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Cod unic de inregistrare: R 1350020, Cod CAEN 4950
Inregistrata la Registrul Comertului Prahova sub nr.J29/6/22.01.1991
Capital social subscris si varsat 28 569 842,40 lei

FINANCIAL STATEMENTS
on the date and for financial year ended December 31, 2014

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

S.C. CONPET S.A. TURIAC IOANA TRADUCATOR Aut.nr. 12449/2004 PLOIESTI

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STATEMENT OF THE FINANCIAL POSITION AT DECEMBER 31 2014

	Note	December 31, 2014	December 31, 2014
ASSETS			
Non-current assets			
Tangible assets	5	415,493,461	413,715,800
Intangible assets	6	3,162,304	6,308,341
Financial investments	7	527,515	1,020,325
Total non-current assets		**419,183,280**	**421,044,465**
Current assets			
Stocks	8	7,709,304	7,404,013
Trade receivables and other receivables	9	34,812,159	41,797,973
Short-term investments	11	7,669,483	7,080,956
Cash and cash equivalents	10	335,367,828	249,494,539
Prepaid expenditure		213,560	218,445
TOTAL Current assets		**385,772,333**	**305,995,926**
TOTAL ASSETS		**804,955,613**	**727,040,391**
Shareholder's Equity and Liabilities			
Shareholder's Equity			
Share capital, out of which:		28,569,842	145,794,385
Subscribed share capital:	12	28,569,842	28,569,842
Share capital adjusted for inflation	12	-	117,224,543
Revaluation reserves	12	107,646,176	112,473,352
Legal reserves	12	5,713,968	5,713,968
Other reserves	12	472,512,205	441,436,160
Retained earnings	12	57,548,709	(85,961,581)
Year's result	12	51,434,194	31,297,556
Total shareholder's equity		**723,425,094**	**650,753,840**
Long-term liabilities			
Deferred profit tax liabilities	16	1,891,974	3,478,973
Provision for employees benefits >1 year	17	3,772,056	3,187,830
Long term trade liabilities		-	625,135
Total long-term liabilities		**5,664,030**	**7,291,938**

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Trade liabilities	15	30,032,321	25,184,565
Other liabilities	15	24,001,008	23,217,849
Short-term loans		-	-
Short-term provisions	16	20,853,022	19,525,449
Deferred income	13	22,050	25,157
Investment subsidies	13	958,088	1,041,593
Total current liabilities		**75,866,490**	**68,994,614**
TOTAL LIABILITIES		**81,530,520**	**76,286,551**
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES		**804,955,613**	**727,040,391**

The total asset increased by 10,7% as compared to the end of the previous year, CONPET maintaining a stable financial position along 2014.

The financial statements from page 3 to page 55 were approved and signed on March 27, 2015 by:

GENERAL DIRECTOR,
Eng. Liviu Ilasi

S.s. Illegible

Stamp

ECONOMIC DIRECTOR,
Ec. Sanda Toader

S.s. Illegible

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

THE STATEMENT OF THE PROFIT OR LOSS AND OTHER ELEMENTS OF THE GLOBAL RESULT FOR THE FINANCIAL YEAR ENDED AT DECEMBER 31, 2014

	Note	2014	2013
Sales revenues	19	375,032,873	348,853,873
Other income	19	28,046,246	56,907,583
Total operating income		**403,079,120**	**405,761,455**
Raw materials and consumables expenses	20	18,389,316	16,628,172
Personnel expenses	20	8,015,329	97,885,122
Write downs of tangible and intangible assets		46,430,433	36,662,747
Current assets impairments		356,688	1,565,637
Third-party services related expenses	20	118,606,436	123,624,925
Other expenses	20	64,535,608	90,772,195
Provisions impairments		1,911,799	8,672,876
Total operating expenses		**348,245,609**	**375,811,674**
Operating profit		**54,833,511**	**29,949,781**
Financial revenues	22	9,947,716	11,821,081
Financial expenses	22	313,749	470,816
Financial profit		**9,633,967**	**11,350,266**
Pre-tax profit		**64,467,478**	**41,300,047**
Income tax expense		13,033,284	9,993,926
Deffered income tax expense		0	8,565
Profit for the year		**51,434,194**	**31,297,556**
Other elements of the global result		-	-
All elements of the global result		-	-
TOTAL YEAR RELATED GLOBAL RESULT		**51,434,194**	**31,297,556**

The financial statements from page 3 to page 55 were approved and signed on March 25, 2015 by:

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ECONOMIC DIRECTOR,
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S.s. Illegible

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

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED AT DECEMBER 31, 2014

	Share capital	Impairments to the Share Capital	Other elements of Shareholder's Equity	Legal Reserves	Other Reserves	Revaluation Reserves	Ret: Ear:
Balance at January 1, 2014	**28,569,842**	**117,224,543**	**-**	**5,713,968**	**441,436,160**	**112,473,352**	**34,**
Net profit of the year							31,
Increase of modernization quota fund					57,661,004		6,
Diminution of the quota fund					(32,260,118)		
Increases out of revaluations						11,784,979	
Reversal of surplus out of revaluation					6,794,051		3,500,6
Allocation of profit related to the previous year for the coverage of the accounting loss							(21,66
Prior year's result following restatement		(117,224,453)			(2,856,442)		
Year's result							
Allocation of profit as dividends related to the previous year							(29.5
Allocation of profit in reserves related to the previous year					1,737,550		(1,737,
Current and deferred income tax recognized on account of shareholder's equity			(1,891,974)				
Balance at December 31, 2014	**28,569,842**	-	(1,891,974)	**5,713,968**	**472,512,205**	107,646,176	**59,**

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STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED AT DECEMBER 31, 2014

	Share capital	Impairments to the Share Capital	Other elements of Shareholder's Equity	Legal Reserves	Other Reserves	Revaluation Reserves	Retained Earnings	*Retained earnings resulting from the first-time adoption of IFRS*	*Profit or loss for the year*
Balance at January 1, 2013	**145,794,385**	**5,713,968**	**433,474,621**	**69,880,450**	**25,545,420**	**(120,080,985)**	**4,045,314**	**30,808,334**	**595,181,507**
					30,853,103				30,853,103
Net profit of the year			55,556,360						55,556,360
Increase of modernization quota fund			(50,156,757)						(50,156,757)
Diminution of the quota fund				51,158,338					51,158,338
Increases out of revaluations				(4,595,104)	4,595,104				-
Reversal of surplus out of revaluation				(3,970,333)					(3,970,333)
Allocation of profit related to the previous year for the coverage of the accounting loss					(21,666)				(21,666)
Prior year's result following restatement	-								-
Year's result									-
Allocation of profit as dividends related to the previous year							(44,769)		(44,769)
Allocation of profit in reserves related to the previous year								31,297,556	31,297,556
Current and deferred income tax recognized on account of shareholder's equity					*-28,291,166*				(28,291,166)
Balance at December 31, 2014			2,561,937		(2,561,937)			(30,808,334)	(30,808,334)
Balance at January 1, 2014	**145,794,385**	**5,713,968**	**441,436,161**	**112,473,351**	**30,118,858**	**-120,080,985**	**4,000,545**	**31,297,556**	**650,753,839**

The financial statements, from page 3 to page 55 were signed on March 25,2015 by :

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

Economic Director
Econ. Toader Sanda S.s Illegible

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

CASH FLOW STATEMENT FOR THE YEAR CONCLUDED AT 31, DECEMBER 2014

(Direct Method)

	Element's Name	**2014**	**2013**
	Cash flows from operating expenses:		
+	Cash collections from customers	415,918,467	377,157,502
+	Other collections	7,389,568	11,433,547
-	Payments to goods and services suppliers	138,802,797	153,718,651
-	Payments to and on behalf of the employees	99,139,348	97,978,040
-	VAT payments	58,716,346	49,805,434
-	Income tax related payments	12,317,009	10,401,324
-	Other payments for operating activities	36,083,105	32,072,443
A	***Net cash from operating activities***	**78,249,430**	**44,615,157**
	Cash flows from investment activities :		
+	Proceeds from sale of tangible assets	61,964	1,084,425
+	Proceeds from modernization quota	58,036,141	53,292,505
-	Payments for purchase of tangible assets	30,284,627	32,024,398
-	Payments for interest, financing fees, differences in the exchange rate	0	1,350
-	Reimbursements of certain loans	0	30,316
B	***Net cash from investment activities***	**27,813,478**	**22,320,866**
	Cash flows from financing activities		
+	Proceeds from short-term financial investments	9,451,926	11,580,798
+	Proceeds from other financial income	544,060	886,149
-	Payments for purchase of short-term financial investments	588,528	318,509
-	Paid dividends	29,600,077	28,357,395
C	***Net cash from financing activities***	**(20,189,619)**	**(16,208,957)**
	Net increase of the cash and cash equivalents=A+B+C=D2-D1	**85,873,289**	**50,727,066**
D1	***Cash and cash equivalents at the beginning of the financial year***	**249,494,539**	**198,767,473**
D2	***Cash and cash equivalents at the end of the fiscal year***	**335,367,828**	**249,494,539**

By means of treasury each enterprise evaluates its capital needs, based on the use manner structure, in stable investments and cyclical investments, Concurrently, as per the evaluations of the capital needs will be determined the source of the financing resources by which the capital is obtained and thus is being achieved the balance between the financing needs and the capitals procured with convinient costs.

By comparing the proceeds and the payments related to the operating activities in the two analyzed periods, the result is an excess, indicating that the operation generates cash, the proceeds being higher than the payments, the enterprise being able to even secure its growth.

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The sources are being generally constituted from the proceeds related to the activity of supply of the crude oil, rich gas and condensate transport through pipelines, The performed payments are meant to support the transport activity.
The net cash from operating activities registers an important increase in 2014, following the increase of the proceeds volume in the reported period, based on the payment performed by the client OMV, before the cut-off date, of certain transport invoices due in 2015 and the decrease of the payments for goods and services procurements.

As regards the net cash from **investments activities**, the values registered at the end of the two analyzed periods reveal a positive result, with upward trend in 2014, due to the increase of the collected modernization quota and reduction of the payments for the procurement of tangible and intangible assets.

In case of net cash from **financing activities** a deficit was registered in both periods, caused by the payment of dividends to the shareholders, representing a percentage of 85% from the net profit allocated by the General Meeting of Shareholders, as compared to the proceeds mainly coming fom the negotiated interest rates related to the opened short term deposits,
2014 indicated a decrease in the cash inflows from the liquid assets investments, following a decrease of the interest rated in the capital market.

The financial statements, from page 3 to page 55 were signed on March 25,2015 by :

GENERAL DIRECTOR,
Eng. Liviu Ilasi
S.s. Illegible
Stamp

ECONOMIC DIRECTOR,
Econ, Sanda Toader
S.s. Illegible

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

S.C. CONPET S.A.
TURIAC IOANA
TRADUCATOR
Autor. 12449/2004
PLOIESTI

1. Business Description and General Information

The company CONPET S,A, (the "Company") is the operator of the Crude Oil National Transport System, as it is being defined and regulated in Law no,238/June 7, 2004 – The Oil Law and the methodological norms for the application of the Oil Law approved by GD no,2075/2004,

The registered office address is No,1-3, Anul 1848 Street, Ploiesti, Prahova County,

The financial statements are prepared pursuant to the International Financial Reporting Standards adopted by the European Union and approved by the Order of the Ministry of Public Finance no,1286/2012, subsequent amendments.

According to the Provisions of the Oil Law, the operation of the Crude Oil National Transport System falls under the regulations of the National Agency for Mineral Resources (Rom,Agentia National de Resurse Minerale "ANMR"), the competent authority representing the State interest in the oil resources sector.

CONPET operates as a joint stock company, as per the Law 31/1990 regarding companies, republished, subsequent amendments, being a publicly owned company, pursuant to the terminology provided in Law no,297/2004 regarding the capital market, being registered at the Romanian National Securities Commission (currently the Financial Supervisory Authority – Securities Registration Office (registration certificate no,7227/1997).

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

Company's Set-Up

CONPET is set up based on GD 1213/20,11,1990 regarding the set-up of the joint stock trade companies in the industry, pursuant to Law no,15/1990 regarding the reorganization of the public economic units as autonomous administrations and joint stock companies, by taking over all assets and liabilities of the previous Crude Oil Pipeline Transport Enterprise (Rom. I.T.T.C.).

As it is being presented in Note 12, at December 31, 2014 the company's shareholders are: The Romanian State by the Ministry of Economy (currently (Rom,) MEIMMMA, as per GD 42/2015) holding 5,083,372 shares representing 58,72% of the share capital, legal persons 2,915,629 shares representing 33,68% and natural persons with 658,527 shares representing 7,60%.

Company's Mission
CONPET mission is the operation of the National Pipeline Transport System under safety and efficient conditions, easing free access to the system's available throughput to all applicants, authorized legal persons, under equal conditions, transparently and in a non-discriminatory manner.

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Other Information on the Company's Business

CONPET supplies transport services for its clients, both by the National Crude Oil Pipeline Transport System concessioned based on the oil concession agreement, as well as by railway tanks, from the loading ramps to the beneficiaries, for the oil areas that are not liked to the major transport pipelines,
The Crude Oil National Transport System represents all the interconnected major transport pipelines providing the collection of the oil extracted from the exploitation perimiters or the imported crude and the transport thereof from the hand-over sites to the processing units, by using the pumping stations, to the loading-unloading ramps by railway tanks, as well as all the installations, equipment and facilities related thereto.

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

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

The Crude Oil National Transport System belongs to the public domain of the Romanian State, is being administered by ANMR (as per the provisions of the Oil Law), has approximately 3,800 km of pipelines, with a transport output of 27,5 million tons/year and is divided intro the followin subsystems:

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

Legal Environment

The activity in the oil sector is being regulated by the National Agency for Mineral Resources („ANRM"),
The National Agency for Mineral Resources entitles as Concession Provider of the goods belonging to public domain, concessioned to the operators acting in the oil industry, together with other State authorities negotiates and cloncludes, on State's behalf, oil agreements; awards mining concession licenses and exploitation permits; issues regulating acts, norms, instructuins, orders and rules; observes the compliance, by the titulars of the concession agreements, with concession licenses and exploitation permits conditions; manages the Crude Oil and Natural Gas National Pipeline Transport Systems and regulates the exploitation activities thereof by system's concession agreements conlcuded with national/commercial companies/ nominated by the Government; annules the concession/administration acts etc,
Given that ANRM approves by Order the tariffs for the services of transport through the National Transport System of the crude oil, rich gas, condensate and ethane, the decisions made by ANRM may trigger material effects on the Company's business,

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

The transport tariff stand for the exchange value for the transport of one ton of crude, rich gas pr ethane, from the take-over and hand-over sites to the refineries, The guidelines regarding the criteria, methodology and settlement procedure of the regulated tariffs for the transport through the National Transport System are being preparec by ANRM, as

CONPET S.A. TURIAC IOANA TRADUCATOR Aut.nr. 12449/2004 PLOIESTI competent authority, based on the attributions and competences granted by Law no.238/2004, subsequent amendments and completions.

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

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

Stock Market Indexes

During 2014, CONPET S.A. has been included in the component of indexes BET-C, BET-NG and BETPlus. **BET-C** reflects the prices evolution of all shares of the companies listed on BVB regulated market Category I and II. except for the SIFs, which are being traded within the main market section („Regular").
BET-NG is a sector index tracking the movement of the stock prices of companies trades on BVB regulated market. whose core business is associated with the energy economic sector and the utilities related thereof. **BETPlus** reflects the ecolution of the Romanian companies listed on BVB regulated market. fulfilling minimum selection criteria regarding liquidity and the value of the stocks included in the free float. except for the financial investment companies (Rom. SIFs).
By the Decision of the Indexes Committee dated 03.03.2015. the Bucharest Stock Exchange announced the comprehension of CONPET in the components of indexes **BET-XT,BET-BK.**
Also. BVB announced that. starting March 23. 2015. the trading meeting. will come into force the new structures of BVB indexes (symbols weight in the indexes components).
BET-XT index reflects the evolution of the prices of the best traded 25 companies on BVB Regulated Market. inlcuding the financial investment companies (SIFs) and **BET-BK** was built in order to be used as benchmark by the funds administrators and also by other institutional investors. the calculation methodology reflecting the legal requirements and the funds investment limits.
At 31.12.2014 CONPET has a market value (capitalization) of approximately 477 mil. Lei.

1. Preparation Grounds

(a) Declaration of Conformity
These individual financial statements of CONPET were prepared pursuant to the International Financial Reporting Standards (Rom,"IFRS") adopted by the European Union and approved by the Order of the Ministry of Public Finance no,1286/2012, subsequent amendments, applicable to the commercial companies whose securities are admitted to trading on a regulated market,
IFRS Standards represent the standards adopted according to the procedure provided by (CE) Rules no,1,606/2002 of the European Parliament and of the Council from July 19,2002 regarding the application of the International Accounting Standards and include standards and intepretations approved by the International Accounting Standards Board („IASB"), International Accounting Standards („IAS") and interpretations issued by the International Financial Reporting Interpretations Committee („IFRIC"),
The rules for IFRS first-time adoption are being presented in IFRS 1 „*First-time adoption of the International Financial Reporting Standards*", IFRS 1provides that the companies make use of the same accounting policies in the preparation of the opening financial statement and for all the periods presented as comparative information in the first complete batch of financial statement drafted as per IFRS.

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

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

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

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

(f) Going Concern
The individual financial statement were drafted considering the going concern.

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

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

- Level 1: quoted price (unadjusted) on active markets for identical assets or liabilities that the entity may access on the evaluation date;

- Level 2: input data, other than quoted prices included in level 1, which are noticeable for asset or liability, directly or indirectly.

3. Accounting Policies

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

(A) Foreign currency transactions
Transactions in foreign currencies are expressed in LEI by applying the exchange rate at the transaction date. Monetary assets and liabilities denominated in foreign currencies at the end of the period are converted in LEI at the exchange rate from that date.
Gains and losses from exchange rate differences, realized or unrealized, are recorded in the statement of comprehensive income for that financial year.

Currency exchange rates of major foreign currencies were:

Currency	31 December 2014	31 December 2013	Variation
Euro (EUR)	4.4821	4.4847	-0.06%
American dollar (USD)	3.6868	3.2551	+13.26%

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

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

Accounts Payable
The receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, receivables are measured at amortized cost using the effective interest method less impairment losses value. Receivables comprise trade and other receivables.

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

Financial assets available for sale
Available for sale financial assets are non-derivative financial assets that are designated as available for sale. Company's investments in equity instruments are classified as financial assets available for sale.
Financial assets available for sale are initially recognized at fair value plus any directly attributable transaction costs. Subsequent

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to initial recognition, they are measured at cost less any impairment losses. Financial assets available for sale for which there is an active market and it is not possible to determine reliably the fair value is measured at cost and periodically tested for impairment.

(Ii) non-derivative financial debt
The Company initially recognizes non-derivative financial liabilities on the trade date when the Company becomes party to the contractual terms of the instrument. They are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. The Company derecognizes a financial liability when its contractual obligations are discharged or canceled or expires.
The Company has the following non-derivative financial liabilities: loans, guarantees retained subcontractors, trade payables and other liabilities.

Trade payables
Payables and other payables are recognized initially at fair value plus directly attributable transaction costs. Subsequently, they are recognized at amortized cost less impairment losses using the effective interest method. Amortized cost approximates the nominal value.
Payables and other liabilities at amortized cost include the invoices issued by the suppliers of goods, works and services rendered.

Borrowings bear interest
Borrowings are recognized initially at fair value, net of transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortized cost, any difference between cost and redemption value being recognized in the statement of comprehensive income during the loan based on an effective interest rate.
Net financing costs include interest on borrowings calculated using the effective interest rate method, less capitalized costs capitalized in assets, interest receivable on funds invested, dividend income, foreign exchange differences favorable and unfavorable risk fees and commissions.
Interest income is recognized in the income statement in the year in which they appear, using the effective interest rate method.
(Iii) Share capital - Ordinary shares
Social capital consists of common shares is recorded at the value established on the basis of the constitutional documents and addenda, as applicable, as the supporting documents regarding the payments of capital.
Own shares repurchased under the law are presented in the balance sheet as an adjustment to equity.
Gains or losses relating to the issuance, redemption, sale, disposal free of charge or cancellation of equity instruments of the entity (stocks, shares) are recognized directly in equity in the lines "Earnings / or losses related to equity instruments" .
The company recognizes changes in equity only after their approval by the General Meeting of Shareholders.

(D) Property and equipment
(I) Recognition and Measurement
Tangible assets in operation are classified into the following categories of assets of the same nature and similar uses:
- Land and land improvements;
- Construction;
- Technological equipment, apparatus and devices for measuring, control and regulation, and transportation;
- Other tangible
- Operating petroleum product;
- Tangible and intangible assets in progress

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

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

The Company does not recognize in the carrying amount of an item of tangible current repairs and maintenance usual, these costs are recognized as an expense when incurred.
Current maintenance costs are primarily the costs of labor and consumables, and may include the cost of small p

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of these expenditures is often described as for the 'repairs and maintenance' of the item of property and equipment. These costs include the replacement of all parts that are not accounted for as a separate component of the asset.

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

Regular major inspections
A condition for the continued operation of an item of property, is performing regular major inspections to detect major defects, whether replaced or parts of those assets. By the time a regular general inspection is performed, the cost is recognized in the carrying value of tangible fixed assets as a replacement if the recognition criteria are satisfied.
Any remaining carrying amount of the cost of previous inspection (as distinct from physical parts) is derecognised. If necessary, the estimated cost of a future similar inspection may be used as an indication of what it meant existing inspection component cost when the item was acquired or constructed.

An item of property and equipment and any significant part initially recognized is derecognised on disposal or when no future economic benefits are expected from its use or disposal.
When the company established a tangible asset that is intended for sale or improvements made its view to sale, when deciding on changing the destination, the asset is transferred from property and equipment in the real estate investment. Transfer amount is depreciated value at the date of transfer. If tangible assets were revalued asset reclassification proceed concurrently with the closing of the revaluation reserve account it.Tangible assets at 31 December 2003 relating to land, buildings, technological equipment, measuring systems and equipment, vehicles, furniture and other tangible assets owned by the Company were revalued according to GD 1553/2003, which regulate the revaluation of tangible assets to be carried out according to the utility assets, their condition, inflation and market value. The difference is reflected in the revaluation account "Revaluation reserves". December 31, 2008 to revalue the following tangible assets: land, buildings, technological equipment, measuring systems and equipment, vehicles, furniture and other tangible assets owned by the Company. The purpose of the evaluation was to bring existing inventory values in the accounting at their fair value. Revaluation difference is reflected in the revaluation reserve.
On 31 December 2011, following the revaluation of tangible assets was made: land, buildings, technological equipment, measuring equipment and machinery, transport equipment, furnished and other tangible assets owned by the Company. The purpose of the evaluation was to bring existing inventory values in the accounting at their fair value. Revaluation difference is reflected in the revaluation reserve and recognized in profit or loss.
On 31 December 2013, following the revaluation of fixed assets was made: land, buildings, technological equipment, measuring systems and equipment, vehicles, furniture and other tangible and intangible tangible and ongoing, owned by the Company. The purpose of the evaluation was to bring existing inventory values in the accounting at their fair value. Revaluation difference is reflected in the revaluation reserve and recognized in profit or loss.
On 31 December 2014, following the revaluation of tangible assets was made: land and buildings owned by the Company. The purpose of the evaluation was to bring existing inventory values in the accounting at their fair value. Revaluation results are reflected both in the capital accounts (revaluation reserve) and in the income statement.

If an item of property, plant and equipment is revalued, all the other assets in the group to which it belongs must be revalued, except when there is no active market for that asset. A group of tangible assets include assets of the same nature and similar uses, in operation of an entity. If the fair value of tangible assets can not be determined by reference to an active market, presented in the balance sheet value of the asset should be its revalued amount at the date of the last revaluation, net of accumulated value adjustments.
When certain components of property and equipment have different useful life, they are accounted for as separate items (major components) of property and equipment.
The situation on the evolution of tangible assets of the Company for the years 2013, 2014 is detailed in note 5.

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

(Iii) Reclassification to investment property
When using a change of ownership properties occupied property in real estate investment property is recognized in the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

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(Iv) Depreciation
Depreciation is calculated using the straight-line method.
The useful life for all major categories of tangible assets are presented in the table below.
Type Years
Buildings between 15 and 50 years
Car production between 3 and 20 years
Vehicles between 3 and 10 years
The life and depreciation method are reviewed periodically.
Depreciation methods, useful times estimated life and residual values are reviewed by management at each reporting date and adjusted, if necessary.

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

(E) public Heritage
According to the association, the company's main activity is the transport of crude oil, gasoline, ethane and condensate by pipeline and rail tank wagons, the purpose of supplying refineries with crude oil and its derivatives from domestic and imported crude oil (NACE code 4950 - 'transport via pipelines').
The company is the operator of the National Transmission System of oil as defined and regulated by the Petroleum Law no. 238/2004 and the Methodological Norms for applying the Petroleum Law approved by Government no. 2075/2004.
As GD. 793/2002 approved oil concession agreement signed between the National Agency for Mineral Resources, as grantor and CONPET SA Ploiesti, as a concession for a period of 30 years.

According to the concession agreement, the objectives assumed by CONPET SA in its activity are: ensuring the functioning of the national pipeline system in conditions of maximum safety and economic efficiency, continuous improvement of service quality and environmental protection.
The investments made by the company's assets subject to the concession agreement are capitalized and amortized over the remaining life of the minimum of the asset or the remaining term of the Concession Agreement will reunite to form the value of the patrimonial state public after full amortization thereof.
The value of goods in the public domain under concession 31 December 2014 is 128,736,560 lei.

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

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

(Iii) Depreciation
Depreciation is recognized in profit or loss using the linear method for the estimated useful life intangible assets other than goodwill, from the date they are available for use.
Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if necessary.
(G) Investment properties
Investment properties are properties owned or to be leased or for capital appreciation or both, but not for sale in the ordinary course of business, use in production, supply of goods or services or for administrative purposes.
The Company has no outstanding real estate investment to date of these financial statements referred.

(H) Inventories
(I) Recognition and Measurement
The main categories of stocks are: raw materials, consumables, spare parts and materials inventory objects.
Inventories are valued at the lower of cost and net realizable value.
The cost of inventories is based on a first in - first out (FIFO) and includes costs incurred for the purchase of inventori

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production or processing costs and other costs incurred in bringing the inventories in the form and present location.
Net realizable value is the estimated selling price to be obtained in the ordinary course of business, less estimated costs of completion, when appropriate, and the estimated costs necessary sales.
Where appropriate it is value adjustments for obsolete inventories, slow moving or degraded.

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

Financial assets
The carrying amount of financial assets are reviewed at each financial year end to determine if there are decreases in value. If such a decrease is likely, it is estimated recoverable amount of the asset in question. If necessary, an impairment loss is recognized in profit or loss when the carrying amount of the asset is superior to its recoverable amount.
The recoverable amount of the Company's financial instruments carried at amortized cost is calculated as the present value of future cash flows discounted at the effective interest rate corresponding to these assets. Short-term receivables are not discounted. The recoverable amount of other assets is considered the highest value between the fair value (less costs to sell) and value in use. Estimating the value in use of an asset involves updating the estimated future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.
Impairment losses on financial assets or a receivable carried at amortized cost is reversed if there has been a change in the estimates used to determine the recoverable amount.(J) Dividends
Dividends are recognized as a liability in the period in which their distribution is approved. Distributions shall be made after the approval of the financial statements.

(K) Revaluation reserves
Revaluations are performed with sufficient regularity such that the carrying amount does not differ substantially from that which would be determined using the fair value at the balance sheet date. In this respect, the Company performed the revaluation of lands and buildings with authorized assessors according to the legal regulations in force on 31 December 2003, 31 December 2008, 31 December 2011, 31 December 2013 and 31 December 2014.
The difference between the value resulting after revaluation and the net accounting value of tangible assets is presented either according to its nature (appreciation/depreciation) or at the revaluation reserve as a distinct sub-element either in " total equity" or in "Profit and Loss" account.
If the revaluation result is an increase over net accounting value, then, it is treated as follows:
as an increase of the revaluation reserve presented within the total equity, if there was no previous decrease recognized as an expense related to that asset or as an income to compensate expense with the decrease previously recognized at that asset.
If the revaluation result is a decrease of the net accounting value, it is treated as an expense with the entire value of the depreciation when in the revaluation reserve is not recorded an amount on the asset (revaluation surplus) or a decrease of the reserve from the revaluation with the minimum between the value of that reserve and the amount of the decrease and the possible difference remaining uncovered is recorded as an expense.
The revaluation surplus included in the revaluation reserve is transferred to the retained result when this surplus represent a realized gain. The gain is considered to be realized as monthly amortization registration and when highlights the asset for which it was established the revaluation reserve. No part of the revaluation reserve may not be distributed, directly or indirectly, unless the case when revalued asset was valued, in which case the revaluation surplus is actually an effective realized gain.
Account of revaluation reserve is not influenced by differences from revaluation corresponding to the assets financed from the share of modernization.

Starting with the date of May 2009, the statutory reserves from the revaluation of fixed assets, including the lands, [illegible]ed

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