related parties (including balances as of December 31, 2012):

	Nature of transaction	Purchases	Balances payable
OMV Petrom S.A. - mother company			
OMV Supply & Trading AG	Acquisition of petroleum products	957.61	0.16
OMV Refining & Marketing GmbH	Acquisition of petroleum products	505.53	38.08
OMV Trading GmbH	Acquisition of electricity and other	87.68	24.68
OMV Exploration & Production GmbH	Delegation of personnel and other	69.35	26.05
OMV Aktiengesellschaft	Delegation of personnel and other	29.85	7.00
OMV Solutions GmbH	Delegation of personnel and other	29.41	12.59
OMV Hungária Ásványolaj Korlátolt Felelősségű Társaság	Acquisition of bitumen	18.78	-
OMV Power International GmbH	Delegation of personnel and other	4.00	3.95
OMV Gas & Power GmbH	Delegation of personnel and other	1.41	0.01
Gas Connect Austria GmbH	Delegation of personnel and other	0.07	-
Congaz SA	Various services	0.02	-
OMV Austria Exploration & Production GmbH	Various services	0.07	0.06
OMV - International Services Ges.m.b.H.	Financial services	0.01	-
Total OMV Petrom S.A.		1,703.79	112.58

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28. RELATED PARTIES (continued)

	Nature of transaction	Purchases	Balances payable
Petrom Group subsidiaries			
OMV Refining & Marketing GmbH	Acquisition of petroleum products	340.42	34.25
EconGas Hungária			
Földgázkereskedelmi Kft.	Acquisition of gas	183.25	-
OMV - International Services Ges.m.b.H.	Financial services	2.13	24.40
OMV Exploration & Production GmbH	Delegation of personnel	10.11	4.48
OMV Solutions GmbH	Delegation of personnel and other	11.14	0.44
Petrol Ofisi A.Ş.	Acquisition of petroleum products	7.42	1.42
OMV Hungária Ásványolaj Korlátolt Felelősségű Társaság	Acquisition of petroleum products	18.44	1.00
EconGas GmbH	Acquisition of gas	-	1.34
Congaz SA	Various services	1.30	0.11
Trans Gas LPG Services SRL	Various services	0.87	0.09
Petrom Nadlac SRL	Various services	0.52	0.09
OMV Aktiengesellschaft	Delegation of personnel and other	0.83	0.02
OMV Power International GmbH	Delegation of personnel and other	0.28	0.35
OMV Slovenija trgovina z nafto in naftnimi derivati, d.o.o.	Acquisition of petroleum products	2.14	-
Diramic Insurance Limited	Various services	0.95	-
Total subsidiaries		579.80	67.99
Total Petrom Group		2,283.59	180.57

	Nature of transaction	Revenues	Balances receivable
OMV Petrom S.A. - mother company			
OMV Supply & Trading AG	Sales of petroleum products	1,491.69	20.37
OMV Deutschland GmbH	Sales of propylene	232.57	34.83
OMV Solutions GmbH	Financial, IT and other services	44.74	8.64
OMV Trading GmbH	Sales of electricity and other	28.00	4.59
OMV Exploration & Production GmbH	Delegation of personnel and other	6.75	1.62
OMV Aktiengesellschaft	Delegation of personnel and other	3.76	4.24
OMV Refining & Marketing GmbH	Delegation of personnel and other	2.43	0.62
OMV Gas & Power GmbH	Delegation of personnel and other	0.20	0.06
OMV Abu Dhabi E&P GmbH	Various services	0.06	-
Total OMV Petrom S.A.		1,810.20	74.97

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28. RELATED PARTIES (continued)

	Nature of transaction	Revenues	Balances receivable
Petrom Group subsidiaries			
OMV - International Services Ges.m.b.H.	Other services	2.83	13.44
OMV Refining & Marketing GmbH	Delegation of personnel and other	4.49	0.70
OMV Aktiengesellschaft	Delegation of personnel and other	4.28	0.42
Petrol Ofisi A.Ş.	Sales of petroleum products	0.32	0.03
Linzer Agrotrade Romania	Sales of chemicals products	0.19	-
Trans Gas LPG Services SRL	Various services	0.03	-
Total subsidiaries		12.14	14.59
Total Petrom Group		1,822.34	89.56

Ultimate parent

As disclosed in Note 1, OMV Petrom S.A.'s major shareholder is OMV Aktiengesellschaft, being the ultimate parent of the Group and it is based in Austria. The majority of OMV Aktiengesellschaft 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, 2013 (2012: same amount).

At December 31, 2013 and 2012 there are no loans or advances granted by the Group to the members of the Supervisory Board.

As at December 31, 2013 and 2012, the Group does not have any obligations regarding pension payments to former members of the Supervisory Board.

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29. DIRECT AND INDIRECT INVESTMENTS OF PETROM GROUP WITH AN INTEREST OF AT LEAST 20% AS OF DECEMBER 31, 2013

Company Name	Share interest percentage	Consolidation treatment*	Activity	Country of incorporation
Subsidiaries (>50%)				
Tasbulat Oil Corporation LLP	100.00%	FC	Oil exploration and drilling 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
OMV Petrom Wind Power SRL	99.99%	FC	Eolian 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
Petrom Aviation S.A.	99.99%	FC	Airport sales services	Romania
OMV Bulgaria OOD	99.90%	FC	Fuel distribution	Bulgaria
OMV Srbija DOO	99.96%	FC	Fuel distribution	Serbia
Petrom Nadlac S.R.L.	98.51%	NC	Fuel distribution	Romania
Kom Munai LLP	95.00%	FC	Oil exploration and drilling in Kazakhstan	Kazakhstan
Petrochemicals Arges S.R.L.	95.00%	NC	Refining petrochemicals production	Romania
Trans Gas LPG Services S.R.L.	80.00%	NC	LPG transportation related services	Romania
Petrom Exploration & Production Limited	50.00%	FC	Exploration and production services	Isle of Man
OMV Petrom Ukraine E&P Gmbh	100.00%	FC	Oil and gas exploration and production in Ukraine	Austria
OMV Petrom Ukraine Finance Services Gmbh	100.00%	FC	Other services	Austria
Solar Jiu S.R.L.	99.99%	NC	Solar power production	Romania
Associated companies (20-50%)				
Franciza Petrom 2001 S.A.	40.00%	NAE	Oil products distribution	Romania
Brazi Oil & Anghelescu Prod Com S.R.L.	37.70%	NAE	Oil products distribution	Romania
Fontegas Peco Mehedinti S.A.	37.40%	NAE	Fuel distribution	Romania
Congaz S.A.	28.59%	EM	Natural gas distribution	Romania
Asociatia romana pentru relatia cu investitorii	20.00%	NAE	Public relations and public representation	Romania

*) Consolidation treatment:

FC Full consolidation

EM Accounted for at equity (associated company)

NC Not – consolidated subsidiary (companies of relative insignificance 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).

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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30. CASH FLOW STATEMENT INFORMATION

a) Drawings and repayments of borrowings

During 2013 Petrom Group has repaid borrowings amounting to RON 825.73 million (2012: RON 1,221.71 million) and finance lease obligations amounting to RON 12.24 million (2012: RON 11.03 million) and has drawn borrowings amounting to RON 0.63 million (2012: RON 754.59 million).

b) Acquisition of subsidiaries

During 2013 Petrom Group acquired from OMV Exploration & Production GmbH a percentage of 100% in two new companies: OMV Petrom Ukraine E&P GmbH and OMV Petrom Ukraine Finance Services GmbH. OMV Petrom paid a total amount of RON 198.36 million (equivalent of EUR 44.52 million), which represents exactly the cash owned by these companies at the moment of acquisition. Therefore, at Petrom Group level there is no net cash out impact from these acquisitions.

During 2013 OMV Petrom paid in cash an amount of RON 0.10 million for the share capital of the new created not consolidated subsidiary Solar Jiu S.R.L..

During 2012 Petrom Group did not acquire any company.

c) Disposal of subsidiaries

During 2013, Petrom Group disposed of two subsidiaries: Petrom LPG S.A. from R&M segment and Petrom Distributie Gaze S.R.L. from G&P segment.

During 2012 Petrom Group disposed of Korned LLP from E&P segment.

Net assets of disposed subsidiaries at the date of disposal were as follows:

	December 31, 2013	December 31, 2012
Intangible assets	1.27	-
Property, plant and equipment	69.11	-
Inventories	21.99	-
Trade receivables	42.85	-
Other financial assets short term	39.56	-
Other assets short term	1.35	0.21
Cash and cash equivalents	36.48	-
Deferred tax asset	12.25	-
Provisions for pensions and similar obligations long term	(7.70)	(1.24)
Other financial liabilities long term	(49.07)	-
Trade payables	(34.31)	(0.26)
Deferred tax liabilities	(3.46)	-
Current income tax payable	(0.09)	-
Other provisions and decommissioning short term	(1.90)	-
Other liabilities short term	(11.38)	(4.24)
Net assets disposed of	116.95	(5.53)

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30. CASH FLOW STATEMENT INFORMATION (continued)

Gain / (Loss) on disposal of subsidiaries:

	December 31, 2013	December 31, 2012
Proceeds on disposal of subsidiaries	116.02	0.10
Net assets disposed of	(116.95)	5.53
Cumulative exchange differences in respect of the net assets of the subsidiaries reclassified from equity on loss of control of subsidiaries	-	(12.88)
Exchange differences related to net investment in a foreign subsidiary, recycled from equity on disposal of subsidiary	-	5.17
Loss on disposal of subsidiaries	(0.93)	(2.08)

Net cash flow on disposal of subsidiaries:

	December 31, 2013	December 31, 2012
Net consideration received in cash and cash equivalents	100.04	0.10
Less cash and cash equivalents balances disposed of	(36.48)	-
Net cash inflow on disposal of subsidiaries	63.56	0.10
Less cash advance received in 2012 for Petrom LPG S.A.	(9.82)	-
Net cash inflow on disposal of subsidiaries during 2013	53.74	0.10

In 2012, in addition to the consideration of RON 0.10 million related to the disposal of Korned LLP, the Group received an advance of RON 9.82 million for Petrom LPG S.A. from Crimbo Gas International, therefore the total cash inflow on disposal of subsidiaries during 2012 amounted to RON 9.92 million.

d) Exploration cash-flows

The amount of cash outflows in relation to exploration activities incurred by Petrom Group for the year ended December 31, 2013 is of RON 416.20 million (2012: RON 374.51 million), out of which the amount of RON 313.13 million is related to operating activities (2012: RON 172.26 million) and the amount of RON 103.07 million represents cash outflows for exploration investing activities (2012: RON 202.25 million).

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31. 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.

Fair value hierarchy for derivative instruments as at December 31, 2013

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Derivatives designated and effective as hedging instruments	-	-	-	-
Other derivatives	-	3.26	-	3.26
Total	-	3.26	-	3.26

As at December 31, 2012 there are no balances in relation to derivative financial instruments.

The financial liabilities whose fair values differ from their carrying amounts as at December 31, 2013 (Level 2 – observable inputs), as well as the respective differences are presented in the table below:

Financial liabilities	<u>Fair value</u>	<u>Carrying amount</u>	<u>Difference</u>
Interest-bearing debts	1,411.13	1,442.77	(31.64)
Finance lease liabilities	310.89	297.74	13.15
Total	1,722.02	1,740.51	(18.49)

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.

As at December 31, 2012 no numerical information was disclosed in respect to fair values compared to carrying amounts for financial liabilities based on the insignificance of the difference.

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32. COMMITMENTS AND CONTINGENCIES

Commitments

As at December 31, 2013 the total commitments engaged by Petrom Group for investments is of RON 1,088.31 million (2012: RON 935.34 million), out of which RON 1,027.92 million related to property, plant and equipment (2012: RON 904.58 million) and RON 60.39 million for intangible assets (2012: RON 30.76 million). The Group has additional commitments in relation to joint arrangements. For details please refer to Note 33.

Litigations

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 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

Petrom Group has contingent liabilities representing performance guarantees in amount of RON 28.70 million as at December 31, 2013 (2012: RON 25.64 million).

33. INTERESTS IN JOINT VENTURES

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). Following the successfully drilling of the first deep water exploration well, an extensive 3D seismic program was executed and finalized for the Neptun perimeter. Next exploration drilling campaign is estimated to start around mid of 2014.

OMV Petrom S.A. entered into a farm out arrangement with Hunt Oil Company of Romania SRL ("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.

Joint activities described above are classified as jointly controlled assets according with IAS 31.

OMV Petrom's share of the aggregate capital commitments for these joint arrangements as at December 31, 2013 is amounting RON 541.59 million (2012: RON 504.62 million for Exxon and Hunt joint arrangements), mainly in relation to deep water drilling requirements.

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34. RISK MANAGEMENT

Capital risk management

Petrom Group continuously manages its capital adequacy to ensure that its entities will be optimally capitalized in balance with their risks exposure in order to maximize the return to stakeholders. The capital structure of Petrom Group consists of equity attributable to equity holders 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 14). Capital risk management at 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 Petrom Group calculated as net debt/ (equity)*100 was 1% as at December 31, 2013 (December 31, 2012: 7%) showing a decreasing exposure to leverage risk. Net debt is calculated as interest-bearing debts including financial lease liability, less cash and cash equivalents.

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 being 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 3 to the financial statements.

Financial risk management objectives and policies

The objective of 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.

Petrom Group does not enter into or trade financial instruments for speculative purposes. The Risk Management function reports twice per year to Petrom Group's Executive Board and Supervisory Board's Audit Committee, that monitors all risks and policies implemented to mitigate Petrom Group's risk exposures.

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34. RISK MANAGEMENT (continued)

Risk exposures and responses

Petrom Group's Risk Management function actively pursues the identification, analysis, evaluation and treatment of all risks (market and financial, operational and strategic) in order to minimize their effects on company's cash flow up to an acceptable level agreed as the risk appetite.

The Risk Management function monitors and manages all risks of Petrom Group companies through an integrated process in line with ISO 31000, by internal risk reports and regular assessments which analyze all 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 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.

Response wise, any risk coming near to their significance levels or rapidly developing risks which are sensitive to the risk appetite level are monitored and alerts are issued; for these situations individual and case specific treatment plans are proposed, approved and implemented immediately in order to decrease the exposures up to acceptable levels.

Commodity Market Price Risk

Commodity Market Risk wise, 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 Petrom Group risk profile and the company's midterm liquidity. The market price risks of Petrom Group commodities are very closely analyzed, quantified, evaluated and mitigated when required in order to secure their expected returns within Petrom Group's midterm objectives.

Financial instruments are 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 2013, the internal risk analysis resulted in no need for hedging the price risk of the oil price, hence no financial instruments were used for commodity hedging.

In 2012, OMV Petrom S.A. entered into oil price swaps, locking in a Brent price of approximately USD 101/bbl for a volume of 30,000 bbl/d, which was around 30% of the 2012 total planned crude oil production. The hedge was realized until end of 2012, resulting in an expense of RON 394.08 million in 2012 income statement of OMV Petrom S.A offsetting the corresponding gain from the operational results of OMV Petrom SA from selling the hedged production at the prevailing higher prices, thus locking in the price risk for the hedged quantity as per the hedging strategy intended purpose.

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34. RISK MANAGEMENT (continued)

Foreign exchange risk management

Because Petrom Group operates in many countries and currencies, industry specific activities and the corresponding exchange risks are being analyzed. 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 flow and EBIT.

Foreign currency sensitivity analysis

The carrying amounts of foreign currency denominated monetary assets and liabilities of Petrom Group companies at the reporting date are as follows:

	Assets		Liabilities	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Thousand USD	616,894	562,544	26,720	57,076
Thousand EUR	155,397	98,409	440,822	612,937

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 Petrom Group companies. The largest exposures result from changes in the value of the US dollar and Euro against the Romanian lei.

The following table details 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

	Thousand USD Impact (i)		Thousand EUR Impact (ii)	
	2013	2012	2013	2012
Profit/ (Loss)	42,379	33,909	(28,543)	(51,453)
Other comprehensive income	16,638	16,638	-	-

-10% decrease in the foreign currencies rates

	Thousand USD Impact (i)		Thousand EUR Impact (ii)	
	2013	2012	2013	2012
Profit/ (Loss)	(42,379)	(33,909)	28,543	51,453
Other comprehensive income	(16,638)	(16,638)	-	-

(i) This is mainly attributable to the exposure on USD cash, trade receivables and payables and other financial assets at the year end.

(ii) This is mainly attributable to the exposure on EUR loans, trade payables and other financial liabilities at the year end.

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 Petrom Group.

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34. RISK MANAGEMENT (continued)

In June 2011, OMV Petrom Gas S.R.L. concluded RON/USD average rate forward contracts for the period November 2011 – February 2012 where OMV Petrom Gas sold USD 29.97 million with monthly pricing and settlement, locking in the RON/USD average rate. This instrument was aimed to protect the cash flows from planned sales of gas to domestic clients during November 2011 – February 2012 against depreciation of USD versus RON, as gas purchases were linked to USD/RON exchange rate, while the sales formula price is linked to USD/RON exchange rate. During the year 2012 these forward contracts were realized, resulting in an expense of RON 8.50 million in OMV Petrom GAS S.R.L.

Interest rate risk management

To facilitate management of interest rate risk, 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 balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet 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

Variable rate borrowings:	Balance as at		Effect of 1% change in interest rate	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Short term borrowings	181.12	517.72	1.81	5.18
Long term borrowings	1,262.51	1,735.00	12.63	17.35

In 2013, the internal risk analysis resulted in no need for hedging the interest rate risk, hence no financial instruments were used for interest rate hedging.

Counterparty Credit Risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to Petrom Group. The main counterparty credit risks are assessed, monitored and managed at 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.

Petrom Group does not have any significant credit risk concentration exposure to any single counterparty or any group of counterparties having similar characteristics. Petrom Group defines counterparties as having similar characteristics if they are related entities.

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34. RISK MANAGEMENT (continued)

Liquidity risk management

For the purpose of assessing liquidity risk, budgeted operating and financial cash inflows and outflows throughout 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 Petrom Group remains solvent 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 15.

35. SUBSEQUENT EVENTS

On January 29, 2014 ExxonMobil Exploration and Production Romania Limited ("ExxonMobil"), OMV Petrom S.A. ("OMV Petrom") and Gas Plus International B.V. ("Gas Plus"), announced that following the Romanian Government Decision no. 43 dated January 22, 2014 and published in the Official Gazette on January 28, 2014, the Transfer Agreement signed in October 2012 between ExxonMobil and OMV Petrom, and 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 became effective. Gas Plus opted to retain its 15% interest in both deep water and shallow water portions of the XV Midia Block.

On November 15, 2013 the Romanian Government issued Emergency Ordinance no. 102/2013 through which from January 1, 2014 a new tax of 1.5% of the gross book value is imposed on special constructions, the most relevant items for OMV Petrom being included in E&P segment. The Romanian Parliament is currently discussing potential changes to the Emergency Ordinance before approving it by Law.

These financial statements, presented from page 3 to page 65, 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 25, 2014.



Mrs. Mariana Gheorghe
Chief Executive Officer



Mr. Andreas Matje
Chief Financial Officer



Mr. Gabriel Selischi
E.B. Member E&P



Mr. Cristian Secosan
E.B. Member Gas & Power



Mr. Neil Morgan
E.B. Member Refining & Marketing



Mrs. Alina Popa
Director Finance Department



Mr. Eduard Petrescu
Head of Financial Reporting

APPENDIX I: DISTRIBUTION NETWORK OF BANCA COMERCIALA ROMANA S.A.

Nr.crt.	City	Branch/ Ag	Retail unit name	Retail unit e-mail address	Retail unit address	Postal code	Working hours		Retail unit responsible	Retail unit phone
							Mon - Fri	Sat		
1	Alba Iulia	Branch	Alba	Retail.Alba@bcr.ro	Alba Iulia, Str. Tudor Vladimirescu nr.35	510167	9:00-17:30	closed	Faustina Dorina Stoia	0373520619
2	Alud	Branch	Alud	Retail.Alud@bcr.ro	Alud, Str. Transilvaniei Bl. A. 13	515200	9:00-17:30	closed	Marius Rares Rat	0373622948
3	Campani	Ag	Campani	Retail.Campani@bcr.ro	Campani, Piata Avram Iancu nr.8	515500	9:00-17:30	closed	Cornelia Claudia Pandor	0373720624
4	Sebes	Branch	Sebes	Retail.Sebes@bcr.ro	Sebes, Str.Mihai Viteazu nr.2	515800	9:00-17:30	closed	Ana Voina	0373820686
5	Blaj	Branch	Blaj	Retail.Blaj@bcr.ro	Blaj, B-dul Republicii nr.6	515400	9:00-17:30	closed	Daniel Nicolae Benchea	0373920632
6	Cugir	Branch	Cugir	Retail.Cugir@bcr.ro	Cugir, Str.Alexandru Sahia nr.23, Bl.S 6 bc	515600	9:00-17:30	closed	Mariana Opincariu	0374020664
7	Alba Iulia	Ag	Cetate	Retail.Cetate@bcr.ro	Alba Iulia, B-dul Transilvaniei nr.25	510029	9:00-17:30	closed	Calin Aurelian Dobrea	0374120647
8	Alba Iulia	Ag	Apulum	Retail.Apulum@bcr.ro	Alba Iulia, B-dul Victoriei. Bl. MV4,parter, Cartier Cetate	510077	9:00-17:00	closed	Daniel Sabin Urs	0374220653
9	Zlatna	Ag	Zlatna	Retail.Zlatna@bcr.ro	Zlatna, Str.Tudor Vladimirescu nr.13	516100	8:30-16:30	closed	Ilie Sicoe	0374320726
10	Abrud	Ag	Abrud	Retail.Abrud@bcr.ro	Abrud, Str. Cuza Voda nr.10	515100	8:30-16:30	closed	Alexandru Nicolae Dusa	0374420640
11	Pitesti	Branch	Arges	Retail.Arges@bcr.ro	Pitesti, Str.Republicii nr.83	110014	9:00-18:30	9:00-13:00	Vali Paun	0374520912
12	Campulung	Branch	Campulung Muscel	Retail.CampulungMuscel@bcr.ro	Campulung, Str.Istrate Rizeanu nr.4	115100	9:00-17:30	closed	Ion Oproiu	0374620854
13	Mioveni	Ag	Mioveni	Retail.Mioveni@bcr.ro	Mioveni, B-dul Dacia, nr.99, Bl. P3A, parter	115400	9:00-18:30	closed	Razvan Catalin Chescu	0374720886
14	Curtea de Arges	Branch	Curtea de Arges	Retail.CurteaArges@bcr.ro	Curtea de Arges, B-dul Basarabilor nr.97	115300	9:00-17:30	closed	Florin Alexandru Mituca	0374820864
15	Pitesti	Branch	Prundu	Retail.Prundu@bcr.ro	Pitesti, B-dul Petrochimistilor nr, Bl. B32, parter	110167	9:00-17:30	closed	Cristina Neata	0374920892
16	Pitesti	Ag	Alexandru Davila	Retail.AlexandruDavila@bcr.ro	Pitesti, Str. Victoriei nr.26, Bl. 2, parter	110017	9:00-17:00	closed	Constantin Daniel Nita	0375020834
17	Curtea de Arges	Ag	Basarabilor	Retail.Basarabilor@bcr.ro	Curtea de Arges, Str.Albesti, Bl. Z 2, parter -In vecinatatea P-iei Ivancea	115300	9:00-17:00	closed	Roxana Maria Mirescu	0375120840
18	Pitesti	Ag	Pitesti	Retail.Pitesti@bcr.ro	Pitesti, Str.Mircea Eliade nr.10 - In vecinatatea Kaufland, Cartierul Nord-Gavana	110322	9:00-17:00	closed	Raluca Elena Sandru	0375220946
19	Pitesti	Ag	Trivale	Retail.Trivale@bcr.ro	Pitesti, Str. Libertatii (fosta Trivale) Bl. D1, parter	110398	8:30-16:30	closed	Ana Maria Georgescu	0375320625
20	Pitesti	Ag	Campineanu	Retail.Campineanu@bcr.ro	Pitesti, Complexul Erenia Grigorescu, bl. P1, parter.	110142	9:00-17:00	closed	Maria Ramona Tudora	0375420833
21	Pitesti	Ag	Exercitiu	Retail.Exercitiu@bcr.ro	Pitesti, Str. Exercitiu, bloc.D15	110438	9:00-17:00	closed	Mariana Chitu	0375520953
22	Arad	Branch	Arad	Retail.Arad@bcr.ro	Arad, Str. Nelu Aristide Dragomir nr.14-16	310145	9:00-17:30	closed	Simona Dorina Kovacs	0375620830
23	Ineu	Ag	Ineu	Retail.Ineu@bcr.ro	Ineu, Str.Republicii nr.40	315300	8:30-17:00	closed	Giorgiana Clonoschi	0375720793
24	Arad	Ag	Fortuna	Retail.Fortuna@bcr.ro	Arad, Calea Aurel Vlaicu, nr.177, bl.21	310365	9:00-17:00	closed	Cecilia Maria Darau	0375820762
25	Pancota	Ag	Pancota	Retail.Pancota@bcr.ro	Pancota, Str.Tudor Vladimirescu nr.55	315600	8:30-16:30	closed	Teodolita Minodora Dragalina	0375920755
26	Pecica	Ag	Pecica	Retail.Pecica@bcr.ro	Pecica, Str.2, nr.143, parter	317235	9:00-17:00	closed	Liliana Trestian	0376020807

Nr.crt.	City	Branch/ Ag	Retail unit name	Retail unit e-mail address	Retail unit address	Postal code	Working hours Mon - Fri	Working hours Sat	Retail unit responsible	Retail unit phone
27	Lipova	Ag	Lipova	Retail.Lipova@bcr.ro	Lipova, Str. A Marinescu nr.1, bl. M-2, ap.10/A	315400	8:30-16:30	closed	Tatiana Lucia Pusa	0376120779
28	Arad	Ag	Avram Iancu	Retail.AvramIancu@bcr.ro	Arad, Str.Nelu Aristide Dragomir nr.14-16, etaj 1	310130	9:00-17:30		Morena Cosmina Goldis	0376220739 ,27118
29	Sebis	Ag	Sebis	Retail.Sebis@bcr.ro	Sebis, Str. Parcul Libertatii nr.17	315700	8:30-16:30	closed	Ioana Duta	03763
30	Arad	Ag	Ioan Slavici	Retail.IoanSlavici@bcr.ro	Arad, Calea Aurel Vlaicu-P-ta UTA, Bl U4, Sc. A+B, Ap 17/c, parter	310400	9:00-17:00	closed	Attila Romulus Kenderesi	0376420782
31	Arad	Ag	Micalaca	Retail.Micalaca@bcr.ro	Arad, Aleea Borsec nr.2, bl. 511	310384	9:00-17:00	closed	Ovidiu Petru Fleseriu Cobarzan	0376520736
32	Chisineu Cris	Ag	Chisineu Cris	Retail.ChisineuCris@bcr.ro	Chisineu Cris, Str.Primaverii nr.1, bl.D 5-1, parter	315100	8:30-16:30	closed	Raluca Serban	0376620750
33	Arad	Ag	Andrei Saguna	Retail.AndreiSaguna@bcr.ro	Arad, Piata Spitalului, bl. 5, sc. C, parter	310031	9:00-17:00	closed	Teodora Voichitia Dehelean	0376720816
34	Arad	Ag	Ziridava	Retail.Ziridava@bcr.ro	Arad, Bd. Revolutiei nr. 35, Sc.A, ap.67, parter	310002	9:00-17:00	9:00-13:00	Camelia Tursie	0376820735
35	Bacau	Branch	Bacau	Retail.Bacau@bcr.ro	Bacau, Str.9 Mai nr.11	600019	9:00-18:00	9:00-12:00	Constantin Onut Durac	0376926918
36	Onesti	Branch	Onesti	Retail.Onesti@bcr.ro	Onesti, Str.Belvedere nr.1	601066	9:00-17:30	closed	Aneta Stanciu	0377021026
37	Moinesti	Branch	Moinesti	Retail.Moinesti@bcr.ro	Moinesti, Str.Zorilor nr.23	605400	9:00-17:30	closed	Elena Isabela Cosma	0377126734
38	Buhusi	Ag	Buhusi	Retail.Buhusi@bcr.ro	Buhusi, Str.Alii.Cuza nr.2	605100	8:30-17:00	closed	Maria Cojocaru	0377220983
39	Darmanesti	Ag	Darmanesti	Retail.Darmanesti@bcr.ro	Darmanesti, Str.Victoriei nr.5	605300	9:00-17:30	closed	Marian Dobrin	0377320999
40	Comanesti	Branch	Comanesti	Retail.Comanesti@bcr.ro	Comanesti, Str. Republicii nr.18	605200	9:00-17:30	closed	Silvia Daniela Mihai	0377420990
41	Bacau	Branch	Bacovia	Retail.Bacovia@bcr.ro	Bacau, Str.Mioritei nr.1	600189	9:00-17:30	closed	Ana Iren Ionita	0377521058
42	Bacau	Ag	Energiei	Retail.Energiei@bcr.ro	Bacau, Str. Energiei bl.25, parter	600273	9:00-17:00	closed	Adi Mioara Robu	0377621056
43	Onesti	Ag	Rosetti	Retail.Rosetti@bcr.ro	Onesti, Str.Republicii nr.66	601138	9:00-17:00	closed	Radu Costel Toderinta	0377721045
44	Targu Ocna	Branch	Targu Ocna	Retail.TarguOcna@bcr.ro	Tg.Ocna, Str.Victoriei Bl.F11	605600	9:00-17:00	closed	Sanica Ciubotaru	0377821090
45	Bacau	Ag	Luceafarul	Retail.Luceafarul@bcr.ro	Bacau, Str. N. Balescu nr.5, sc.A, parter	600052	9:00-17:00	closed	Viorica Luminita Cristea	0377921005
46	Bacau	Ag	Orizont	Retail.Orizont@bcr.ro	Bacau, Str.Marastesti nr.177, parter	600070	9:00-17:00	closed	Ionut Maciuca	0378025944
47	Bacau	Ag	Aviatori	Retail.Aviatori@bcr.ro	Bacau, Str.Republicii nr.48	600301	9:00-17:00	closed	Nicolae Gavrilita	0378120971
48	Oradea	Branch	Bihor	Retail.Bihor@bcr.ro	Oradea, Str.D.Cantemir nr.2/c	410519	9:00-17:30	closed	Ramona Ioana Calser	0378221224
49	Beius	Branch	Beius	Retail.Beius@bcr.ro	Beius, Str.Samuil Vulcan nr.11	415200	8:30-17:00	closed	Ancuta Silvia Ciortan	0378325415
50	Alesd	Branch	Alesd	Retail.Alesd@bcr.ro	Alesd, Str.Bobalna nr.1	415100	8:30-17:00	closed	Gabriela Pavel	0378421095
51	Oradea	Branch	Rogierius	Retail.Rogierius@bcr.ro	Oradea, Str. Mihail Sadoveanu nr.10	410443	9:00-17:30	9:00-13:00	Cristina Dorina Simoc	0378521227
52	Stej	Branch	Stej	Retail.Stej@bcr.ro	Stej, Str.Cuza Voda nr.9	415600	8:30-17:00	closed	Nicoleta Loredana Foflu	0378621182
53	Marghita	Branch	Marghita	Retail.Marghita@bcr.ro	Marghita, str. Piata Independentei nr.3	415300	8:30-17:00	closed	Raul Cosmin Fritea	0378721134
54	Salonia	Ag	Salonia	Retail.Salonia@bcr.ro	Salonia, Str.Republicii nr.1	415500	8:30-17:00	closed	Ramona Peret	0378821172
55	Oradea	Ag	Varadinum	Retail.Varadinum@bcr.ro	Oradea, strada Nufanului nr. 30, parter, in cadrul centrului commercial Lotus Center.	410533	10:00-21:00	10:00-21:00	Florin Mircea Murg	0378921225
56	Oradea	Ag	Republicii	Retail.Republicii@bcr.ro	Oradea, Str.Republicii nr.8	410018	9:00-17:00	closed	Daniel Grigore Ivan	0379026762
57	Oradea	Ag	Iosia	Retail.Iosia@bcr.ro	Oradea, Str. Cazaban nr.54 A, bloc AN 199	410276	9:00-17:00	closed	Dumitru Florin Mihes	0379121155
58	Oradea	Ag	Nufarul	Retail.Nufarul@bcr.ro	Oradea, Str. Nufarul bloc AN 58, parter	410576	9:00-17:00	closed	Paula Camelia Petruca	0379221142

Nr.crt.	City	Branch/ Ag	Retail unit name	Retail unit e-mail address	Retail unit address	Postal code	Working hours Mon - Fri	Working hours Sat	Retail unit responsible	Retail unit phone
59	Oradea	Ag	Decebal	Retail.Decebal@bcr.ro	Oradea, Bdul.Decebal nr.20, parter	410197	9:00-17:00	closed	Mihaela Bere	0379321122
60	Bistrita Nasaud	Branch	Bistrita Nasaud	Retail.BistritaNasaud@bcr.ro	Bistrita, Piata Petru Rares nr.1A	420080	9:00-17:30	9:00-13:00	Veronica Livia Ignat	0379421249
61	Nasaud	Branch	Nasaud	Retail.Nasaud@bcr.ro	Nasaud, B-dul Granicerilor nr.27	425200	8:30-17:00	closed	Lenuta Lupoale	0379527176
62	Beclean	Ag	Beclean	Retail.Beclean@bcr.ro	Beclean, Str.Mihail Kogalniceanu nr.46	425100	8:30-17:00	closed	Oana Andreea Pitrea	0379621253
63	Com. Rodna	Ag	Rodna	Retail.Rodna@bcr.ro	Com. Rodna, Str. Principala nr.607	427245	8:30-16:30	closed	Loredana Noemi Cretiu	0379721270
64	Bistrita	Ag	Visoara	Retail.Visoara@bcr.ro	Bistrita, str.Imparatul Traian, nr.57, bloc E, parter	420145	8:30-16:30	closed	Alexandru Octavian Iliesiu	0379827200
65	Com. Prundu-Bargaului	Ag	Tihuta	Retail.Tihuta@bcr.ro	Com. Prundu Bargaului, Str.Principala nr.139	427230	8:30-16:30	closed	Florentina Nistorean	0379921320
66	Bistrita	Ag	Liviu Rebreanu	Retail.LiviuRebreanu@bcr.ro	Bistrita, Bdul. Decebal nr. 25, Bl. J	420070	8:30-16:30	closed	Elena Violeta Moldovan	0380021251
67	Bistrita	Ag	Axente Sever	Retail.AxenteSever@bcr.ro	Bistrita, Str. Axente Sever nr. 2, parter	420163	8:30-16:30	closed	Teodora Maria Chiciudean	0380121289
68	Braila	Branch	Braila	Retail.Braila@bcr.ro	Braila, Calea Calarasilor nr. 17	810017	9:00-18:00	closed	Sorin Catalin Enache	0380221464
69	Braila	Ag	Concordia	Retail.Concordia@bcr.ro	Braila, Calea Calarasilor nr.65, Bl.C, parter	810237	9:00-17:00	closed	Marinela Rosca	0380327058
70	Braila	Branch	Danubiu	Retail.Danubiu@bcr.ro	Braila, Str. Danubiu nr.12	810015	9:00-17:30	closed	Eugenia Panuta	0380421447
71	Braila	Ag	Panait Istrati	Retail.PanaitIstrati@bcr.ro	Braila, Sos.Buzaului, bloc B1, parter	810318	9:00-17:30	closed	Oana Ndigwe	0380521415
72	Ianca	Ag	Ianca	Retail.Ianca@bcr.ro	Ianca, Str. Garii Bl.C3	815200	9:00-17:00	closed	Verginica Mladin	0380621432
73	Com. Viziru	Ag	Viziru	Retail.Viziru@bcr.ro	Comuna Viziru	817215	9:00-17:00	closed	Adnana Tanta Iacob	0380721483
74	Braila	Ag	Calarasilor	Retail.Calarasilor@bcr.ro	Braila, Bdul.Dorobantilor Bl. A1, parter	810091	9:00-17:00	closed	Mirela Spornicu	0380821450
75	Braila	Ag	Eremia Grigorescu	Retail.EremiaGrigorescu@bcr.ro	Braila, Str. G-ral. Eremia Grigorescu nr.40, bl .5A, parter	810051	9:00-17:00	closed	Simona Liviana Bejan	0380921414
76	Braila	Ag	Darlee	Retail.Darlee@bcr.ro	Braila, Ans.Calarasi nr.4, Bl.B2, parter din Calea Calarasilor nr.309	810008	9:00-17:00	closed	Tanta Bosoi	0381021426
77	Braila	Ag	1 Decembrie	Retail.1Decembrie@bcr.ro	Braila, Str. Transilvaniei nr. 1	810249	9:00-17:00	closed	Cornelia Bolozan	0381121451
78	Botosani	Branch	Botosani	Retail.Botosani@bcr.ro	Botosani, Piata Revolutiei nr.9	710236	9:00-17:30	closed	Magda Popovici	0381221340
79	Darabani	Ag	Darabani	Retail.Darabani@bcr.ro	Darabani, Str.Pietei nr.26	715100	8:30-17:00	closed	Bianca Cristina Popolu	0381326856
80	Saveni	Ag	Saveni	Retail.Saveni@bcr.ro	Saveni, Str. 1 Decembrie nr.49	715300	9:00-17:30	closed	Catalina Mirela Matei	0381421362
81	Dorohoi	Ag	Dorohoi	Retail.Dorohoi@bcr.ro	Dorohoi, Str.Grigore Ghica nr.30	715200	8:30-17:00	closed	Valerica Agrigoroaei	0381521331
82	Com. Trusesti	Ag	Trusesti	Retail.Trusesti@bcr.ro	Comuna Trusesti	717400	9:00-17:00	closed	Daniela Costeanu	0381621401
83	Botosani	Ag	Primaverii	Retail.Primaverii@bcr.ro	Botosani, Str. Primaverii nr.16	710118	9:00-17:00	closed	Danut Ovidiu Paveliuc	0381721349
84	Botosani	Ag	George Enescu	Retail.GeorgeEnescu@bcr.ro	Botosani, Calea Nationala nr.65, parter	710006	9:00-17:00	closed	Cristina Robozneanu	0381821351
85	Flamanzi	Ag	Flamanzi	Retail.Flamanzi@bcr.ro	Flamanzi, Str.Principala, Bl. A1-A2	717155	9:00-17:00	closed	Mitica Avadanei	0381921347
86	Botosani	Ag	Nicolae Iorga	Retail.NicolaeIorga@bcr.ro	Botosani, Calea Nationala nr.107, Bl. 03, parter (Ansamblul de locuinte Miorita II)	710061	9:00-17:00	closed	Anamaria Oana Badragan	0382021383
87	Botosani	Ag	Octav Bancila	Retail.OctavBancila@bcr.ro	Botosani, Bdul. Mihai Eminescu nr.63	710171	9:00-17:00	closed	Georgeta Astefanoaei	0382121363
88	Brasov	Branch	Brasov	Retail.Brasov@bcr.ro	Brasov, Str.15 Noiembrie nr.90A	500102	9:00-17:30	9:00-13:00	Elena Catalina Croitoru	03822

Nr.crt.	City	Branch/ Ag	Retail unit name	Retail unit e-mail address	Retail unit address	Postal code	Working hours Mon - Fri	Working hours Sat	Retail unit responsible	Retail unit phone
89	Fagaras	Branch	Fagaras	Retail.Fagaras@bcr.ro	Fagaras, Str.M.Eminescu nr.14	505200	8:30-17:00	closed	Claudia-Maria Bogdan	0382321651
90	Victoria	Branch	Victoria	Retail.Victoria.Brasov@bcr.ro	Victoria, Str.1 Decembrie 1918 nr.2	505700	8:30-17:00	closed	Ilie Popa	0382421522
91	Rasnov	Branch	Rasnov	Retail.Rasnov@bcr.ro	Rasnov, Piata Unirii nr.10	505400	9:00-17:30	closed	Ioana Monica Fianu	0382521582
92	Zarnesti	Branch	Zarnesti	Retail.Zarnesti@bcr.ro	Zarnesti, Str.Mitropolit I.Medaniu nr.8	505800	9:00-17:30	closed	Ligia Bagoly	0382621655
93	Brasov	Ag	Onix	Retail.Onix@bcr.ro	Brasov, Str.13 Decembrie nr.15 din Bdul Grivitei nr.77	500198	9:00-17:30	closed	Sergiu Nichiforov	0382721581
94	Brasov	Branch	Titulescu	Retail.Titulescu@bcr.ro	Brasov, B-dul Eroilor nr.19	500030	9:00-17:30	closed	Andra Darinca Ascanie	0382821519
95	Sacele	Ag	Sacele	Retail.Sacele@bcr.ro	Sacele, Piata Libertatii nr.34	505600	9:00-17:30	closed	Doina Lucia Neacsu	0382924224
96	Brasov	Ag	Piata Sfatului	Retail.PiataSfatului@bcr.ro	Brasov, Str.Piata Sfatului nr.27	500025	9:00-17:30	closed	Maria Ramona Nica	0383021644
97	Codlea	Ag	Codlea	Retail.Codlea@bcr.ro	Codlea, Str.Lunga nr.125	505100	8:30-17:00	closed	Iuliana Burcuta	0383121511
98	Brasov	Ag	Craier	Retail.Craier@bcr.ro	Brasov, Bd. Gari nr. 38 Bl. 227 parter (Complex Comercial Harman)	500227	9:00-17:00	closed	Mihaela Rodica Simion	0383221546
99	Com. Bran	Ag	Bran	Retail.Bran@bcr.ro	Com. Bran Str. Principala nr.403 B, Ap 2, parter	507025	9:00-17:00	closed	Camelia Mihaela Capatina	0383321498
100	Brasov	Ag	Astra Orizont	Retail.AstraOrizont@bcr.ro	Brasov, Str.Saturn nr.32	500342	9:00-17:00	closed	Alin Alexandru Aldes	0383421552
101	Brasov	Ag	Valea Ceratii	Retail.ValeaCeratii@bcr.ro	Brasov, B-dul Muncii	500281	9:00-17:00	closed	Georgiana Nicoleta Tutulianu	0383521520
102	Brasov	Ag	Tampa	Retail.Tampa@bcr.ro	Brasov, Str. Aurel Vlaicu nr.109 si Str.13 Decembrie nr.61-63	500146	9:00-17:00	closed	Alexandra Pelin	0383621642
103	Brasov	Ag	Bartolomeu	Retail.Bartolomeu@bcr.ro	Brasov, Sos. Cristianului nr. 10	500053	9:00-17:00	closed	Cristina Muntean	0383721489
104	Brasov	Ag	Calea Bucuresti	Retail.CaleaBucuresti@bcr.ro	Brasov, Calea Bucuresti nr.90	500434	9:00-17:00	closed	Vlad Constantin Asandei	0383821610
105	Brasov	Ag	Coresti Mall	Retail.CorestiMal@bcr.ro	Brasov, str. Zaharia Stancu nr. 1	500167	10:00-22:00	10:00-22:00	Alina Maria Ivan	0383926947 ;21507
106	Buzau	Branch	Buzau	Retail.Buzau@bcr.ro	Buzau, Str.Unirii nr.207	120191	9:00-18:00	9:00-13:00	Florin Patru	0384022647
107	Ramnicu Sarat	Branch	Ramnicu Sarat	Retail.RamnicuSarat@bcr.ro	Rm.Sarat, Str.T.Vladimirescu nr.10	125300	9:00-17:30	9:00-13:00	Viorica Violeta Avram	0384122617
108	Buzau	Ag	Vasile Voiculescu	Retail.VasileVoiculescu@bcr.ro	Buzau, Str.Unirii, Bloc 1D, parter	120278	9:00-17:00	closed	Gabriela Georgiana Tudorache	0384222684
109	Buzau	Ag	Siriu	Retail.Siriu@bcr.ro	Buzau, Str.Dorobanti Bl.H10, H11, parter	120111	9:00-17:00	closed	Georgeta Visan	0384322671
110	Ramnicu Sarat	Ag	Alexandru Vlahuta	Retail.AlexandruVlahuta@bcr.ro	Rm. Sarat, Str.Toamnei Dig. Bl. 3E, parter	125300	9:00-17:00	closed	Nicoleta Marin	0384422634
111	Cluj Napoca	Branch	Cluj	Retail.Cluj@bcr.ro	Cluj Napoca, Str.George Baritiu nr.10-12	400027	9:00-17:30	closed	Angela Daniela Iepure	0384522925
112	Dej	Branch	Dej	Retail.Dej@bcr.ro	Dej, Str.Bobalna nr.5	405200	8:30-17:00	9:00-13:00	Rodica Monica Muresan	0384622829
113	Turda	Branch	Turda	Retail.Turda@bcr.ro	Turda, Piata 1 Decembrie 1918 nr.29	401184	9:00-17:30	9:00-13:00	Mihaela Cristina Hoza	0384722968
114	CampiaTurzii	Branch	CampiaTurzii	Retail.CampiaTurzii@bcr.ro	Campia Turzii, Str.George Cosbuc nr.13	405100	9:00-17:30	closed	Carmen Brindusa Bortes	0384822813
115	Gherla	Ag	Gherla	Retail.Gherla@bcr.ro	Str.Bobilina nr.3, parter	405300	9:00-17:30	closed	Corina Larisa Mosora	0384922859
116	Cluj Napoca	Ag	Cipariu	Retail.Cipariu@bcr.ro	Cluj Napoca, Str.Nicolae Titulescu nr.4, Bl. IIB, Corp B3, parter	400420	9:00-17:30	closed	Mihaela Anca Boldut	0385027073
117	Cluj Napoca	Ag	Marasti	Retail.Marasti@bcr.ro	Cluj Napoca, Str.Aurel Vlaicu nr.4, Bl.5B, parter	400690	9:00-17:30	closed	Mihaela Ovidia Saggau	0385122206
118	Cluj Napoca	Ag	Manastur	Retail.Manastur@bcr.ro	Cluj Napoca, Str.Bucegi nr.13-15	400667	9:00-17:30	9:00-13:00	Raluca Ioana Campian	0385222875

Nr.crt.	City	Branch/ Ag	Retail unit name	Retail unit e-mail address	Retail unit address	Postal code	Working hours Mon - Fri	Working hours Sat	Retail unit responsible	Retail unit phone
119	Huedin	Ag	Huedin	Retail:Huedin@bcr.ro	Huedin, Str.Republicii nr.8, bloc A, S.C.2, parter	405400	8:30-16:30	closed	Cosmina Niculina Cobarzan	0385321216
120	Cluj Napoca	Ag	Calea Floresti	Retail:CaleaFloresti@bcr.ro	Cluj Napoca, Calea Floresti nr. 77, Ap.114 si partial Ap.113, parter	400524	9:00-17:00	closed	Ioana Mariana Veja	0385422816
121	Turda	Ag	Oprisani	Retail:Oprisani@bcr.ro	Turda, Calea Victoriei nr.100, Bl. B120, parter	401023	8:30-16:30	closed	Corina Gabriela Bolog	0385522894
122	Com.Floresti	Ag	Polus	Retail:Polus@bcr.ro	Com. Floresti, DNI-E60 SUD-FN, parter	407280	10:00-22:00	10:00-22:00	Bogdan Marius Dumuta	0385622950
123	Cluj Napoca	Ag	Napoca	Retail:Napoca@bcr.ro	Cluj Napoca, Str. Dorobantilor nr. 40 - 40/a, Ap. 1, parter	400117	8:30-16:30	closed	Vasile Marinel Sidau	0385726985
124	Cluj Napoca	Ag	Zorilor	Retail:Zorilor@bcr.ro	Cluj Napoca, Str.Pasteur nr. 56-60, parter	400349	9:00-17:00	closed	Maria Rodica Moca	0385822937
125	Cluj Napoca	Ag	Somes	Retail:Somes@bcr.ro	Cluj Napoca, Str.Fantanele nr. 7, Bl.A, parter	400294	9:00-17:00	closed	Ioana Maria Man	0385922823
126	Dej	Ag	Dealul Florilor	Retail:DealulFlorilor@bcr.ro	Dej, Str. Constantin Dobrogeanu Gherea nr 6, Bloc VO2, Ap. 17/II	405200	9:00-17:00	closed	Maria Alina Mester	0386022839
127	Cluj Napoca	Ag	Bulevardul Eroilor	Retail:BulevardulEroilor@bcr.ro	Cluj Napoca, B-dul Eroilor nr.35, ap.5, parter	400129	9:00-17:00	closed	Madalina Teodora Gligor	0386126813
128	Cluj Napoca	Ag	Piata Garti	Retail:PiataGarti@bcr.ro	Cluj-Napoca, str.Horea nr 83-87, sc.II.ap.36, parter	400275	9:00-17:00	closed	Anamaria Crenganis	0386226660
129	Cluj Napoca	Ag	21 Decembrie	Retail:21Decembrie@bcr.ro	Cluj-Napoca, B-dul 21 Decembrie nr.135, parter	400604	9:00-17:00	closed	Sergiu Gabriel Pantilimon	0386323906
130	Cluj Napoca	Ag	Memorandum ului	Retail:Memorandumului@bcr.ro	Cluj-Napoca, str. Memorandumului nr 5	400114	9:00-17:30	closed	Diana Alexandra Fola	0386422900
131	Calarasi	Branch	Calarasi	Retail:Calarasi@bcr.ro	Calarasi, Str:Sloboziei nr.4	910022	9:00-18:00	closed	Sorina Ioana Scaunas	0386522717
132	Oltenita	Branch	Oltenita	Retail:Oltenita@bcr.ro	Oltenita, B-dul Republicii nr.56	915400	9:00-17:30	closed	Tonel Ivascu	0386622701
133	Lehliu Gara	Ag	Lehliu Gara	Retail:LehliuGara@bcr.ro	Lehliu Gara, Str. Nicolae Titulescu nr.5D (fosta Calea Bucuresti nr.24), parter	915300	9:00-17:30	closed	Mihaela Aurelia Matei	0386722690
134	Calarasi	Ag	Mircea Voda	Retail:MirceaVoda.Calarasi@bcr.ro	Calarasi, Str.Belsugului nr.56, bl.E.23, Sc.3-4, parter	910144	9:00-17:00	closed	Elena Coman (Calarasi)	0386822699
135	Calarasi	Ag	Vulturul	Retail:Vulturul@bcr.ro	Calarasi, Str:Prelungrea Bucuresti nr.1, Bl.C17,Sc. 1 parter-(Libraria M. Eminescu)	910125	9:00-17:00	closed	Iuliana Dumitru (Calarasi)	0386922724
136	Resita	Branch	Caras Severin	Retail:CarasSeverin@bcr.ro	Resita, Str.I.L.Caragiale nr.10	320068	9:00-17:30	closed	Cosmin Cristian Ghiaur	0387022795
137	Caransebes	Branch	Caransebes	Retail:Caransebes@bcr.ro	Caransebes, Str.Mihai Viteazu nr.44	325400	8:30-17:00	closed	Alexandra Frant	0387122752
138	Bocsa	Ag	Bocsa	Retail:Bocsa@bcr.ro	Bocsa, str.Carpati nr.1, parter	325300	8:30-16:30	closed	Carol Tiberiu Eppel	0387226792
139	Moldova Noua	Ag	Moldova Noua	Retail:MoldovaNoua@bcr.ro	Moldova Noua, Str.Nicolae Titulescu nr.56 B, parter	325500	8:30-16:30	closed	Gabriel Viorel Niculescu	0387322768
140	Baile Herculane	Ag	Baile Herculane	Retail:BaileHerculane@bcr.ro	Baile Herculane, Str.Castanilor nr.13C	325200	8:30-16:30	closed	Ecaterina Fenesan	0387422742
141	Otelu Rosu	Ag	Otelu Rosu	Retail:OteluRosu@bcr.ro	Otelu Rosu, Str.22 Decembrie 1989 nr.50	325700	8:30-16:30	closed	Simona Mariana Baila	0387522777
142	Resita	Ag	Semenic	Retail:Semenic@bcr.ro	Resita, Bdul.Republicii, nr.13-15, Complex Victoria	320127	9:00-17:00	9:00-13:00	Andreea Mihaela Dumitrescu	0387622748
143	Constanta	Branch	Constanta	Retail:Constanta@bcr.ro	Constanta, Str.Traian nr.68	900716	9:00-18:00	9:00-13:00	Rodica Stefanescu	0387726821
144	Medgidia	Branch	Medgidia	Retail:Medgidia@bcr.ro	Medgidia, Str.Republicii nr.51	905600	9:00-17:30	closed	Marius Micu	0387823064
145	Mangalia	Branch	Mangalia	Retail:Mangalia@bcr.ro	Mangalia, Sos.Constanta nr.25	905500	9:00-17:30	9:00-13:00	George Alexandru Radulescu Gamalet	0387923154
146	Cernavoda	Branch	Cernavoda	Retail:Cernavoda@bcr.ro	Cernavoda, Str.Unirii, Bl. P3B, parter	905200	9:00-17:30	closed	Paul Cristian Bone	0388023015
147	Navodari	Ag	Navodari	Retail:Navodari@bcr.ro	Navodari, Str.Albinelor nr.9 Bl.B2 sc.A, parter	905700	9:00-17:30	closed	Dragos Catalin Sava	0388123075

Nr.crt.	City	Branch/ Ag	Retail unit name	Retail unit e-mail address	Retail unit address	Postal code	Working hours Mon - Fri	Working hours Sat	Retail unit responsible	Retail unit phone
148	Constanta	Branch	Palas	Retail.Palas@bcr.ro	Constanta, Str.I.C.Bratanu nr.98, BLSR3	900243	9:00-17:30	closed	Constantin Grameni	0388223005
149	Constanta	Branch	Mamaia	Retail.Mamaia@bcr.ro	Constanta, B-dul Mamaia nr.231	900559	9:00-17:30	closed	Cosmin Alexandru Crangasu	0388323041
150	Constanta	Ag	Hisria	Retail.Hisria@bcr.ro	Constanta, Str. Prelungirea Liliacului nr. 21, parter	900062	9:00-17:00	closed	Robert-Adrian Ivan	0388423138
151	Constanta	Ag	Euxin	Retail.Euxin@bcr.ro	Constanta, Str. Stefan cel Mare nr. 86, parter	900698	9:00-17:00	closed	Isabela Ion	0388520407
152	Constanta	Ag	Albatros	Retail.Albatros@bcr.ro	Constanta, B-dul Al. Lapusneanu nr. 76, Bl. LE 20 B, parter	900605	9:00-17:00	closed	Aura Olguța Chipara	0388622992
153	Constanta	Ag	Litoral	Retail.Litoral@bcr.ro	Constanta, Bdul. Aurel Vlaicu nr.99, BLAV2, parter	900145	9:00-17:00	closed	Roxana Stanca	0388722434
154	Constanta	Ag	Pontica	Retail.Pontica@bcr.ro	Constanta, Str. Soveja nr. 77, Bl. 35A, parter	900337	9:00-17:00	closed	Cristina Aneta Botescu	0388823106
155	Constanta	Ag	Definul	Retail.Definul@bcr.ro	Constanta, Sos. Mangaliei nr.93, Bl. S, parter	900111	9:00-17:00	closed	Oana Valeria Colboara	0388923035
156	Constanta	Ag	Tomis Nord	Retail.TomisNord@bcr.ro	Constanta, Str.Suceava, nr.2C, parter	900456	9:00-17:00	closed	Malina Isabela Petrovici	0389023132
157	Constanta	Ag	Balada	Retail.Balada@bcr.ro	Constanta, Bd. 1 Decembrie 1918, nr. 35, Bl. L20, parter	900168	9:00-17:00	closed	Valentin Claudiu Bogdan	0389123105
158	Constanta	Ag	Constanta Port	Retail.ConstantaPort@bcr.ro	Port Constanta nr. 1, Cladire Navlomar, Constanta	900900	9:00-17:00	closed	Dumitru Cosmin Buta	0389223121
159	Mangalia	Ag	Callatis	Retail.Callatis@bcr.ro	Mangalia, Bdul 1 Decembrie 1918 nr.35, BLX6, parter	905500	9:00-17:00	closed	Adriana Maria Conon	0389323011
160	Sf. Gheorghe	Branch	Covasna	Retail.SfCovasna@bcr.ro	Sf. Gheorghe, Str.Jozef Bem nr. 7	520023	9:00-17:30	9:00-13:00	Gyongyver Simon	0389423185
161	Intorsura Buzaului	Ag	Intorsura Buzaului	Retail.IntorsuraBuzaului@bcr.ro	Intorsura Buzaului, Str. Mihai Viteazu, Nr. 143, Bl. 6, Sc. C	525300	8:30-17:00	closed	Marilena Pollak	0389523221
162	Targu Secuiesc	Branch	Targu Secuiesc	Retail.TarguSecuiesc@bcr.ro	Tg.Secuiesc, str.Platia Gabor Aron nr.17	525400	8:30-17:00	closed	Monika Trinfă	0389626670
163	Baraolt	Ag	Baraolt	Retail.Baraolt@bcr.ro	Baraolt, Str.Libertatii 2/A	525100	8:30-16:30	closed	Magdolna Bocz	0389723162
164	Sf. Gheorghe	Ag	Miko Imre	Retail.MikoImre@bcr.ro	Sf.Gheorghe, Str. 1 Decembrie 1918, nr.74, parter	520080	9:00-17:00	closed	Ildiko Benedek	0389823182
165	Targoviste	Branch	Dambovită	Retail.Dambovită@bcr.ro	Targoviste, B-dul Mircea cel Baran nr.1	130023	9:00-17:30	9:00-13:00	Bogdan Alexandru Toader	0389923276
166	Gaesti	Branch	Gaesti	Retail.Gaesti@bcr.ro	Gaesti, Str.13 Decembrie nr.62	135200	9:00-17:30	closed	Bogdan Stanciu	0390023243
167	Pucioasa	Branch	Pucioasa	Retail.Pucioasa@bcr.ro	Pucioasa, Str.Republicii nr.105	135400	9:00-17:30	closed	Adelina Jiplea	0390123266
168	Moreni	Branch	Moreni	Retail.Moreni@bcr.ro	Moreni, Str.Cpt.Pantea Ion nr.62	135300	9:00-17:30	closed	Alina Elena Andrei	0390223261
169	Fieni	Branch	Fieni	Retail.Fieni@bcr.ro	Fieni, Str.Ing.Aurel Rahnu nr.29	135100	8:30-17:00	closed	Gabriela Paula Stoica	0390323277
170	Titu	Ag	Titu	Retail.Titu@bcr.ro	Titu, Str.I.C. Visarion nr.8	135500	8:30-17:00	closed	Adelina Laura Tache	0390423223
171	Targoviste	Ag	Coresi	Retail.Coresi@bcr.ro	Targoviste, Str.Constantin Brancoveanu nr.58 - in vecinatatea Supermarket-ului Diana	130120	9:00-17:30	closed	Elena Pintolu	0390523231
172	Targoviste	Ag	Caratman	Retail.Caratman@bcr.ro	Targoviste, Str.9 Mai (Armoniei)- La intersectia dintre Str 9 Mai si Bld Independentei, in vecinatatea Pieței 1 Mai	130067	9:00-17:00	closed	Claudia Maria Nistor	0390623292
173	Targoviste	Ag	Chindia	Retail.Chindia@bcr.ro	Targoviste, Bdul. Unirii Bl. 51, Micro V1, Sc. E, parter	130031	9:00-17:00	closed	Cristina Ionita	0390723312
174	Gratova	Branch	Dolj	Retail.Dolj@bcr.ro	Gratova, Str.Oltei nr.4	200565	9:00-17:30	closed	Ileana Tenescu	0390823449
175	Filiasi	Ag	Filiasi	Retail.Filias@bcr.ro	Filiasi, B-dul Racoreanu nr.162, Bl. I 2, parter si Str.Sadionului, Bl. I 1, parter	205300	9:00-17:30	closed	Danut Aldea	0390923353
176	Balesti	Ag	Balesti	Retail.Balesti@bcr.ro	Balesti, Str.Yictoriei nr. 167 - 169	205100	8:30-17:00	closed	Virgil Sanda	0391023327
177	Calafat	Ag	Calafat	Retail.Calafat@bcr.ro	Calafat, Str.Tudor Vladimirescu nr.26	205200	9:00-17:30	closed	Viorel Nisipasu	0391123338

Nr.crt.	City	Branch/ Ag	Retail unit name	Retail unit e-mail address	Retail unit address	Postal code	Working hours Mon - Fri	Working hours Sat	Retail unit responsible	Retail unit phone
178	Craiova	Branch	Lapus	Retail.Lapus@bcr.ro	Craiova, Calea Bucuresti, Bl. N 14 si N 15, parter	200620	9:00-17:30	closed	Maria Cristina Budca	0391223383
179	Craiova	Branch	Patria	Retail.Patria@bcr.ro	Craiova, B-dul Carol I, Bl.M5-M6	200692	9:00-17:30	closed	Coralia Emilia Popa	0391323377
180	Craiova	Branch	Jiul	Retail.Jiul@bcr.ro	Craiova, Calea Bucuresti nr.34, Bloc A 8, Sc. 6-7	200484	9:00-17:30	closed	Nicolae Dan Balan	0391423368
181	Craiova	Ag	Craiovița	Retail.Craiovița@bcr.ro	Craiova, Bdul.Oltenia nr.54, Bl.2A	200603	9:00-17:00	closed	Marius Violel Morcov	0391523334
182	Craiova	Ag	Henri Coanda	Retail.HenriCoanda@bcr.ro	Craiova, Str. Henri Coanda nr. 61, Bl. K1-2, K3, parter	200566	9:00-17:00	closed	Gabriela Badea	0391623418
183	Craiova	Ag	Mihail Viteazu	Retail.MihailViteazu@bcr.ro	Craiova, Str. Brazda lui Novac nr.68, Bl. C7, parter	200115	9:00-17:00	closed	Mirabela Elena Mazilu	0391723362
184	Craiova	Ag	Romanescu	Retail.Romanescu@bcr.ro	Craiova, B-dul. Ion Anonescu, Bl. A5b, parter	200326	9:00-17:00	closed	Ionut Cristian Petrescu	0391821679
185	Craiova	Ag	Carol	Retail.Carol@bcr.ro	Craiova, Str. Brazda lui Novac, Bl. K22, parter	200092	9:00-17:00	closed	Adrian Eugen Stan	0391923405
186	Targu Jiu	Branch	Gorj	Retail.Gorj@bcr.ro	Tg. Jiu, Str.Geneva nr.2	210136	9:00-17:30	closed	Diana Vasilica Fometescu	0392023648
187	Motru	Ag	Motru	Retail.Motru@bcr.ro	Motru, B-dul Trandafirilor nr.5	215200	9:00-17:30	closed	Loredana Mutu	0392123624
188	Rovinari	Ag	Rovinari	Retail.Rovinari@bcr.ro	Rovinari, str.Minerilor nr.9, Bl.L1, parter	215400	8:30-17:00	closed	Ion Chiliban	0392223641
189	Targu Jiu	Ag	Constantin Brancusi	Retail.ConstantinBrancusi@bcr.ro	Tg. Jiu, Str. Victoriei Bl.41(A), parter	210166	9:00-17:00	closed	Constantin Dobritan	0392323620
190	Targu Jiu	Ag	Victoria	Retail.Victoria.Gorj@bcr.ro	Tg. Jiu, Str. Victoriei, Bl. 194, parter	210235	9:00-17:00	closed	Alin Daniel Opritescu	0392423682
191	Targu Jiu	Ag	Panduri	Retail.Panduri@bcr.ro	Targu Jiu, Bdul.Liberatii, Bl. 4	210142	8:30-16:30	closed	Prepetlia Luminita	0392523672
192	Targu Jiu	Ag	Parang	Retail.Parang@bcr.ro	Targu Jiu, Str. Ecaterina Teodoroiu, Bl.105, parter	210106	9:00-17:00	closed	Ion Chiliban	0392623641
193	Galati	Branch	Galati	Retail.Galati@bcr.ro	Galati, Str.Brailei nr.35	800048	9:00-18:00	9:00-12:00	Angelica Stratulat	0392723523
194	Tecuci	Branch	Tecuci	Retail.Tecuci@bcr.ro	Tecuci, Str.1 Decembrie 1918 nr.55	805300	9:00-17:30	closed	Steliana Lambrinoc	0392823564
195	Galati	Branch	Traian	Retail.Traian@bcr.ro	Galati, Str.Traian Bl.A9 parter	800112	9:00-17:30	closed	Aura-Adelina Giurgea	0392923546
196	Galati	Ag	Siderurgistilor	Retail.Siderurgistilor@bcr.ro	Galati, Str. Siderurgistilor nr.9, Bl. PS2, Tronson 5, Spatiul 7, parter	800364	9:00-17:00	closed	Luciana Moglan	0393023512
197	Galati	Ag	Faleza	Retail.Faleza@bcr.ro	Galati, B-dul Marii Uniri, Bl.P6, Sc.1	800329	9:00-17:00	closed	Alina Liliana Cristia	0393123538
198	Galati	Ag	Port	Retail.Port@bcr.ro	Galati, Str.Portului nr.25, Bl. Siret 4, Sc.9, parter	800025	9:00-17:30	closed	Angel Aurel Crainiciuc	0393223549
199	Galati	Ag	Dunarea	Retail.Dunarea@bcr.ro	Galati, Str.Brailei nr.192 bis, Bl. A9, parter	800407	9:00-17:00	closed	Cristian Fatu	0393323537
200	Galati	Ag	Micro 21	Retail.Micro21@bcr.ro	Galati, Str.Otelarilor nr.21, Bl. D10, parter	800606	9:00-17:00	closed	Monica Maftei	0393423513
201	Galati	Ag	Piata Centrala	Retail.PiataCentrala@bcr.ro	Galati, Str. Tecuci nr.8, Bl. V4, parter	800120	9:00-17:00	closed	Iuliana Violeta Avanu	0393523489
202	Galati	Ag	Micro 40	Retail.Micro40@bcr.ro	Galati, Str.Henri Coanda nr.15, Bl. J12, parter (cartier Micro 40)	800557	9:00-17:00	closed	Luminita Mariana Pecingina	0393623497
203	Galati	Ag	Nord	Retail.Nord@bcr.ro	Galati, Str.Siderurgistilor nr.40, Micro 14, Bl. M1B, parter	800259	9:00-17:00	closed	Steriana Preoteasa	0393723504
204	Tecuci	Ag	Alecu Russo	Retail.AlecuRusso@bcr.ro	Tecuci, Str. Alecu Russo nr.1, parter	805300	9:00-17:00	closed	Claudia Liliana Leca	0393827095
205	Galati	Ag	Brates	Retail.Brates@bcr.ro	Galati, Str. Domnessca nr.15	800008	9:00-17:00	closed	Geanina Narcisa Frincu	0393923479
206	Galati	Ag	Micro 18	Retail.Micro18@bcr.ro	Galati, str. Brailei nr.234, Bl.E5, parter, Cartier Micro 18	800394	9:00-17:00	closed	Nela Doinita Avanu	0394023463
207	Giurgiu	Branch	Giurgiu	Retail.Giurgiu@bcr.ro	Giurgiu, Str. Vlad Tepes nr.14 Bl. MUV 3	080094	9:00-17:30	closed	Ionela Stoica	0394123599
208	Com. Mihalesti	Ag	Mihalesti	Retail.Mihalesti@bcr.ro	Mihalesti, Sos. Bucuresti-Alexandria, Complex Comercial- Vis-à-vis de liceului Tiu Dumitrescu si in vecinatatea Primariei Mihalesti	085200	9:00-17:30	closed	Ion Constantin Tudose	0394223588
209	Con. Bolintin Vale	Ag	Bolintin Vale	Retail.BolintinVale@bcr.ro	Bolintin Vale, Str.Republicii Bl.B5, Sc.A, parter -in vecinatatea Tribunalului Bolintin si a Gradinitei Nr. 1 Bolintin	085100	8:30-17:00	closed	Speranta Simona Bold	0394323576

Nr.crt.	City	Branch/ Ag	Retail unit name	Retail unit e-mail address	Retail unit address	Postal code	Working hours Mon - Fri	Working hours Sat	Retail unit responsible	Retail unit phone
210	Giurgiu	Ag	Tineretului	Retail.Tineretului@bcr.ro	Giurgiu, Str. Bucuresti, bloc 45/4D, parter	080302	9:00-17:00	closed	Mihaela Alexandra Grigoriu	0394423618
211	Deva	Branch	Hunedoara	Retail.SIHunedoara@bcr.ro	Deva, Piata I.C.Bratianu nr.3 -Atentie oras: DEVA (Propunere redenumire in Suc. Deva)	330152	9:00-17:30	closed	Adina Diana Bodrean	0394523876
212	Brad	Branch	Brad	Retail.Brad@bcr.ro	Brad, Str.Republicii nr.3	335200	9:00-17:30	closed	Teodora Doina Gligor	0394623777
213	Hunedoara	Branch	Hunedoara	Retail.Hunedoara@bcr.ro	Hunedoara, Str.G.Enescu nr.22 -Atentie oras: HUNEDOARA (a nu se confunda cu Suc. Hunedoara din Deva)	331056	9:00-17:30	closed	Nicoleta Doina Danciu	0394723790
214	Hunedoara	Ag	Iancu de Hunedoara	Retail.IancuDeHunedoara@bcr.ro	Hunedoara, B-dul Dacia, Bl. 5, parter	331013	9:00-17:30	closed	Adela Simona Trif	0394823810
215	Petrosani	Branch	Petrosani	Retail.Petrosani@bcr.ro	Petrosani, Str. Mihai Viteazu nr.4	332014	9:00-17:30	closed	Isabella Szabo	0394923836
216	Simeria	Ag	Simeria	Retail.Simeria@bcr.ro	Simeria, Str. Piata Unirii, Bl.18, parter	335900	9:00-17:00	closed	Carmen Laura Ianc	0395027168
217	Lupeni	Ag	Lupeni	Retail.Lupeni@bcr.ro	Lupeni, Aleea Narciselor nr.8	335600	9:00-17:30	closed	Melinda Gundelfingen	0395123812
218	Orastie	Branch	Orastie	Retail.Orastie@bcr.ro	Orastie, B-dul Eroilor, Bl. B1	335700	9:00-17:30	closed	Luminita Ionela Todoran	0395223826
219	Vulcan	Ag	Vulcan	Retail.Vulcan@bcr.ro	Vulcan, Str. Mihai Viteazu nr.82	336200	9:00-17:30	closed	Cristinel Marciuc	0395323906
220	Hateg	Ag	Hateg	Retail.Hateg@bcr.ro	Hateg, Str.Unirii, Bl.48, parter	335500	9:00-17:30	closed	Elena Lucia Dragan	0395423803
221	Calan	Ag	Calan	Retail.Calan@bcr.ro	Calan, Str.Independentei nr.11	335300	9:00-17:00	closed	Cristina Lazar	0395523789
222	Deva	Ag	Bejan	Retail.Bejan@bcr.ro	Deva, Str. Mihai Eminescu, Bl. 31, parter	330120	9:00-17:00	closed	Celina Elisabeta Pogacias	0395623774
223	Uricani	Ag	Uricani	Retail.Uricani@bcr.ro	Uricani, B-dul Muncii Bl 13, parter	336100	9:00-17:00	closed	Ovidiu Vasile Muntean	0395726552
224	Petrila	Ag	Petrila	Retail.Petrila@bcr.ro	Petrila, Str. Republicii nr. 26, parter	335800	9:00-17:00	closed	Mirela Claudia Ciungan	0395823833
225	Deva	Ag	Ovid Densusianu	Retail.OvidDensusianu@bcr.ro	Deva, B-dul Decebal nr.26, BLD, Sc. 1+2, parter	330169	9:00-17:00	closed	Dorina Emilia Chende	0395923891
226	Deva	Ag	Muresul	Retail.Muresul@bcr.ro	Deva, B-dul Iuliu Maniu, Bl.4, parter, spatial Comercial nr.2	330058	9:00-17:00	closed	Vasile Alin Suceava	0396023820
227	Miercurea Ciuc	Branch	Harghita	Retail.Harghita@bcr.ro	Miercurea Ciuc, Str.Kossuth Lajos nr.2 -Suc. Mare din centrul orasului (a nu se confunda cu Ag. Miercurea Ciuc)	530221	9:00-17:30	9:00-13:00	Zsolt Szekely-Beres	0396126808
228	Gheorghieni	Branch	Gheorghieni	Retail.Gheorghieni@bcr.ro	Gheorghieni, B-dul Fratii nr.7	535500	8:30-17:00	closed	Lajos Pollner	0396223704
229	Odorheiu Secuiesc	Branch	Odorheiu Secuiesc	Retail.OdorheiuSecuiesc@bcr.ro	Od. Secuiesc, Str. Piata Libertatii nr.15	535600	9:00-17:30	closed	Ildiko Kadar	0396327083
230	Toplita	Ag	Toplita	Retail.Toplita@bcr.ro	Toplita, Str. N.Bakescu BLC, parter	535700	8:30-17:00	closed	Elena-Angelica Demian	0396423765
231	Odorheiu Secuiesc	Ag	Budvar	Retail.Budvar@bcr.ro	Od. Secuiesc, Str. 1 Decembrie 1918 nr.7, parter	535600	9:00-17:00	closed	Hajnal Biro	0396523691
232	Cristuru Secuiesc	Ag	Cristuru Secuiesc	Retail.CristuruSecuiesc@bcr.ro	Cristuru Secuiesc, Str.Libertatii nr.44	535400	9:00-17:00	closed	Hunor Janos Konkz	0396623695
233	Vlahita	Ag	Vlahita	Retail.Vlahita@bcr.ro	Vlahita, Str. Mihai Eminescu nr.2	535800	8:30-16:30	closed	Melinda Timea Szocs	0396723724
234	Borsec	Ag	Borsec	Retail.Borsec@bcr.ro	Borsec, Str. Gheorghe Doja, bl.F, parter	535300	8:30-16:30	closed	Nicolae Stelian Muntean	0396823686
235	Miercurea Ciuc	Ag	Miercurea Ciuc	Retail.MiercureaCiuc@bcr.ro	Miercurea Ciuc, Str. Kossuth Lajos nr.17 -Langa piata (a nu se confunda cu Suc. Harghita)	530130	9:00-17:00	closed	Kinga Mariana Imets	0396923710
236	Slobozia	Branch	Ialomita	Retail.Ialomita@bcr.ro	Slobozia, strada Matei Basarab Bl. D6 Azur, scara B, parter	920014	9:00-18:00	closed	Leana Marin	0397023941
237	Urziceni	Branch	Urziceni	Retail.Urziceni@bcr.ro	Urziceni, Calea Bucuresti nr. 42	925300	9:00-17:30	closed	Steliana Guli	0397123971

Nr.crt.	City	Branch/ Ag	Retail unit name	Retail unit e-mail address	Retail unit address	Postal code	Working hours Mon - Fri	Working hours Sat	Retail unit responsible	Retail unit phone
238	Fetesti	Branch	Fetesti	Retail:Fetesti@bcr.ro	Fetesti, Str. Calarasi nr. 550	925100	9:00-17:30	closed	Greti Simona Vilcu	0397223927
239	Tandarei	Branch	Tandarei	Retail:Tandarei@bcr.ro	Tandarei, Str.Bucuresti, Bl. 57F, parter	925200	9:00-17:00	closed	Constantin Ginel Pop	0397323974
240	Slobozia	Ag	Matei Basarab	Retail:MateiBasarab@bcr.ro	Slobozia, Str. Matei Basarab nr. 53	920072	9:00-17:00	closed	Mihaela Anca Limona	0397423956
241	Iasi	Branch	Iasi	Retail:Iasi@bcr.ro	Iasi, Str. Palat nr. 11	700019	9:00-17:30	9:00-13:00	Daniela Ceantau	0397524098
242	Pascani	Branch	Pascani	Retail:Pascani@bcr.ro	Pascani, Str. Str.cel Mare nr. 5	705200	8:30-17:00	closed	Mariana Bogza	0397624047
243	Com. Podu Iloaiei	Ag	Podu Iloaiei	Retail:PodulIloaiei@bcr.ro	Podu Iloaiei, Str. Nationala, Bl.14, parter	707365	8:30-17:00	closed	Maria Magdalena Hlhor	0397724057
244	Iasi	Ag	Silvestru	Retail:Silvestru@bcr.ro	Iasi, Str. Garii nr. 17 - 19, Bl. L., 8,9, Sc. Tronson I, II, parter	700089	9:00-17:00	closed	Florica Imbrea	0397824060
245	Iasi	Branch	A. I. Cuza	Retail:AlexandruIoanCuza@bcr.ro	Iasi, Bld Stefan cel Mare si Sfint nr.8, Bl.A	700063	9:00-17:30	closed	Ada Andreea Magirescu	0397924080
246	Iasi	Ag	Cantemir	Retail:Cantemir@bcr.ro	Iasi, B-dul Nicolae Iorga nr.37, Bl. N2	700211	9:00-17:30	closed	Vasile Huian	0398024088
247	Iasi	Ag	Podul de Fier	Retail:PoduldeFier@bcr.ro	Iasi, Str. Eternitate nr. 1- 3, Bl. 305, Tronson A, parter	700305	9:00-17:00	closed	Sandina Nadia Livint	0398125709
248	Iasi	Ag	Pacurari	Retail:Pacurari@bcr.ro	Iasi, Sos. Pacurari nr.137, Bl.600, Tronson III, parter	700521	9:00-17:00	closed	Mariana Balan	0398224040
249	Iasi	Ag	Alexandru cel Bun	Retail:AlexandruceIbun@bcr.ro	Iasi, B-dul Alexandru cel Bun nr.19, Tronson I, Bl. B3, parter	700580	9:00-17:00	closed	Catalina Tabusca	0398323995
250	Iasi	Ag	Copou	Retail:Copou@bcr.ro	Iasi, B-dul Copou nr. 16 (Complex Super Copou), parter	700460	9:00-17:00	closed	Daniela Drumea	0398424011
251	Targu Frumos	Ag	Targu Frumos	Retail:TarguFrumos@bcr.ro	Tg. Frumos, Str. Pemu Rares, Bl. 18, parter	705300	9:00-17:00	closed	Florentina Mihalache	0398524024
252	Iasi	Ag	Palat	Retail:Palat@bcr.ro	Iasi, Str. Palat nr.1 (Complex Comercial Moldova Mall)	700019	9:00-17:00	closed	Gina Cristiana Acostachioaie	0398623987
253	Iasi	Ag	Tatarasi	Retail:Tatarasi@bcr.ro	Iasi, Han Tatar nr. 6, Bl. 361 B, parter	700349	9:00-17:00	closed	Maria Livioara Caciula	0398724101
254	Iasi	Ag	Galata	Retail:Galata@bcr.ro	Iasi, Str. Galatii nr. 11, Bl. E4A, parter	700625	9:00-17:00	closed	Tatiana Golimbiovski	0398824064
255	Iasi	Ag	Nicolina	Retail:Nicolina@bcr.ro	Iasi, Soseaua Nicolina nr.10, parter	700722	9:00-17:00	closed	Doinita Melinte	0398924034
256	Iasi	Ag	Independentei	Retail:Independentei@bcr.ro	Iasi, B-dul Independentei nr.4, Bl. R3, parter	700106	9:00-17:00	closed	Diana Cojocar	0399024012
257	Iasi	Ag	Zimbrul	Retail:Zimbrul@bcr.ro	Iasi, Dacia nr. 20, Bl. SC1, parter	700425	9:00-17:00	closed	Daniel Gabriel Timofte	0399124080
258	Pascani	Ag	Esplanada	Retail:Esplanada@bcr.ro	Pascani, Str.Cuza Voda Bl. D 10, Sc. B, parter	705200	9:00-17:00	closed	Carmen Niculita	0399224014
259	Drobeta Turnu Severin	Branch	Mehedinti	Retail:Mehedinti@bcr.ro	Drobeta Turnu Severin, Str. Aurelian nr. 44	220103	9:00-17:30	closed	Mariana Adelina Surculescu	0399324328
260	Orsova	Branch	Orsova	Retail:Orsova@bcr.ro	Orsova, Str. Portile de Fier nr. 3A	225200	9:00-17:30	closed	Maria Ionela Belgun	0399424295
261	Drobeta Turnu Severin	Ag	Severin	Retail:Severin@bcr.ro	Drobeta Turnu Severin, B-dul Revolutiei nr.16-22 Decembrie 1989 nr.8, Bl.B3	220047	9:00-17:00	closed	Cosmina Oana Popescu	0399524309
262	Drobeta Turnu Severin	Ag	Portile de Fier	Retail:PortiledeFier@bcr.ro	Drobeta Turnu Severin, Str.Snardan nr.38	220157	9:00-17:00	closed	Adina Riza	0399624334
263	Drobeta Turnu Severin	Ag	Theodor Costescu	Retail:TheodorCostescu@bcr.ro	Drobeta Turnu Severin, Str. Iuliu Maniu nr. 3, Bl. 5, parter	220225	9:00-17:00	closed	Fanuta Popescu	0399724290
264	Baia Mare	Branch	Maramures	Retail:Maramures@bcr.ro	Baia Mare, B-dul Unirii nr.15	430232	9:00-17:30	9:00-13:00	Nicolae - Ovidiu Trifu - Suciu	0399826639
265	Sighetu Marmatiei	Branch	Sighetu Marmatiei	Retail:SighetuMarmatiei@bcr.ro	Sighetu Marmatiei, Str. Iuliu Maniu nr. 32	435500	8:30-17:00	closed	Dorina Ardelean	0399924211
266	Viseu de Sus	Branch	Viseu de Sus	Retail:ViseudeSus@bcr.ro	Viseu de Sus, Str. Libertatii nr. 10	435700	8:30-17:00	closed	Dumitru Leontin Liposchi	0400026659
267	Borsa	Branch	Borsa	Retail:Borsa@bcr.ro	Borsa, Str. Decabal nr. 4, Bl. A1	435200	8:30-17:00	closed	Ramona Maria Mihali	0400127007

Nr.crt.	City	Branch/ Ag	Retail unit name	Retail unit e-mail address	Retail unit address	Postal code	Working hours Mon - Fri	Working hours Sat	Retail unit responsible	Retail unit phone
268	Baia Sprie	Ag	Baia Sprie	Retail.BaiaSprie@bcr.ro	Baia Sprie, Str. Sasar nr. 2	435100	8:30-17:00	closed	Andreea Manuela Buciuman	0400224208
269	Baia Mare	Ag	Rivulus	Retail.Rivulus@bcr.ro	Baia Mare, Str.Culturii nr. 6, parter	430282	9:00-17:00	closed	Angelica Maria Crisan	0400326800
270	Sighetu Marmatiei	Ag	Bogdan Voda	Retail.BogdanVoda@bcr.ro	Sighetu Marmatiei, Piata Liberatii nr. 8, parter, Hotel Tisa	435500	9:00-17:00	closed	Otilia Loredana Lapusan	0400424173
271	Baia Mare	Ag	Iza	Retail.Iza@bcr.ro	Baia Mare, B-dul Republicii nr. 15	430201	9:00-17:00	closed	Stefan Mihalta	0400524266
272	Baia Mare	Ag	Fitiza	Retail.Fitiza@bcr.ro	Baia Mare, B-dul Decebal nr. 4	430021	8:30-16:30	closed	Melania Gabriela Span	0400624189
273	Somcuta Mare	Ag	Somcuta Mare	Retail.SomcutaMare@bcr.ro	Somcuta Mare, Str. Somes nr. 1	437335	8:30-16:30	closed	Carmen Diana Sima	0400724226
274	Baia Mare	Ag	Tisa	Retail.Tisa@bcr.ro	Baia Mare, Str. George Cosbuc nr. 34, parter	430222	9:00-17:00	closed	Manuela Blaga	0400824245
275	Targu Mures	Branch	Mures	Retail.Mures@bcr.ro	Tg. Mures, Str. Gh.Doja nr. 1-3 Langa cladirea Finantelor (a nu se confunda cu Ag. Mureseni)	540015	9:00-17:30	9:00-13:00	Claudiu Vasile Bires	0400924383
276	Sovata	Ag	Sovata	Retail.Sovata@bcr.ro	Sovata, Str.Principala nr.168/B	545500	8:30-16:30	closed	Marius Savu	0401024412
277	Reghin	Branch	Reghin	Retail.Reghin@bcr.ro	Reghin, Str. Petru Major nr. 39	545300	8:30-17:00	closed	Istvan Valda	0401124390
278	Sighisoara	Branch	Sighisoara	Retail.Sighisoara@bcr.ro	Sighisoara, Str. 1 Mai nr. 12	545400	8:30-17:00	closed	Simina Pantiru	0401225054
279	Tamaveni	Branch	Tamaveni	Retail.Tamaveni@bcr.ro	Tamaveni, Piata Trandafirilor nr. 16	053640	9:00-17:30	closed	Simona Daniela Gligor	0401324457
280	Targu Mures	Branch	Central	Retail.Central@bcr.ro	Tg. Mures, Piata Trandafirilor nr.26 - Vis-a-vis de McDonald's (a nu se confunda cu Suc. Mures)	540051	9:00-17:30	closed	Viorica Negovan	0401424347
281	Ludus	Ag	Ludus	Retail.Ludus@bcr.ro	Ludus, B-dul 1 Decembrie nr. 43/B, parter	545200	9:00-17:30	closed	Gabriela Liana Nicoara	0401524376
282	Targu Mures	Ag	Tudor	Retail.Tudor@bcr.ro	Tg. Mures, B-dul 1 Decembrie 1918. nr. 180	540561	9:00-17:00	closed	Ioana Sorana Moica	0401624432
283	Targu Mures	Ag	Dambu Pietros	Retail.DambuPietros@bcr.ro	Tg. Mures, B-dul 1848 nr. 36	540429	9:00-17:00	closed	Doina Popa	0401724429
284	Targu Mures	Ag	Mureseni	Retail.Mureseni@bcr.ro	Tg. Mures, Str. Gh. Doja nr. 193 - Cartier Mureseni, zona industriala (a nu se confunda cu Suc. Mures)	540225	9:00-17:00	closed	Emilia Szabo	0401824363
285	Iernut	Ag	Iernut	Retail.Iernut@bcr.ro	Iernut, Str. Dacia Traiana nr. 4	545100	8:30-16:30	closed	Eva Magyari	0401924373
286	Piatra Neamt	Branch	Neamt	Retail.Neamt@bcr.ro	Piatra Neamt, B-dul Traian nr. 19	610137	9:00-17:30	9:00-13:00	Adina Cristina Tautu	0402024556
287	Roman	Branch	Roman	Retail.Roman@bcr.ro	Roman, Str. N. Titulescu nr. 12	611002	8:30-17:00	closed	Vasile Lazarescu	0402124511
288	Targu Neamt	Branch	Targu Neamt	Retail.TarguNeamt@bcr.ro	Tg. Neamt, Str. Mihail Kogalniceanu nr. 4	615200	8:30-17:00	closed	Mihaela Ravariu	0402224476
289	Bicaz	Branch	Bicaz	Retail.Bicaz@bcr.ro	Bicaz, Str. Barajului nr. 2A	615100	8:30-17:00	closed	Ionut Vasile Dunare	0402324545
290	Roznov	Ag	Roznov	Retail.Roznov@bcr.ro	Roznov, Str. Roznovanu, bloc G2, parter	617390	9:00-17:00	closed	Ana Roxana Branzei	0402424555
291	Piatra Neamt	Ag	Precisia	Retail.Precista@bcr.ro	Piatra Neamt, B-dul Decebal nr. 35, Bl.14, parter	610076	9:00-17:00	closed	Dana Harbu	0402524966
292	Piatra Neamt	Ag	Cozla	Retail.Cozla@bcr.ro	Piatra Neamt, Str. Obor O1, parter	610287	9:00-17:00	closed	Ovidiu-Ionut Adascalitei	0402624013
293	Roman	Ag	Smirodava	Retail.Smirodava@bcr.ro	Roman, B-dul Republicii, Bl. 46, parter	611127	9:00-17:00	closed	Adrian Gulea	0402724538
294	Piatra Neamt	Ag	Pietricica	Retail.Pietricica@bcr.ro	Piatra Neamt, Piata Stefan cel Mare nr. 10, Bl. C5, parter	610016	9:00-17:00	closed	Andrei Monac	0402826929
295	Roman	Ag	Roman Voda	Retail.RomanVoda@bcr.ro	Roman, Str. Nicolae Titulescu, Bl.16, parter	611020	9:00-17:00	closed	Mihaela Papara	0402924529
296	Slatina	Branch	Olt	Retail.Olt@bcr.ro	Slatina, Str. Basarabilor nr. 1	230113	9:00-17:30	closed	Ioana Pacala	0403024643
297	Caracal	Branch	Caracal	Retail.Caracal@bcr.ro	Caracal, Str. N.Titulescu nr. 13	235200	8:00-16:30	closed	Florina Narcisa Stan	0403124606
298	Bals	Branch	Bals	Retail.Bals@bcr.ro	Bals, Str. N.Balcescu nr. 186 A	235100	9:00-17:30	closed	Robert Sebestean	0403224639
299	Scornicesti	Branch	Scornicesti	Retail.Scornicesti@bcr.ro	Scornicesti, Str. Aleea Teului nr. 10	235600	9:00-17:30	closed	George Eugen Barbulescu	0403324634

Nr.crt.	City	Branch/ Ag	Retail unit name	Retail unit e-mail address	Retail unit address	Postal code	Working hours Mon - Fri	Working hours Sat	Retail unit responsible	Retail unit phone
300	Corabia	Ag	Corabia	Retail:Corabia@bcr.ro	Corabia, Str. Tudor Vladimirescu nr. 33	235300	9:00-17:30	closed	George Silviu Rotunjanu	0403424631
301	Slatina	Ag	Steaua	Retail:Steaua@bcr.ro	Slatina, Str. Vailor, Bl.20, Sc. D, parter	230057	9:00-17:00	closed	Irina Balanescu	0403524641
302	Slatina	Ag	Beica	Retail:Beica@bcr.ro	Slatina, Str. Crisan II nr. 4	230008	9:00-17:00	closed	Gina Loredana Alexandru	0403624628
303	Ploiesti	Branch	Prahova	Retail:Prahova@bcr.ro	Ploiesti, Str. Valeni nr. 42	100125	9:00-17:30	9:00-13:00	Alina Elena Iorgulescu	0403724789
304	Campina	Branch	Campina	Retail:Campina@bcr.ro	Campina, B-dul Carol I nr. 31	105600	9:00-17:30	9:00-13:00	Andreea Maria Voicu	0403827215
305	Ploiesti	Ag	Take Ionescu	Retail:TakeIonescu@bcr.ro	Ploiesti, Str:Take Ionescu nr. 1	100022	9:00-17:30	closed	Gabriela Irina Toma	0403924844
306	Ploiesti	Ag	Ciocianu	Retail:Ciocianu@bcr.ro	Ploiesti, Str. Marasesti nr. 185, parter	100276	9:00-17:00	closed	Marius Daniel Neagu	0404026977
307	Mizil	Ag	Mizil	Retail:Mizil@bcr.ro	Mizil, Str. Blajului nr. 4, Bl.18 B	105800	9:00-17:30	closed	Ionut-Bogdan Scarlat	0404124758
308	Sinaia	Branch	Sinaia	Retail:Sinaia@bcr.ro	Sinaia, Bd Carol I nr. 41, complex Carpati Shopping Center parter.	106100	9:30-18:00	9:30-18:00	Cristina Ghidoveanu	0404224777
309	Valeni de Munte	Branch	Valeni de Munte	Retail:ValenideMunte@bcr.ro	Valeni de Munte, Str. Berevoiesti nr. 6	106400	8:30-17:00	9:00-13:00	Georgiana Dorina Popescu	0404327052
310	Balcoi	Ag	Balcoi	Retail:Balcoi@bcr.ro	Balcoi, Str. Unirii nr. 1	105200	9:00-17:30	closed	Alexandru Andrei	0404424672
311	Breaza	Ag	Breaza	Retail:Breaza@bcr.ro	Breaza, Str. Republicii nr.122 A	105400	9:00-17:30	closed	Catalina Florica Bunea	0404524684
312	Ploiesti	Ag	Partizani	Retail:Partizani@bcr.ro	Ploiesti, Piata Mihai Viteazu nr. 3, Bl. 10 G2, parter - Sens giratoriu - P-ta Mihai Viteazul) la intersectia dintre Bld Republicii si Str Nicolae Titulescu	100397	9:00-17:00	closed	Elena Aurelia Ghimfus	0404626572
313	Ploiesti	Ag	Malu Rosu	Retail:MaluRosu@bcr.ro	Ploiesti, Str. Malu Rosu, nr. 83 A, Bl.101 B1, parter	100491	9:00-17:00	closed	Nicoleta Ilie	0404724680
314	Slanic Prahova	Ag	Slanic	Retail:Slanic@bcr.ro	Slanic Prahova, Str. 23 August nr. 10	106200	8:30-16:30	closed	Mihaela Adriana Baicu	0404824786
315	Ploiesti	Ag	Ploiesti Sud	Retail:PloiestiSud@bcr.ro	Ploiesti, Str. Mihai Eminescu nr. 28 A - In vecinatatea Garii de Sud Ploiesti	100329	9:00-17:00	closed	Elena Anca Marin	0404924704
316	Ploiesti	Ag	Canacuzino	Retail:Canacuzino@bcr.ro	Ploiesti, Str. Ghe. Gr. Cantacuzino nr. 193	100507	9:00-17:00	closed	Daniela Porav	0405024727
317	Urlati	Ag	Urlati	Retail:Urlati@bcr.ro	Urlati, Str. 1 Mai nr.145	106300	8:30-16:30	closed	Gabriel Curcan	0405124289
318	Ploiesti	Ag	Nichita Stanescu	Retail:NichitaStanescu@bcr.ro	Ploiesti, Str. Camelliei nr. 27 A, parter, Complex Comercial Ideal	100087	9:00-17:00	closed	Diana Alina Ionita	0405224762
319	Ploiesti	Ag	Petrolistilor	Retail:Petrolistilor@bcr.ro	Ploiesti, B-dul Bucuresti, nr. 24 A, Bl. 1C, parter	100519	9:00-17:00	closed	Geta Iuliana Albulescu	0405324768
320	Ploiesti	Ag	Stefan Greceanu	Retail:StefanGreceanu@bcr.ro	Ploiesti, Str:Erou Calin Catalin nr.12, Bl.K6, parter	100066	9:00-17:00	closed	Eugenia Oneta	0405424817
321	Ploiesti	Ag	Afi Ploiesti	Retail:AfiPloiesti@bcr.ro	Ploiesti, Str. Calomfirescu nr. 2	100176	10:00-22:00	10:00-22:00	Mircea Daniel Filimon	0405524763
322	Sibiu	Branch	Sibiu	Retail:Sibiu@bcr.ro	Sibiu, Str. Emil Cioran nr. 1	550025	9:00-17:30	closed	Savu Ovidiu Lupsa	0405625035
323	Agnita	Branch	Agnita	Retail:Agnita@bcr.ro	Agnita, Str. 1 Decembrie nr. 1	555100	9:00-17:30	closed	Olimpiu Modoi	0405725028
324	Medias	Branch	Medias	Retail:Medias@bcr.ro	Medias, Str. Mihai Eminescu nr. 2 A	551018	9:00-17:30	closed	Nicolae Vasiu	0405825063
325	Sibiu	Branch	Nicolae Balcescu	Retail:NicolaeBalcescu@bcr.ro	Sibiu, Str. N. Balcescu nr. 1-3	550159	9:00-17:30	closed	Ciprian Florian Radulescu	0405925112
326	Sibiu	Ag	Aurel Vlaicu	Retail:AurelVlaicu@bcr.ro	Sibiu, B-dul Mihai Viteazu nr. 1, Bl. V 3	550350	9:00-17:30	closed	Cristina Mariana Barbu	0406025041
327	Sibiu	Ag	Vasile Aaron	Retail:VasileAaron@bcr.ro	Sibiu, Str. Semaforului nr. 14, parter	550309	9:00-17:00	closed	Daniela Muntenas	0406125144
328	Sibiu	Ag	Progres	Retail:Progres@bcr.ro	Sibiu, Str. Bihorului, Bl.15, parter	550064	9:00-17:00	closed	Florinela - Violeta Tichindelean	0406225103

Nr.crt.	City	Branch/ Ag	Retail unit name	Retail unit e-mail address	Retail unit address	Postal code	Working hours Mon - Fri	Working hours Sat	Retail unit responsible	Retail unit phone
329	Sibiu	Ag	Parc Tineretului	Parc.Tineretului@bcr.ro	Sibiu, Str. Uzinei bloc 2A, ap 2	550253	9:00-17:30	closed	Maria Viad	0406325145
330	Sibiu	Ag	Terezian	Retail.Terezian@bcr.ro	Sibiu, Str. Lunga, Bl. 85, parter comercial	550107	9:00-17:00	closed	Gabriela Marioara Togan	0406425137
331	Sibiu	Ag	Ambient	Retail.Ambient@bcr.ro	Sibiu, Sos. Alba Iulia nr. 81 BL.25,parter	550052	9:00-17:00	closed	Marius Ciongar	0406525033
332	Avrig	Ag	Avrig	Retail.Avrig@bcr.ro	Avrig, Str.Gheorghe Lazar nr.22	550165	9:00-17:00	closed	Cristina Stef	0406625138
333	Bucuresti	Branch	Sector 1	Retail.Sector1@bcr.ro	Bucuresti, Calea Victoriei nr.155 bl.D1, sector 1 - Suc. Mare din intersectia Piaa Victoriei (a nu se confunda cu Ag. Piaa Victoriei de la America House)	010073	9:00-18:00	closed	Camelia Rosca	0406721682
334	Otopeni	Branch	Otopeni	Retail.Otopeni@bcr.ro	Otopeni, Calea Bucuresti nr.82 bl.B2-2, parter, jud. Ilfov	075100	9:00-17:30	closed	Irina Gherghie	0406826645
335	Bucuresti	Branch	Dorobanti	Retail.Dorobanti@bcr.ro	Bucuresti, Calea Dorobanti nr.111-117, sector 1	010562	9:00-17:30	closed	Cristina Creanina Palade	0406921865
336	Bucuresti	Branch	Floreasca	Retail.Floreasca@bcr.ro	Bucuresti, Calea Floreasca nr.91-111, sector 1 - A nu se confunda cu Floreasca Park!	014455	9:00-17:00	closed	Sofia-Daniela Sarbu	0407021890
337	Bucuresti	Branch	Bucurestii Noi	Retail.BucurestiiNoi@bcr.ro	Bucuresti, B-dul Bucurestii Noi nr.170, sector 1	012369	9:00-17:30	closed	Nicoleta Ralea	0407121694
338	Bucuresti	Branch	Dr. Felix	Retail.DrFelix@bcr.ro	Bucuresti, Str.Dr.Felix nr.99-101 bl.19 sector 1	011036	9:00-17:30	closed	Laurentia Craciun	0407221675
339	Bucuresti	Ag	WTC	Retail.WTC@bcr.ro	Bucuresti, P-ra Montreal nr.10, sector 1	011469	9:00-17:30	closed	Liliana Predescu	0407321773
340	Bucuresti	Branch	Grivita	Retail.Grivita@bcr.ro	Bucuresti, Calea Grivitei nr.160 bl.42 sector 1	010746	9:00-17:30	closed	Dorina Mariana Ioo	0407421702
341	Bucuresti	Branch	Plevnei	Retail.Plevnei@bcr.ro	Bucuresti, Calea Plevnei nr.90-92, bloc 10F-10E, sector 1, Municipiul Bucuresti	010236	9:00-17:30	closed	Ioana Salgau Anitei	0407522554
342	Bucuresti	Ag	Baneasa	Retail.Baneasa@bcr.ro	Sos Bucuresti - Ploiesti, NR 44 A , Galerile Freeia, Sectorul 1, Bucuresti	013696	10:00-22:00	10:00-22:00	Georgiana-Mihaela Ciocotu	0407621882
343	Bucuresti	Ag	Aviatiei	Retail.Aviatiei@bcr.ro	Sos. Bucuresti – Ploiesti, nr.30-34, parter, Sector 1, Vis-à-vis d sediul Antena 1 (intersectie Soc. Bucuresti-Ploiesti cu Str. Aerogarii)	014054	9:00-17:00	closed	Teodora Mary Ivan	0407722534
344	Bucuresti	Ag	Ion Mihalache	Retail.IonMihalache@bcr.ro	Bucuresti, Bdul. Ion Mihalache nr.106, bl.84, sector 1	011202	9:00-17:00	closed	Virginia Elena Zaharia	0407821770
345	Bucuresti	Ag	Nicolae Carafil	Retail.NicolaeCarafil@bcr.ro	Bucuresti, Str.Daniel Danielopolu nr.2, sector 1	014134	9:00-17:00	closed	Ionut Marius Ivan	0407921754
346	Bucuresti	Ag	Piaa Chibrit	Retail.PiaaChibrit@bcr.ro	Bucuresti, Calea Grivitei nr.397, sector 1	010722	9:00-17:00	closed	Irina Maria Cioplea	0408021960
347	Bucuresti	Ag	Piaa Victoriei	Retail.PiaaVictoriei@bcr.ro	Bucuresti, Sos. Nicolae Titulescu nr. 4 - 8, sector 1 - Agentia de la parterul cladirii America House (a nu se confunda cu Suc. Sector 1 din intersectia Piaa Victoriei)	011141	9:00-17:00	closed	Eugen Bogdan Bumaru	0408122593
348	Com.Snagov	Ag	Snagov	Retail.Snagov@bcr.ro	Com. Snagov, Sat Ghermanesti, bl.D5, jud. Ilfov	077170	8:30-16:30	closed	Daniela Ciuca	0408221827
349	Buftea	Ag	Buftea	Retail.Buftea@bcr.ro	Buftea, Bdul. Mihai Eminescu nr. 18 - 22, bl. R6, parter, jud. Ilfov	070000	9:00-17:00	closed	Liviu Gabriel Nastase	0408321745
350	Bucuresti	Ag	Private Banking Bucuresti	Retail.PrivateBankingBucuresti@bcr.ro	Bucuresti, B-dul Aviatorilor nr.92, sector 1	011867	9:00-17:30	closed	Nicoleta Adriana Iancu	0408421815
351	Bucuresti	Ag	Pajura	Retail.Pajura@bcr.ro	Bucuresti, str.Juliu nr.144, parter, sector 1	013217	9:00-17:00	closed	Livia Magheru	0408521673
352	Bucuresti	Branch	Sector 2	Retail.Sector2@bcr.ro	Bucuresti, Str.Popa Lazar nr.8 sector 2	021586	9:00-17:30	closed	Doia Hamzu	0408621952
353	Bucuresti	Branch	Stefan cel	Retail.StefanCelMare@bcr.ro	Bucuresti, Sos.St.cel Mare nr.60 bl.41 parter sector 2	020152	9:00-17:30	closed	Diana Ghita	0408721681

Nr.crt.	City	Branch/ Ag	Retail unit name	Retail unit e-mail address	Retail unit address	Postal code	Working hours Mon - Fri	Working hours Sat	Retail unit responsible	Retail unit phone
			Mare							
354	Bucuresti	Branch	Pantelimon	Retail.Pantelimon@bcr.ro	Bucuresti, Sos. Pantelimon nr.291, bl.9, parter, sector 2	021616	9:00-17:30	closed	Didona Milena Cus	0408822438
355	Voluntari	Branch	Voluntari	Retail.Voluntari@bcr.ro	Voluntari, Sos. Bucuresti Afumati nr.52, Ilfov	077190	9:00-17:30	closed	Madalina Raluca Valu	0408922001
356	Bucuresti	Branch	Mosilor	Retail.Mosilor@bcr.ro	Bucuresti, Calea Mosilor nr.290 bl.36 sector 2	020896	9:00-17:30	closed	Mihaela Arion	0409021798
357	Bucuresti	Branch	Pipera	Retail.Pipera@bcr.ro	Bucuresti, Str.Dimitrie Pompei nr.6 C, sector 2	020337	9:00-17:30	closed	Elena Daniela Alecsandru	0409121992
358	Bucuresti	Branch	Colentina	Retail.Colentina@bcr.ro	Bucuresti, Sos.Colentina nr.26, sector 2	021181	9:00-17:30	closed	Adrian Stanciu	0409226637
359	Bucuresti	Branch	Unic	Retail.Unic@bcr.ro	Bucuresti, B-dui Nicolae Balcescu nr.27-33, sector 1	010054	9:00-17:30	closed	Raluca Maria Chirita	0409326770
360	Bucuresti	Ag	Ferdinand	Retail.Ferdinand@bcr.ro	Bucuresti, Bdul Ferdinand nr.99, parter, sector 2,	021385	9:00-17:00	closed	Laura Mustatea	0409422279
361	Bucuresti	Ag	Iancului	Retail.Iancului@bcr.ro	Bucuresti, Sos.Pantelimon nr.148, bl.100, parter, sector 2	021645	9:00-17:00	closed	Roxana Rozalia Lupescu	0409521917
362	Bucuresti	Branch	Tunari	Retail.Tunari@bcr.ro	Bucuresti, Sos. Stefan cel Mare nr.14, bl.19, sector 2	020123	9:00-17:00	closed	Ioana Cristina Stegarescu	0409622484
363	Bucuresti	Ag	Mihai Eminescu	Retail.MihaiEminescu@bcr.ro	Bucuresti, Calea Mosilor nr.201, bl.9, parter, sector 2	020859	9:00-17:00	closed	Mihaela Emilia Doga	0409721984
364	Bucuresti	Ag	Lacul Tei	Retail.LaculTei@bcr.ro	Bucuresti, Bdul. Lacul Tei nr.119, bl.5A1, parter, sector 2	020381	9:00-17:00	closed	Sela Geica	0409822010
365	Bucuresti	Ag	Pantelimon II	Retail.PantelimonII@bcr.ro	Bucuresti, Sos. Pantelimon nr.357, bl.B1, parter, sector 2	021624	9:00-17:00	closed	Marius Ionut Voinea	0409921904
366	Bucuresti	Ag	Plata Iancului	Retail.PlataIancului@bcr.ro	Bucuresti, Sos. Mihai Bravu nr. 112, bl. D3, parter, sector 2	021333	9:00-17:00	closed	Raluca Oana Chilianu	0410022280
367	Bucuresti	Ag	Teiul Doamnei	Retail.TeiulDoamnei@bcr.ro	Bucuresti, sos.Colentina nr.25,bl.2 IRTA, parter, sector 2	021156	9:00-17:00	closed	Elena-Valentina Tudor	0410121703
368	Bucuresti	Ag	Floresca Park	Retail.FlorescaPark@bcr.ro	Bucuresti, str.Pipera 43, sector 2 - A nu se confunda cu Floresca de pe Calea Floresca	014254	9:00-17:00	closed	Simona Mihaela Barbu	0410227226
369	Bucuresti	Branch	Sector 3	Retail.Sector3@bcr.ro	Bucuresti, Sos.Mihai Bravu nr.196, bl.200, sector 2	030967	9:00-17:30	closed	Victoria Constantin Ene	0410322238
370	Bucuresti	Branch	Lipsani	Retail.Lipsani@bcr.ro	Str. Doamnei nr 14-16, Sector 3, Bucuresti	030036	9:00-18:00	closed	Ioana Filip	0410422047
371	Bucuresti	Ag	Titan	Retail.Titan@bcr.ro	Bucuresti, B-dui Basarabiei nr.256, sector 3	030352	9:00-17:30	closed	Teodor Caltas	0410527125
372	Bucuresti	Ag	Th. Pallady	Retail.TheodorPallady@bcr.ro	Bucuresti, B-dui Th. Pallady nr.67-69, bl.R5, sector 3	032258	9:00-17:30	closed	Marius Gabriel Bites	0410622074
373	Bucuresti	Branch	Balia Alba	Retail.BaliaAlba@bcr.ro	Bucuresti, Str.Nicolae Grigorescu nr.31A, bloc N21, sect.3	030438	9:00-18:00	9:00-13:00	Oana Dumitru	0410722097
374	Bucuresti	Branch	Mihai Bravu	Retail.MihaiBravu@bcr.ro	Bucuresti, Sos.Mihai Bravu nr.172 bl.230 sector 2	021341	9:00-17:30	closed	Alina Eliza Dabija	0410821929
375	Bucuresti	Ag	Victor Babes	Retail.VictorBabes@bcr.ro	Bucuresti, Sos. Mihai Bravu nr.296, bl. 7, parter, sector 3,	030306	9:00-17:00	closed	Nicoleta Larisa Voicu	0410922888
376	Bucuresti	Ag	Plata Rosetti	Retail.PlataRosetti@bcr.ro	Bucuresti, Str. Plata Rosetti nr. 3 colt cu Str. Danel nr. 1parter, sector 2,	021051	9:00-17:00	closed	Stefan Iulian Cozma	0411022272
377	Bucuresti	Ag	Basarabiei	Retail.Basarabiei@bcr.ro	Bucuresti, Bdul.Basarabia nr.57, bl.M27 sector 2	022106	9:00-17:00	closed	Viviana Ungureanu	0411121893
378	Bucuresti	Ag	Vergului (Cora)	Retail.Vergului@bcr.ro	Bucuresti, Sos. Vergului nr.18, sector 2	022448	10:00-18:30	10:00-14:30	Valentina Neagu	0411221956
379	Bucuresti	Ag	Dristor	Retail.Dristor@bcr.ro	Bucuresti,Sos. Mihai Bravu nr.305, bl.14A(14a -14b) ,sector 3	030307	9:00-17:00	closed	Iuliana Gabriela Claudia Lincu	0411322051
380	Bucuresti	Ag	Alba Iulia	Retail.Albailulia.Bucuresti@bcr.ro	Bucuresti, Plata Alba Iulia nr.8, bloc 17, sector 3	031105	9:00-17:00	closed	Florina Baleanu	0411422222
381	Bucuresti	Ag	Baba Novac	Retail.BabaNovac@bcr.ro	Bucuresti,Str. Baba Novac nr. 15 A, sector 3	031624	9:00-17:00	closed	Constantin Cosmin Dorneanu	0411522155
382	Bucuresti	Ag	Mircea Voda	Retail.MirceaVoda.Bucuresti@bcr.ro	activitate suspendata temporar	030614		Activity	Cristina Andreea Sindila	0411622531

Nr.crt.	City	Branch/ Ag	Retail unit name	Retail unit e-mail address	Retail unit address	Postal code	Working hours Mon - Fri	Working hours Sat	Retail unit responsible	Retail unit phone
								suspended for the moment		
383	Bucuresti	Ag	Park Lake	Retail.Park Lake@bcr.ro	Bucuresti, bld. Liviu Rebreanu nr 4	031783	10:00-22:00	10:00-22:00	Ionela Mirela Ivascu	0411727078
384	Bucuresti	Ag	Unirea Center	Retail.UnireaCenter@bcr.ro	Bucuresti, B-dul Unirii, nr. 25-27, bl. 14-15, parter, Sector 4	030119	8:30-18:30	closed	Adina Mihaela Stefan	0411822345
385	Bucuresti	Ag	Unirea Shopping	Retail.UnireaShoppingCenter	Bucuresti, Pia. Unirii nr.1, Sector 3	030119	10:00-18:30	10:00-14:30	Ana-Maria Vochin	0411922253
386	Bucuresti	Ag	Camil Ressu	Retail.CamilRessu@bcr.ro	Bucuresti, B-dul Camil Ressu nr.68, Bl.1 B, parter, Sect 3	031762	9:00-17:00	closed	Mihai Andrei Salcie	0412022082
387	Bucuresti	Ag	Calea Victoriei	Retail.CaleaVictoriei@bcr.ro	Bucuresti, Calea Victoriei, Nr.15, Sector 3	030023	9:00-17:00	closed	Marinela Stefania Dianu	0412121115
388	Bucuresti	Branch	Sector 4	Retail.Sector4@bcr.ro	Bucuresti, B-dul Unirii nr.63 bl.F4 sector 3	030828	9:00-17:30	closed	Violeta Donici	0412222016
389	Bucuresti	Branch	Unirea	Retail.Unirea@bcr.ro	Bucuresti, B-dul Unirii nr.43-45 bl.E2-E3 sector 3	030824	9:00-17:30	closed	Corina Beatrice Toma	0412322443
390	Bucuresti	Branch	Berceni	Retail.Berceni@bcr.ro	Bucuresti, Str.Ion Iricreanu nr.20-22 bl.131-132 sector 4	042075	9:00-17:30	closed	Alina Georgeta Strajeriu	0412422444
391	Bucuresti	Branch	Dr. Obregia	Retail.DrObregia@bcr.ro	Bucuresti, Calea Serban Voda nr.2B, bl.2B, parter, sector 4	041733	9:00-17:30	closed	Gabriela Lorena Avramita	0412522440
392	Bucuresti	Branch	Serban Voda	Retail.SerbanVoda@bcr.ro	Bucuresti, Calea Serban Voda nr.209, sector 4	040215	9:00-17:30	closed	Maria Mihalache	0412622361
393	Bucuresti	Ag	Bagdasar	Retail.Bagdasar@bcr.ro	Bucuresti, Sos. Berceeni nr.25, bl.38, parter, sector 4	041905	9:00-17:00	closed	Carmen Elena Constantinescu	0412722295
394	Bucuresti	Ag	Gheorghe Sincal	Retail.GheorgheSincal@bcr.ro	Bucuresti, Bdul. Gh. Sincal nr.6, bl. 2, parter, sector 4	040316	9:00-17:00	closed	Ovidiu Iordache	0412827049
395	Bucuresti	Ag	Olteneitei	Retail.Olteneitei@bcr.ro	Bucuresti, Sos.Olteneitei nr.240, bl.48, sector 4	041331	9:00-17:00	closed	Elena Vlad	0412921712
396	Bucuresti	Ag	Constantin Bancoveanu	Retail.ConstantinBancoveanu@bcr.ro	Bucuresti, Str. Alunisiului nr.3, bl. 12 C, parter, sector 4	040741	9:00-17:00	closed	Alina Costea	0413022374
397	Bucuresti	Ag	Seculor	Retail.Seculor@bcr.ro	Bucuresti, B-dul Bancoveanu nr.12, Bl.B4, parter, Sect.4	041449	9:00-17:00	closed	Isabela Irina Artemi	0413122509
398	Popesti Leordeni	Ag	Popesti Leordeni	Retail.PopestiLeordeni@bcr.ro	Popesti Leordeni, Sos.Olteneitei nr.66, parter	077160	9:00-17:00	closed	Lenuta Alexe	0413222362
399	Bucuresti	Ag	Nerva Traian	Retail.NervaTraian@bcr.ro	Bucuresti, Str. Nerva Traian nr. 13, bl. M69, sect 3	031042	9:00-17:00	closed	Catalina Nicoleta Dragan	0413322207
400	Bucuresti	Ag	Timpuri Noi	Retail.TimpuriNoi@bcr.ro	Bucuresti, Calea Vacaresti nr.201, bl.87	040052	9:00-17:00	closed	Daniela Georgiana Rozinca	0413421728
401	Bucuresti	Ag	Vitan	Retail.Vitan@bcr.ro	Bucuresti, Mihai Bravu nr.325,Bl.55,parter, Sect.3	030312	9:00-17:00	closed	Magdalena Luiza Glodeanu	0413521894
402	Bucuresti	Branch	Sector 5	Retail.Sector5@bcr.ro	Bucuresti, B-dul Tudor Vladimirescu nr.57, bl. T4, sector 5	050882	9:00-17:30	closed	Diana Ionela Mareescu	0413622445
403	Bucuresti	Branch	Izvor	Retail.Izvor@bcr.ro	Bucuresti, B-dul Libertatii nr.22, bl.102, sector 5	050707	9:00-17:30	closed	Renata Lungoci	0413722020
404	Bucuresti	Branch	Ghencea	Retail.Ghencea@bcr.ro	Bucuresti, B-dul Ghencea nr.158 sector 6	061699	9:00-17:30	closed	Doru Daniel Costache	0413822457
405	Bucuresti	Branch	Libertatii	Retail.Libertatii@bcr.ro	Bucuresti, B-dul Libertatii nr.1, bl.A1-A2 sector 4	040127	9:00-17:30	closed	Ionela Opritescu	0413922350
406	Bucuresti	Branch	Rahova	Retail.Rahova@bcr.ro	Bucuresti, Sos. Alexandriei nr.11, bl.C11, parter, sector 5	051527	9:00-17:30	closed	Marius Adrian Opritescu	0414026594
407	Bucuresti	Branch	Universitate	Retail.Universitate@bcr.ro	Bucuresti, B-dul Regina Elisabeta nr.5 sector 3	030016	9:00-17:30	closed	Ancuta Georgeta Trofin	0414122281
408	Bucuresti	Ag	Sala Palatului	Retail.SalaPalatului@bcr.ro	Bucuresti, Str.Ion Campineanu nr.33, parter, sector 1	010032	9:00-17:00	closed	Emilia Stamatopoulos	0414222161
409	Bragadiru	Ag	Bragadiru	Retail.Bragadiru@bcr.ro	Bragadiru, Bl.D3 - 2, (tronson 2, axele1,2,3,4,5,6,7), parter, jud. Ilfov	077025	9:00-17:00	closed	Manuela Nicoleta Rotaru	0414322515
410	Bucuresti	Ag	Sebastian	Retail.Sebastian@bcr.ro	Bucuresti, Calea Rahovei nr.322, bl. 67, sc.1, parter, sector 5	050904	9:00-17:00	closed	Cristinel Serghi	0414422405

Nr.crt.	City	Branch/ Ag	Retail unit name	Retail unit e-mail address	Retail unit address	Postal code	Working hours Mon - Fri	Working hours Sat	Retail unit responsible	Retail unit phone
411	Bucuresti	Ag	Piata Rahova	Retail.PiataRahova@bcr.ro	Bucuresti, Calea Rahovei nr.327, Bl.11, parter, Sect. 5	050905	9:00-17:00	closed	Ramona Trusca	0414522418
412	Bucuresti	Ag	Toporasi	Retail.Toporasi@bcr.ro	Bucuresti, Soseaua Giurgiului nr. 90, sector 4	040673	9:00-17:00	closed	Nicolette Narcise Marin	0414622388
413	Bucuresti	Ag	Giurgiului	Retail.Giurgiului@bcr.ro	Bucuresti, Sos. Giurgiului nr.131, bl.1, parter, sector 4	040665	9:00-17:00	closed	Meda Ramona Ilie	0414724165
414	Bucuresti	Ag	Prelungirea Ghencea	Retail.PrelungireaGhencea@bcr.ro	Bucuresti, Str. Prelungirea Ghencea nr.65B, bl. C1, parter, sc. 4, sector 6	061702	9:00-17:00	closed	Florentina Oana Dobrescu	0414822511
415	Bucuresti	Ag	Stadion	Retail.Stadion@bcr.ro	Bucuresti, Bdul. Ghencea nr. 24, bl. C89, Sc. B, parter, sector 6	061691	9:00-17:00	closed	Liliana Bilu	0414922479
416	Bucuresti	Branch	Sector 6	Retail.Sector6@bcr.ro	Bucuresti, B-dul Timisoara nr.6C sector 6	061328	9:00-17:30	closed	Ionut Bogdan Cirstea	0415021751
417	Bucuresti	Branch	Ciargasi	Retail.Ciargasi@bcr.ro	Bucuresti, Calea Crangasi nr.10 bl.19A parter, sector 6	060336	9:00-18:00	closed	Andreea Gabriela Petre	0415122486
418	Bucuresti	Branch	Lujerului	Retail.Lujerului@bcr.ro	Bucuresti, B-dul Iuliu Maniu nr.18-20, bl.15 A+B, sector 6	061106	9:00-18:00	closed	Marius Sebastian Mocanu	0415221698
419	Bucuresti	Branch	Iuliu Maniu	Retail.IuliuManiu@bcr.ro	Bucuresti, B-dul Iuliu Maniu nr.190 - 192, bloc C1, parter, sector 6	061124	9:00-17:30	closed	Elena Corina Dobrescu	0415322568
420	Bucuresti	Branch	Drumul Taberei	Retail.DrumulTaberei@bcr.ro	Bucuresti, Str. Drumul Taberei nr. 82, sector 6	061403	9:00-17:30	closed	Ramona Colesa	0415422335
421	Bucuresti	Ag	Mall Plaza	Retail.MallPlaza@bcr.ro	Bucuresti,Bdul Timisoara nr.26, sector 6	061331	Consultancy: 10:00-19:00 Operations: 10:00-18:30	Consultancy: 10:00-19:00 Operations: 10:00-14:00	Anca Alina Hozoc	0415522605
422	Bucuresti	Ag	Romancierilor	Retail.Romancierilor@bcr.ro	Bucuresti, B-dul Timisoara nr.73, Bl.C12, parter, Sect 6	061323	9:00-17:00	closed	Elena Corina Tanase	0415622485
423	Bucuresti	Ag	Tudor Vladimirescu	Retail.TudorVladimirescu@bcr.ro	Bucuresti, B-dul Iuliu Maniu nr.7, sector 6	061072	9:00-17:00	closed	Sorina Adriana Stolan	0415722596
424	Bucuresti	Ag	Politehnica	Retail.Politehnica@bcr.ro	Bucuresti, Splaiul Independentei nr.313, sector 6	060042	9:00-17:00	closed	Elena Daniela Vilcea	0415822569
425	Bucuresti	Ag	Drumul Taberei 34	Retail.DrumulTaberei34@bcr.ro	Bucuresti, Str. Drumul Taberei nr. 32, parter, sector 6	061387	9:00-17:00	closed	Maria Ciontea	0415921994
426	Bucuresti	Ag	Compozitorilor	Retail.Compozitorilor@bcr.ro	Bucuresti, Bdul. 1 Mai (fosta Compozitorilor) nr.15, bl.C3, parter sector 6	061622	9:00-17:00	closed	Oana Stan	0416022498
427	Bucuresti	Ag	Giulesti	Retail.Giulesti@bcr.ro	Bucuresti, Calea Giulesti nr.123, parter, sector 6	060262	9:00-17:00	closed	Valentina Dragoi	0416122481
428	Bucuresti	Ag	Apusului	Retail.Apusului@bcr.ro	Bucuresti, str.Apusului nr.32, bl.N27, parter	062285	8:30-16:30	closed	Mirela Iosifescu	0416222472
429	Bucuresti	Ag	Romana	Retail.Romana@bcr.ro	Bucuresti, Bdul. Gh. Magheru nr.43, Str. Mendeleev nr.46 - 48, sector 1	010326	9:00-17:00	closed	Simona Chirica	0416321731
430	Bucuresti	Ag	Anzei	Retail.Anzei@bcr.ro	Bucuresti, Str. Piata Anzei nr. 10 - 22, Bl. CORP B, parter, sector 1	010345	9:00-17:00	closed	Cristi Costin Paraschiv	0416422095
431	Bucuresti	Ag	Dinicu Golescu	Retail.DinicuGolescu@bcr.ro	Bucuresti, Bdul Dimicu Golescu nr.23-25, parter, sector 1	010864	9:00-17:00	closed	Elena Catana	0416521737
432	Bucuresti	Ag	Piata Gorjului	Retail.PiataGorjului@bcr.ro	Bucuresti, Bdul Iuliu Maniu nr.67, Bl.6, parter, sector 6	061086	9:00-17:00	closed	Georgiana Valeria Paunoiu	0416622471
433	Bucuresti	Ag	Afi Cotroceni	Retail.AfiCotroceni@bcr.ro	Bucuresti, Bdul Vasile Milea nr.4, sector 6	061346	10:00-22:00	10:00-22:00	Grigorescu Alexandra Maria	0416721775
434	Zalau	Branch	Salaj	Retail.Salaj@bcr.ro	Zalau, Piata Iuliu Maniu nr. 2	450016	9:00-17:30	9:00-13:00	Adela Moran	0416824880
435	Jibou	Ag	Jibou	Retail.Jibou@bcr.ro	Jibou, Str. 1 Mai nr. 21/A	455200	8:30-17:00	closed	Adina Mariana Maghlar	0416924889 ;24883
436	Cehul Silvaniei	Ag	Cehul Silvaniei	Retail.CehulSilvaniei@bcr.ro	Cehu Silvaniei, Str.Trandafirilor nr. 19	455100	9:00-17:30	closed	Nicoleta Crina Sucu	0417024872

Nr.crt.	City	Branch/ Ag	Retail unit name	Retail unit e-mail address	Retail unit address	Postal code	Working hours Mon - Fri	Working hours Sat	Retail unit responsible	Retail unit phone
437	Com. Sarmasag	Ag	Sarmasag	Retail.Sarmasag@bcr.ro	Com. Sarmasag, Str. Garl nr. 1/A	457330	8:30-16:30	closed	Mihaela Felicia Talpos	0417124897
438	Simleu Silvaniei	Ag	Simleu Silvaniei	Retail.SimleuSilvaniei@bcr.ro	Simleu Silvaniei, Str. 1 Decembrie nr. 1918, Bl. D 1, parter	455300	8:30-17:00	closed	Gabriel Nicolae Rosan	0417224904
439	Zalau	Ag	Silvania	Retail.Silvania@bcr.ro	Zalau, B-dul Mihai Viteazul nr. 39, Bl. D 4, Sc. E, parter	450082	9:00-17:00	closed	Carmen Ramona Pripon	0417324879
440	Zalau	Ag	Dumbrava	Retail.Dumbrava@bcr.ro	Zalau, Str. Dumbrava nr. 64, BLD 25, Ap.17/a, parter	450112	9:00-17:00	closed	Adrian Aurel Ilies	0417424906
441	Zalau	Ag	Porolissum	Retail.Porolissum@bcr.ro	Zalau, B-dul Mihai Viteazul, Bl. Lira Cristal, Sc. D, ap. 33/1, parter	450099	8:30-16:30	closed	Rodica Oprea	0417524928
442	Satu Mare	Branch	Satu Mare	Retail.SatuMare@bcr.ro	Satu Mare, Plata 25 Octombrie, BL74-T6	440006	9:00-17:30	9:00-13:00	Adina Simona Bosca	0417624952
443	Negresti Oas	Branch	Negresti Oas	Retail.NegrestiOas@bcr.ro	Negresti Oas, Str. Victoriei nr. 134	445200	8:30-17:00	closed	Maria Goje	0417725005
444	Carei	Branch	Carei	Retail.Carei@bcr.ro	Carei, Str. Dr.Stefan Vonzlaz nr. 2	445100	8:30-17:00	closed	Alina Corina Pasca	0417824943
445	Satu Mare	Ag	Horea	Retail.Horea@bcr.ro	Satu Mare, Str. Horea nr. 8-10	440004	9:00-17:30	closed	Sinka Alina Maria Fanea	0417924997
446	Satu Mare	Ag	Crisan	Retail.Crisan@bcr.ro	Satu Mare, Str. Drum Carei nr.22, Bl. CM1, parter	440157	9:00-17:00	closed	Mariana Breaz	0418024995
447	Tasnad	Ag	Tasnad	Retail.Tasnad@bcr.ro	Tasnad, Str. Lacramboarelor nr. 4	445300	8:30-16:30	closed	Calin Daniel Vasile Maier	0418125010
448	Satu Mare	Ag	Unio	Retail.Unio@bcr.ro	Satu Mare, B-dul Lucian Blaga, Bl. UU 28- 30, parter	440271	9:00-17:00	closed	Viorica Clonca	0418224960
449	Suceava	Branch	Suceava	Retail.Suceava@bcr.ro	Suceava, Str. Stefan cel Mare nr. 31	720003	9:00-17:30	9:00-13:00	Anca Adomnitei	0418325252
450	Campulung Moldovenesc	Branch	Campulung Moldovenesc	Retail.CampulungMoldovenesc@bcr.ro	Campulung Moldovenesc, Calea Transilvaniei nr. 6	725100	8:30-17:00	closed	Daniela Pintilescu	0418425198
451	Falticeni	Branch	Falticeni	Retail.Falticeni@bcr.ro	Falticeni, Str. Sucevei	725200	8:30-17:00	closed	Narcisa Claudea Vultur	0418525194
452	Radauti	Branch	Radauti	Retail.Radauti@bcr.ro	Radauti, Str. Unirii nr. 65	725400	8:30-17:00	closed	Eugen Bejenartu	0418625161
453	Vatra Dornei	Branch	Vatra Dornei	Retail.VatraDomei@bcr.ro	Vatra Dornei, Str. M.Eminescu nr. 35	725700	8:30-17:00	closed	Lucia Sandu	0418725281
454	Siret	Ag	Siret	Retail.Siret@bcr.ro	Siret, Str. Sucevei nr. 2, parter	725500	8:30-17:00	closed	Elena Carmen Stanchevici	0418825243
455	Gura Humorului	Branch	Gura Humorului	Retail.GuraHumorului@bcr.ro	Gura Humorului, Str. Republicii nr. 19, Bl. T 850, parter	725300	8:30-17:00	closed	Adrian Cojocar	0418925192
456	Suceava	Ag	Curtea Domneasca	Retail.CurteaDomneasca@bcr.ro	Suceava, Str. Dimitrie Onciul nr. 2	720001	9:00-17:00	closed	Elena Irina Ionitoae	0419025177
457	Suceava	Ag	Obcini	Retail.Obcini@bcr.ro	Suceava, Calea Obcinilor nr. 13, BL.T 47, parter	720262	9:00-17:00	closed	Elena Litean	0419125199
458	Suceava	Ag	Burdujeni	Retail.Burdujeni@bcr.ro	Suceava, Calea Unirii nr. 39, Bl. 92, Sc.G, parter	720156	9:00-17:00	closed	Roxana Clinovschi	0419225154
459	Tulcea	Branch	Tulcea	Retail.Tulcea@bcr.ro	Tulcea, Str. Toamnei nr. 2	820127	9:00-18:00	closed	Daniela Neda Pelivan	0419325524
460	Macin	Ag	Macin	Retail.Macin@bcr.ro	Macin, Str. 1 Decembrie nr. 10, Bl. 17	825300	9:00-17:30	closed	Angelica Simion	0419425545
461	Sulina	Ag	Sulina	Retail.Sulina@bcr.ro	Sulina, Str.a II a nr. 274	825400	9:00-17:00	closed	Nelida Filip	0419525556
462	Babadag	Ag	Babadag	Retail.Babadag@bcr.ro	Babadag, Str.Republicii nr.88, parter	825100	9:00-17:00	closed	Daniela Mihaela Topalu	0419625529
463	Tulcea	Ag	Panait Cerna	Retail.PanaitCerna@bcr.ro	Tulcea, Str. Isacsei nr. 1, Bl. M1, parter	820164	9:00-17:00	closed	Zoia Pelican	0419725549
464	Tulcea	Ag	Grigore Moisil	Retail.GrigoreMoisil@bcr.ro	Tulcea, Str. Frasinului nr. 2, Bl. 2, parter	820187	9:00-17:00	closed	Laurentia Georgeta Popa	0419825564
465	Timisoara	Branch	Timis	Retail.Timis@bcr.ro	Timisoara, Calea Aradului nr. 11	300088	9:00-17:30	closed	Cristina Mihaela Simin	0419925399
466	Lugoj	Branch	Lugoj	Retail.Lugoj@bcr.ro	Lugoj, Str. Cuza Voda nr. 4	305500	9:00-17:30	closed	Delia Lavinia Lazarescu Ionasel	0420025433
467	Faget	Ag	Faget	Retail.Faget@bcr.ro	Faget, Calea Lugojului nr. 15	305300	8:30-16:30	closed	Dana Stoicanescu	0420125423

Nr.crt.	City	Branch/ Ag	Retail unit name	Retail unit e-mail address	Retail unit address	Postal code	Working hours Mon - Fri	Working hours Sat	Retail unit responsible	Retail unit phone
468	Jimbolia	Ag	Jimbolia	Retail:Jimbolia@bcr.ro	Jimbolia, Str. Republicii nr. 12-14	305400	8:30-17:00	closed	Ana Cira	0420225422
469	Sannicolau Mare	Ag	Sannicolau Mare	Retail:SannicolauMare@bcr.ro	Sannicolau Mare, Str. Republicii nr. 4	305600	8:30-17:00	closed	Aida Laura Paleacu	0420325470
470	Timisoara	Branch	Piata 700 Timisoara (fosta Bastion)	Retail:Piata700@bcr.ro	Timisoara, Str.Coriolan Brediceanu nr.10/B, City Business Centre CBC Piata 700, cladirea 2(B), parter, incapera B.1.2., jud. Timis	300011	9:00-17:30	closed	Mihaela Cadariu Brailoiu	0420425368
471	Timisoara	Ag	Calea Sagului	Retail:CaleaSagului@bcr.ro	Timisoara, Calea Sagului nr. 70, Sc. A, parter	300515	9:00-17:30	closed	Oana Buta Subu	0420525485
472	Timisoara	Ag	Piata Maria	Retail:PiataMaria@bcr.ro	activitate suspendata temporar	300173	Activity suspended for the moment	Activity suspended for the moment	Camelia Sanela Yella	0420625452
473	Timisoara	Ag	Piata Operei	Retail:PiataOperei@bcr.ro	Timisoara, Str.Babes Vincentiu nr.1, (Str. Piatra Craiului nr.1), parter	300005	9:00-17:00	closed	Raluca Roxana Cirstea	0420725392
474	Lugoj	Ag	Cetatea Veche	Retail:CetateaVeche@bcr.ro	Lugoj, Str. 20 Decembrie 1989 nr. 36, parter	305500	8:30-16:30	closed	Hildegard Maria Motea	0420825405
475	Timisoara	Ag	Budai Deleanu	Retail:BudaiDeleanu@bcr.ro	Timisoara, Str. Iuliu Maniu nr. 2, parter	300188	9:00-17:00	closed	Raluca Dorita Novacescu	0420926933
476	Timisoara	Ag	Calea Buziasului	Retail:CaleaBuziasului@bcr.ro	Timisoara, Str.Calea Buziasului Bl. A 1 b, parter	300714	9:00-17:00	closed	Oana-Elena Macavei	0421025389
477	Timisoara	Ag	Giroc	Retail:Giroc@bcr.ro	Timisoara, Calea Martirilor nr. 60, parter	300719	9:00-17:00	closed	Maria Monica Todinca	0421125938
478	Timisoara	Ag	Calea Lugojului	Retail:CaleaLugojului@bcr.ro	Timisoara, Str. Simion Barnutiu Bl. 54, Sc. B, parter	300303	9:00-17:00	closed	Antonella Doina Cucea	0421222749
479	Timisoara	Ag	Demetriade	Retail:Demetriade@bcr.ro	Timisoara, Str. Demetriade nr. 1 (Iulius Mall)	300088	10:00-21:00	10:00-21:00	Razvan Emil Ardelean	0421325386
480	Timisoara	Ag	Calea Bogdanestilor	Retail:CaleaBogdanestilor@bcr.ro	Timisoara, Calea Bogdanestilor nr. 39, parter	300015	9:00-17:00	closed	Petronela Jurma	0421425409
481	Timisoara	Ag	Piata Noua	Retail:PiataNoua@bcr.ro	Timisoara Str. Sf. Apostoli Petru si Pavel, Bl. A 42, parter	300269	9:00-17:00	closed	Liliana Carmen Roncea	0421525455
482	Timisoara	Ag	Piata Verde	Retail:PiataVerde@bcr.ro	Timisoara, Calea Arduului, nr.40, Sc.A+B, parter	300282	9:00-17:00	closed	Claudia Mihaela Tirlea	0421625460
483	Timisoara	Ag	Gheorghe Lazar	Retail:GheorgheLazar@bcr.ro	Timisoara, Str.Gheorghe Lazar nr.42, parter (spatiu comercial nr1 - confectii tricotate)	300334	9:00-17:00	closed	Oana Iulia Ilan	0421725454
484	Timisoara	Ag	Timisoara Shopping City	Retail:TimisoaraShoppingCity@bcr.ro	Timisoara, Calea Sagului nr. 100	300516	10:00-22:00	10:00-22:00	Ramona Elena Fildan	0421825379
485	Alexandria	Branch	Teleorman	Retail:Teleorman@bcr.ro	Alexandria, Str. Dunarii nr. 137	140038	9:00-17:30	closed	Madalin Gheorghe Mitrea	0421927037
486	Turnu Magurele	Branch	Turnu Magurele	Retail:TurnuMagurele@bcr.ro	Turnu Magurele, Str.Gen. David Praporgescu Bl. G6, parter	145200	9:00-17:30	closed	Catalina Iuliana Voicu	0422025336
487	Rosiori de Vede	Branch	Rosiori de Vede	Retail:RosiorideVede@bcr.ro	Rosiori de Vede, Str. Rahovei nr. 106	145100	9:00-17:30	closed	Marcel Pirvan	0422125307
488	Videle	Ag	Videle	Retail:Videle@bcr.ro	Videle, Sos. Giugului nr. 24	145300	8:30-17:00	closed	Codrut Mihail Ionescu	0422225355
489	Zimnicea	Ag	Zimnicea	Retail:Zimnicea@bcr.ro	Zimnicea, B-dul Mihai Viteazu nr. XVIII B, Sc. B si C, parter	145400	8:30-16:30	closed	Victor I Vancea	0422325360
490	Alexandria	Ag	Dr. Stanca	Retail:DrStanca@bcr.ro	Alexandria, Str. Dunarii, Bl. M 3, Sc. B, parter	140004	8:30-16:30	closed	Ana Cristina Rizescu 141	042240247 310
491	Alexandria	Ag	Vedea	Retail:Vedea@bcr.ro	Alexandria, Str. Constantin Brancoveanu nr. 50, Bl. UJCC	140064	9:00-17:00	closed	Elena Pana	0422525324

Nr.crt.	City	Branch/ Ag	Retail unit name	Retail unit e-mail address	Retail unit address	Postal code	Working hours Mon - Fri	Working hours Sat	Retail unit responsible	Retail unit phone
492	Rm. Valcea	Branch	Valcea	Retail.Valcea@bcr.ro	Rm. Valcea, Str. Gen. Magheru nr. 20	240300	9:00-17:30	closed	Alina Cristina Budica	04224626227
493	Dragasani	Branch	Dragasani	Retail.Dragasani@bcr.ro	Dragasani, Str. Decebal nr. 2, Bl. G	245700	9:00-17:30	closed	Mihaela Nicoleta Florescu	0422725592
494	Horezu	Ag	Horezu	Retail.Horezu@bcr.ro	Horezu, Str. Tudor Vladimirescu nr. 83, Bl. R2, parter	245800	9:00-17:30	closed	Florin Creanga	0422825613
495	Rm. Valcea	Ag	Ostroveni	Retail.Ostroveni@bcr.ro	Rm. Valcea, Str. Luceafarul nr. 10, Bl. A 16, parter	240070	9:00-17:00	closed	Luiza Mihaela Dafinca	0422925633
496	Rm. Valcea	Ag	Valcea Nord	Retail.ValceaNord@bcr.ro	Rm. Valcea, Str. Calea lui Traian nr. 156-158	240227	8:30-16:30	closed	Harieta Daniela Cracanus	0423025655
497	Rm. Valcea	Ag	Alunus	Retail.Alunus@bcr.ro	Rm. Valcea, Str. Mihai Eminescu nr. 39	240022	8:30-16:30	closed	Maria Daniela Manolescu	0423125587
498	Calimanesi- Caciulata	Ag	Calimanesi Caciulata	Retail.CalimanesiCaciulata@bcr.ro	Calimanesi-Caciulata, Calea lui Traian nr. 790-792	245600	8:30-16:30	closed	Luminita Mihaescu	0423225635
499	Rm. Valcea	Ag	Valcea Centru (fosta River Plaza)	Retail.ValceaCentru@bcr.ro	Rm. Valcea, Splaiul Independentei nr. 1, Bloc 1, parter	240166	9:00-17:00	closed	Dragos Mihai Valeriu Ciuca	0423325656
500	Focsani	Branch	Vrancea	Retail.Vrancea@bcr.ro	Focsani, Str. Fundatura Cuza Voda nr. 1	620035	9:00-18:00	9:00-12:00	Claudia-Mihaela Mocanu	0423425771
501	Adjud	Ag	Adjud	Retail.Adjud@bcr.ro	Adjud, strada Republicii nr. 28, bl. 85, parter.	625100	9:00-17:30	closed	George Munteanu	0423525739
502	Odobesti	Ag	Odobesti	Retail.Odobesti@bcr.ro	Odobesti, Str. Stefan cel Mare nr. 33	625300	9:00-17:30	closed	Mihai Pintilie	0423625757
503	Focsani	Ag	Plata Moldovei	Retail.PlataMoldovei@bcr.ro	Focsani, Piata Independentei nr. 1, Bl. 9, parter	620015	9:00-17:00	closed	Madalina Comici	0423725763
504	Focsani	Ag	Milcov	Retail.Milcov@bcr.ro	Focsani, B-dul. Bucuresti nr. 27, Bl. L1 - L2, parter	620144	9:00-17:00	closed	Laura Tatanu	0423825797
505	Focsani	Ag	Carpati	Retail.Carpati@bcr.ro	Focsani, Str. Brailiei nr. 42, parter	620122	9:00-17:00	closed	Mihaela Alina Scinteanu	0423927072
506	Focsani	Ag	Big Centru	Retail.BigCentru@bcr.ro	Focsani, Str. Brailiei nr. 2	620161	9:00-17:00	closed	Alina Nicoleta Nitu	0424022648
507	Vaslui	Branch	Vaslui	Retail.Vaslui@bcr.ro	Vaslui, Str. Stefan cel Mare nr. 53	730171	9:00-18:00	9:00-12:00	Constantin Corneliu Tatanu	0424125716
508	Barlad	Branch	Barlad	Retail.Barlad@bcr.ro	Barlad, Str. Republicii nr. 252	731058	9:00-17:30	closed	Angelica Dimitriu	0424225671
509	Negresti	Ag	Negresti	Retail.Negresti@bcr.ro	Negresti, Str. Unirii nr. 1 B	735200	9:00-17:30	closed	Margareta Chiriluta	0424325700
510	Husi	Branch	Husi	Retail.Husi@bcr.ro	Husi, Str. Alii.Cuza nr. 3	735100	9:00-17:30	closed	Gabriela Manaila	0424425692
511	Vaslui	Ag	13 Decembrie	Retail.13Decembrie@bcr.ro	Vaslui, Str. Stefan cel Mare nr. 1, Bl. 434, Sc. A, parter	731005	9:00-17:00	closed	Antonela Andrusca	0424525658
512	Barlad	Ag	Dragos Voda	Retail.DragosVoda@bcr.ro	Barlad, Str. Republicii nr. 85, Bl. B/5, Sc. A, parter	731062	9:00-17:00	closed	Andreea Mihaela Ionita	0424625678
513	Vaslui	Ag	Podul Inalt	Retail.PodulInalt@bcr.ro	Vaslui, Str. Traian Bl. 234, Sc. A, parter	730188	9:00-17:00	closed	Gabriela Cerasela Andronache	0424725707

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