



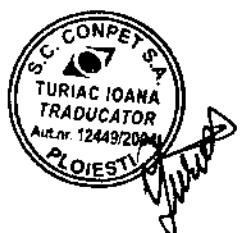
CONPET S.A.

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Registrul Comerțului Prahova sub nr. J29/6/22.01.1991
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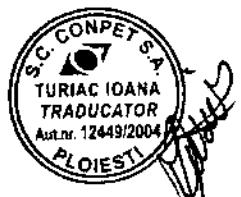


FINANCIAL STATEMENTS on the date and for financial year ended December 31, 2014

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



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STATEMENT OF THE FINANCIAL POSITION AT DECEMBER 31 2014

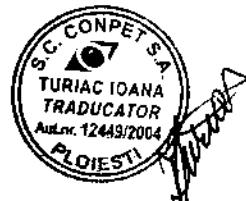
	Note	December 31, 2014	December 31, 2014
ASSETS			
Non-current assets			
Tangible assets	5	415,493,461	413,715,800
Intangible assets	6	3,162,304	6,308,341
Financial investments	7	527,515	1,020,325
Total non-current assets		419,183,280	421,044,465
Current assets			
Stocks	8	7,709,304	7,404,013
Trade receivables 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		<u>804,955,613</u>	<u>727,040,391</u>

Shareholder's Equity and Liabilities**Shareholder's Equity**

Share capital, out of which:			
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	59,440,683	(85,961,582)
Other shareholders equity elements	17	(1,891,974)	-
Year's result	12	51,434,194	31,297,556
Total shareholder's equity		723,425,094	650,753,839

Long-term liabilities

Deferred profit tax liabilities	15	1,891,974	3,478,973
Provision for employees benefits	16	3,772,056	3,187,830
Trade liabilities		-	625,135
Total long-term liabilities		5,664,030	7,291,938



CONPET SA

Statement of the financial position at December 31, 2014
 (All amounts are expressed in LEI, unless otherwise specified)

Trade liabilities	15	30,032,321	25,184,565
Other liabilities	15	24,001,008	23,217,849
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		75,866,489	68,994,614
TOTAL LIABILITIES		81,530,519	76,286,552
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES		804,955,613	727,040,391

The financial statements from page 3 to page 54 were approved and signed on March 25, 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 25, are constituent parts of these financial statements.



(CONPET S.A.)

The Statement of Profit or Loss and other elements of the Global Result for the Financial Year ended at December 31, 2014)

(All amounts are expressed in Lei, if not otherwise specified)

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
Operating income	19	375,032,873	348,853,873
Other income	19	28,046,246	56,907,583
Total operating income		403,079,120	405,761,456
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
Outside 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	29,949,782
Financial revenues	22	9,947,716	11,821,081
Financial expenses	22	313,749	470,816
Financial profit	22	9,633,967	11,350,265
Pre-tax profit		64,467,478	41,300,047
Income tax expense	17	13,033,284	9,993,926
Deferred income tax expense	17	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
Basic and diluted earnings/share	18	5,93	3,62

The financial statements from page 3 to page 54 were approved and signed on March 25, 2015 by:

GENERAL DIRECTOR,
Eng. Liviu Ilasi

S.s. Illegible
Stamp

ECONOMIC DIRECTOR,
Ec. Sanda Toader

S.s. Illegible

The attached, from 1-25 are constituent part of these financial statements.



Conpet Statement of changes in equity for the financial year ended at december 31,2014
(All amounts are expressed in Lei, if not otherwise indicated)

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

							<i>Retained earnings resulting from the first-time adoption of IFRS</i>		
	<i>Share capital</i>	<i>Impairments to the Share Capital</i>	<i>Other elements of Shareholder's Equity</i>	<i>Legal Reserves</i>	<i>Other Reserves</i>	<i>Revaluation Reserves</i>	<i>Retained Earnings</i>	<i>Profit or loss for the year</i>	<i>Total shareholder's equity</i>
<i>Balance at January 1, 2014</i>	28,569,842	117,224,543	-	5,713,968	441,436,160	112,473,352	34,199,404	(120,080,985)	31,297,556
<i>Net profit of the year</i>								31,297,556	31,297,556
<i>Increase of modernization quota fund</i>					57,661,004		6,794,050		64,455,054
<i>Diminution of the quota fund</i>					(32,260,118)				(32,260,118)
<i>Increases out of revaluations</i>						11,784,979			11,784,979
<i>Reversal of surplus out of revaluation</i>					6,794,051		3,500,639		19,294,690
<i>Allocation of profit related to the previous year for the coverage of the accounting loss</i>							(21,666)		(21,666)
<i>Prior year's result following restatement</i>					(117,224,453)		120,080,985		
<i>Year's result</i>					(2,856,442)				51,434,194
									51,434,194



Compet Statement of changes in equity for the financial year ended at December 31, 2014
(All amounts are expressed in Lek, if not otherwise indicated)

<i>Allocation of profit as dividends related to the previous year</i>	<i>Allocation of profit in reserves related to the previous year</i>	<i>Current and deferred income tax recognized on account of shareholder's equity</i>	<i>Balance at December</i>
---	--	--	----------------------------

(1,891,974)	5,713,968	472,512,205	107,646,176	59,440,683	-	51,434,195	723,425,094
1,737,550	(1,737,550)	(31,297,556)	(31,297,556)	(31,297,556)	-	(1,891,974)	(29,538,340)
(29,538,340)	(29,538,340)	(29,538,340)	(29,538,340)	(29,538,340)	-	(1,891,974)	(29,538,340)
(1,891,974)	(1,891,974)	(1,891,974)	(1,891,974)	(1,891,974)	-	(1,891,974)	(1,891,974)

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED AT DECEMBER 31, 2013

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
<i>Balance at January 1, 2013</i>	<i>145,794,385</i>	<i>5,713,968</i>	<i>433,474,621</i>	<i>69,880,450</i>	<i>25,545,420</i>	<i>(120,080,985)</i>	<i>4,045,314</i>	<i>30,808,334</i>
<i>Net profit of the year</i>						<i>30,853,103</i>		<i>30,853,103</i>
<i>Increase of modernization quota fund</i>						<i>55,556,360</i>		<i>55,556,360</i>
						<i>(50,156,757)</i>		<i>(50,156,757)</i>
						<i>51,158,338</i>		<i>51,158,338</i>
						<i>(4,595,104)</i>	<i>4,595,104</i>	
							<i>(3,970,333)</i>	<i>(3,970,333)</i>

Compet Statement of changes in equity for the financial year ended at December 31, 2014
(All amounts are expressed in L.E. if not otherwise indicated)

<i>Allocation of profit related to the previous year for the coverage of the accounting loss</i>	<i>(21,666)</i>
<i>Prior year's result following restatement</i>	<i>-</i>
<i>Year's result</i>	<i>-</i>
<i>Allocation of profit as dividends related to the previous year</i>	<i>(44,769)</i>
<i>Allocation of profit in reserves related to the previous year</i>	<i>31,297,556</i>
<i>Allocation of profit as dividends related to the previous year</i>	<i>28,291,166</i>
<i>Allocation of profit in reserves related to the previous year</i>	<i>(44,769)</i>
<i>Balance at December 31, 2013</i>	<i>(28,291,166)</i>

The financial statements, from page 3 to page 54 were signed on March 25, 2015 by:

*General Director,
ing. Hélio Lívio*

The attached notes, from page 1 to page 25 are constituent parts of these financial statements.

CONPET S.A.
TURIA IOANA
TRADUCATOR
ADM. 12449/2004
PLOIESTI

CASH FLOW STATEMENT FOR THE YEAR CONCLUDED AT DECEMBER 31, 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)
	<i>Net increase of the cash and cash equivalents=A+B+C=D2-D1</i>	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

The financial statements, from page 3 to page 54 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 25 are constituent parts of these financial statements.



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.

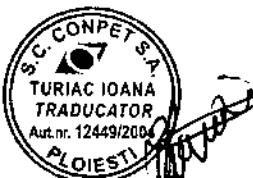
Company's Set-Up

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.



Other Information on the Company's Business

CONPET supplies transport services for its clients, both by the National Crude Oil Pipeline Transport System concession 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 linked 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 perimeters 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 into the following 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 cm³ 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 cm³ storage capacity) links Oil Terminal Constanta with the two refineries in Romania, Petrobrazi and Lukoil;
3. Sub-system for the rich gas and liquified 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 refineries 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 transport 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 concludes, on State's behalf, oil agreements; awards mining concession licenses and exploitation permits; issues regulating acts, norms, instructions, orders and rules; observes the compliance, by the titulants 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 concluded with national/commercial companies/ nominated by the Government; annulles 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 prepared by ANRM, as 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 technical features and the exploitation regime of each sub-system, the tariffs determination is made by allocation of the value corresponding to the transport service to the crude oil transported quantities for the beneficiaries, 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 assets 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 reasonable 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 evolution 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, including 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.

2. 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 interpretations 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 1 provides 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.

(b) Presentation of the Financial Statements

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 that is 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, currency 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 historical 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 liabilities 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 current 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 Reasonings

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 historical 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 liabilities 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 current 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	31 December	Variation
	2014	2013	
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 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) Tangible assets***(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 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 parts. The purpose 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.

(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 Ploiești, 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 inventories, 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, performed after 1 January 2004, which are deducted from calculation of taxable income through tax depreciation or from expenditure regarding the assets ceded and / or asset retirement, shall be taxed concomitant with the fiscal depreciation deduction respectively when decreasing from the administration of these fixed assets, as appropriate. Reservations made are taxable in the future, in case of change of reserve destination, reserve distribution towards the participants in any form, liquidation, division, merger of taxpayer or of any other reason except for transfer, after 1 May 2009, of the reserves mentioned in the previous paragraph.

(l) Legal reserves

Legal reserves are constituted in a rate of 5% of gross statutory profit at the end of the year until the total legal reserves reached 20% of the nominal capital stock (statutory) paid in accordance with the law. These reserves are deductible at income tax calculation and are not distributable only when liquidation of the Company.

(m) Reserves

The company constitutes profit reserves and on the account of the share of modernization based on the GD no.168 / 1998 on setting the quotas for expenses necessary for the development and modernization of oil and natural gas production, refineries, transport and distribution of petroleum with subsequent amendments presented in no. 768 GD of 7 September 2000 and 1116 of 10 October 2002 and according to the specifications of 4 / 2004 Fiscal Central Committee decision. The share of modernization is approved by the National Agency for Mineral Resources (NAMR). These reserves regarding the modernization share are not distributable.

In the reserves established on account of the share modernization, as a sub element of the total equity accounts are reflected and the differences resulting from the revaluation of the tangible assets financed at the expense of this source. Thus, if the revaluation result is a decrease of the net accounting value, it shall be treated as an expense while reducing the reserve constituted on account of the modernization share. If the revaluation result is an increase,



then it is treated as an increase of the reserve value from the modernization share.

(n) Affiliated Parties

Parties are considered related if one party has the ability to directly or indirectly control or significantly influence the other party either through ownership, contractual rights, family relationship or otherwise, as defined in IAS 24 Related Party Disclosures.

(o) Employee benefits

(i) Benefits in Retirement

In the normal course of business, the Company makes payments to the Romanian state in the account of his employees to statutory rates.

All employees of the company are included in the Romanian State pension plan. These costs are recognized in the statement of comprehensive income with salaries recognition.

Under the collective bargaining agreement, the Company is obligated to pay its employees in retirement multiplier gross salary, depending on length of service, working conditions etc.

In this regard, the Company recorded a provision for retirement benefits. This provision was calculated by actuarial methods based on estimating the average wage, the average number of wage payment at retirement, the estimation period when they will be paid and was brought to present value using a discount factor based on interest related to investments with maximum safety (government bonds).

The Company does not operate any other retirement plan or benefits after retirement and therefore has no other way other obligations relating to pensions.

(ii) Employee participation in profits

The company is responsible for employee participation in profits in accordance with Government Ordinance no. 64 of 30 August 2001.

Obligations related to fund participation of employees in profits will settle in less than a year and are reflected in the short-term obligations.

(p) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and duty can be estimated reliably.

The amount recognized as a provision is the best estimate at the balance sheet date required to settle the present obligation costs.

The best estimate of the costs required to settle current debt is the amount that the Company would pay it, rationally, to settle the obligation at the balance sheet date or to transfer it to a third party at that time.

If the effect of the time value of money is material, the amount of the provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate used reflects current market assessments of the time value of money and the risks specific to the liability.

Gains from the expected disposal of assets should not be taken into account in measuring a provision.

If it is estimated that some or all expenses related to a provision to be reimbursed by a third party, the reimbursement should be recognized only when it is certain that it will be received. Reimbursement is considered as a separate asset.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where to settle an obligation is no longer probable that an outflow of resources provision must be canceled by resuming revenue.

(q) Subsidies

Subsidies for assets, including non-monetary grants at fair value are recorded in the accounting and investment subsidies are recognized in the balance sheet as deferred income. Deferred revenue is recorded in the income statement as depreciation registration or scrapping or disposal of assets.

Subsidies that compensate the Company for expenses incurred are recognized in profit or loss in the same period systematically recognized in expenses.

(r) Revenues

Income from services

Revenues from services are recognized in the period in which they were provided in correspondence with the stage of completion.

Income from royalties, rents, interest and dividends

They are recognized as follows:

- interests are recognized periodically in proportion, as income generation, respectively, on an accrual basis;
- royalties and rents are recognized on an accrual basis under the contract;



- dividends are recognized when the shareholder's right to set their cash.

(s) Financial income and expenses

Financial income comprises interest income on funds invested and other financial income. Interest income is recognized in profit or loss accrual basis using the effective interest method.

Financial expenses comprise interest expense on borrowings and other financial expenses.

All borrowing costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognized manufacturing in profit or loss using the effective interest method.

Gains and losses from foreign exchange differences on financial assets and liabilities are reported on a net basis or as financial income or financial expense that, depending on currency fluctuations: net gain or net loss.

(t) Income

Income tax expenses comprise current tax and deferred tax.

Income tax is recognized in the statement of comprehensive income or in other comprehensive income if the tax is related elements equity.

(i) Current tax

Current tax is the expected tax payable on the profit realized in the current period, determined using tax rates enacted at the reporting date, and any adjustment for prior periods.

For the year ended 31 December 2014, the rate of corporation tax and tax on dividends under the Tax Code, was 16%.

(ii) Deferred tax

Deferred tax is provided using the balance sheet of the Company for those temporary differences arising between the tax bases of calculation of tax assets and liabilities and their carrying value, used for financial reporting individual.

Deferred tax is calculated using tax rates that are expected to apply to the resumption of temporary differences, under the legislation in force at the reporting date.

Deferred tax receivables and liabilities are offset only if there is a legally enforceable right to offset current tax liabilities and receivables and whether they are related to the tax collected by the same tax authority on the same entity subject to taxation or tax authorities different but wish to achieve settlement of claims and current tax liabilities using a net basis or related assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized only to the extent that the Company is probable realization of future profits that can be used to cover the tax loss. Deferred tax assets is reviewed at each balance sheet date and reduced to the extent that the related tax benefit is unlikely to be achieved. Additional taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the dividend.

(iii) Tax exposures

For the determination of current and deferred tax, the Company takes into account the impact of uncertain tax positions and the possibility of additional taxes and interest. This assessment is based on estimates and assumptions and may involve a series of judgments about future events. New information may become available, thus causing the Company to change its judgment regarding the estimation accuracy of existing tax liabilities; Such changes in tax obligations affecting tax expense in the period in which such determination is made.

(u) Earnings per share

The company discloses earnings per share basic and diluted common shares. Basic earnings per share is determined by dividing the profit or loss attributable to ordinary equity holders of the weighted average number of ordinary shares for the period under review. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares with dilution effects resulting from potential ordinary shares.

(v) Segment Reporting

A segment is a distinct component of the Company that provide products or services (business segment) or provides products and services in a particular geographical environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

(w) Contingent assets and liabilities

Contingent liabilities are not recognized in the financial statements. They are disclosed in the notes to the financial statements, unless the possibility of an outflow of resources representing economic benefits is remote.

A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.



(x) Subsequent events

The financial statements reflect subsequent events after the year-end, events that provide additional information about the Company's position at the reporting date or those that indicate a possible violation of a activity continuity principle (events that cause adjustments). Events after the end of the year that are not adjusting events are disclosed in notes when they are considered to be significant.

(y) Comparative figures

Statement of financial position for the year ended 31 December 2014 shows comparability with the statement of the financial position for the fiscal year ended 31 December 2013.

(z) New standards and interpretations

There were issued new standards, amendments to standards and interpretations that have not yet entered into force for the financial year ended 31 December 2014 or which have not been adopted by the European Union ("EU"), and which have not been applied in the preparation these financial statements. None of these standards affect the Company's financial statements.

In the following sections are presented: the list of new standards, amendments and interpretations of standards adopted by the International Accounting Standards Board (IASB) and by the European Union but not adopted yet for the fiscal year ended 31 December 2014 and the list of new standards, amendments and interpretations of the standards adopted by the International Accounting Standards Committee but not yet been adopted by the European Union for the financial year ended 31 December 2014.

(i) New standard version and interpretations were not adopted yet by the Company

A number of new standards, amendments and interpretations to standards will be effective for the annual periods beginning after 1 January 2014, and which were not taken into account in preparing these financial statements.

Standards that may be relevant to the Company are presented below. The Company does not intend to adopt these standards earlier.

(a) IFRS 10 Individual Financial Statements, IFRS 11 Joint Ventures, IFRS 12 Information presented on interests in other entities (2011).

IFRS 10 introduces a single control model for determining whether an entity which was invested in should be consolidated. Therefore, the Company could be forced to alter their conclusions on strengthening the invested entities, which may result in changes to the current accounting way for these investments.

Under IFRS 11, the structure of the joint ventures, although an important point, is not the main factor in determining the type of joint venture and therefore, of the subsequent counting mode.

Society's interest in a joint venture that is a commitment where the parties have rights on the assets and obligations related to debts, will be counted based on the Company's interest in the respective assets and liabilities.

Society's interest in a joint venture which is a commitment where the parties have rights on the net assets will be accounted for by the equity method.

The Company may be forced to reclassify the Joint Ventures, which could cause changes to the current accounting way for these interests.

IFRS 12 brings together in one standard all the requirements of presenting of information about an entity's interests in subsidiaries, joint ventures, associates and structured entities non individual. The Company is currently evaluating the disclosure requirements in relation to interests in subsidiaries, joint ventures and associated entities and structured entities non individual, by comparing with the information already submitted. IFRS 12 requires the disclosure of information regarding the nature, risks and financial impact of these interests.

These standards are effective for annual periods beginning on 1 January 2014, early application being permitted, provided their simultaneous application, together with IAS 27 (2011) and IAS 28 (2011).

(b) Amendments to IFRS 10, IFRS 12 and IAS 27 - Investment Entities

Amendments to IFRS 10, IFRS 12 and IAS 27 provide for exceptions to the consolidation requirements in accordance with IFRS 10 and require that qualified entities as investment entities to evaluate their investments in controlled entities and also in associates investments and in joint ventures, at fair value by the individual situation of the profit or loss and of other elements of the global result, rather than strengthen them. The consolidation exception is mandatory, the only exception being when an investment entity has a subsidiary that provides services related to investment activities of the investment entity, in which case it needs to consolidate that subsidiary. In accordance with these essential elements, the investment entity:

- obtain funds from one or more investors, in order to provide those investors investment management services;
- commits against its investors that its business purpose is to invest funds only for gains from capital increasing value, investment income or both; and
- quantify and evaluate the performance of the majority of its investments on a fair value basis.

The amendments also provide for additional requirements for the presentation of investment entities.

These amendments are effective for annual periods beginning on 1 January 2014, early application permitted.

(a) IAS 27 (2011) Individual Financial Statements

IAS 27 (2011) continues the accounting and disclosure requirements existing in IAS 27 (2008) for the individual



financial statements with some minor clarifications. Also, existing provisions in IAS 28 (2008) and IAS 31 for individual financial statements have been incorporated into IAS 27 (2011). The Standard no longer approaches the principle of control or the requirements relating to the preparation of consolidated financial statements, which have been incorporated into IFRS 10 - Separate financial statements. The Company does not expect that IAS 27 (2011) to have a material impact on its individual financial statements, as it does not result in a change in accounting policy. These amendments are effective for annual periods beginning on 1 January 2014, early application permitted, provided simultaneous application of IFRS 10, IFRS 11, IFRS 12 and IAS 28 (2011).

(B) IAS 28 (2011) Investments in Associates and Joint Ventures

IAS 28 (2011) suffered a limited number of changes. Accordingly, an entity shall apply IFRS 5 Non-current assets held for sale and discontinued operations for an investment or part of an investment in an associate or a joint venture that meets the criteria to be classified as held to sell. Any part kept out of an investment in an associate or a joint venture that has not been classified as held for sale shall be accounted for using the equity method until failure occurs party that is classified as held to sell. After the failure occurs, an entity shall account for any retained interest in an associate or a joint venture by the equity method.

Previously, IAS 28 (2008) and IAS 31 specified that the cessation of significant influence or joint control demanded any interest retained in investment revaluation, even if significant influence was followed by control. IAS 28 (2011) require that in such scenarios remaining interest in investments not be reassessed.

This amendment is effective for annual periods beginning on 1 January 2014, early application permitted, provided the concomitant with IFRS 10, IFRS 11, IFRS 12 and IAS 27 (2011).

4. Determination of the Fair value

Certain of the Company's accounting policies and presentation of information requests require the determination of fair value for financial and non-financial assets and liabilities. Fair values were determined in order to evaluate and / or presenting information on the basis of the methods described below.

When applicable, further information about the assumptions used in determining fair values are presented in the notes specific to that asset or liability.

(i) Tangible assets

The fair value of land, buildings and equipment is based on the market method and of the cost using quoted market prices for similar items when they are available, or replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration and also functional and economical obsolescence. The fair value of lands, buildings and equipment was determined by revaluation.

(ii) Trade receivables and other receivables

The fair value of the trade receivables and other receivables is estimated as the present value of future cash flows, updated with the market rate of interest at the reporting date. This fair value is determined in order to be presented.

(iii) Non-derivative financial debts

The fair value, which is determined for disclosure purposes is calculated based on the presented value of the future cash flows representing updated principal and interests, using a market interest rate at the reporting date.



5. Tangible Assets

Between 01.01.2013-31.12.2013 as compared to 01.01.2014-31.12.2014 the tangible assets have evolved as follows:

Inventory Value	Land and Land improvements	Special Buildings and Installations	Operating Oil Products	Equipment and Machinery	Instrumentation and Control Equipment	Vehicles	Other Tangible Assets	Tangible Assets in Progress	Total Tangible Assets
Sold at 01.01.2013	33,465,021	210,185,544	43,651,512	46,923,784	65,167,192	19,398,773	2,982,473	24,847,178	446,621,477
Inputs		24,761,566		1,091,902	810,260	748,400	1,037,922	37,199,963	65,650,013
Revaluation appreciations	847,203	4,928,061		24,573,811	13,493,115	9,944,683	343,546		54,130,419
Revaluations depreciations	(9,684,516)	(26,595,697)		(243,635)	(142,582)	(286,282)	(18,880)		(36,971,593)
Transfers from tangible assets in progress								(28,405,550)	(28,405,550)
Outputs	(90,028)	(785,799)	(170,043)	(5,603)			(2,087)		(1,053,560)
Accumulated depreciation removed from the gross value	(4,911)	(28,976,511)		(16,366,283)	(28,456,746)	(9,268,620)	(990,805)		(84,063,876)
Sold at 31.12.2013	24,622,797	184,212,934	42,865,714	55,809,536	50,865,636	20,536,953	3,352,169	33,641,591	415,907,330
Sold at 01.01.2014	24,622,797	184,212,934	42,865,714	55,809,536	50,865,636	20,536,953	3,352,169	33,641,591	415,907,330
Inputs	40,899,355		2,624,742	495,170	1,475,812	198,440	28,118,919		73,812,438
Revaluation appreciations	-	18,324,050	-	-	-	-	-		18,324,050
Revaluations depreciations	(2,148,359)	(1,077,840)	-	-	-	-	-		(3,226,199)
Transfers from tangible assets in progress		-	-	-	-	-	(42,813,847)	(42,813,847)	
Outputs	(92,039)	-	(34,196)	(6,910)	-	(680)			(133,824)
Accumulated depreciation removed from the gross value	-	(15,292,645)	-	-	-	-			(15,292,645)
Sold at 31.12.2014	22,474,438	226,973,816	42,865,714	58,400,083	51,353,896	22,012,765	3,549,930	18,946,518	346,577,304



Accumulated Depreciations	Land and Land Improvements	Special Buildings and Installations	Operating Oil Products	Equipment and Machinery	Instrumentation and Control Equipment	Vehicles	Other Tangible Assets	Tangible Assets in Progress	Total Tangible Assets
Sold at 1.01.2013	556,429	16,282,536	-	9,779,414	19,926,552	4,721,399	496,341	1,529,535	53,292,207
Depreciation expense		14,959,996		7,587,426	9,803,615	4,547,221	564,925		37,403,182
Impairments for the depreciation of the fixed assets		(2,250,607)		(915,167)	(1,269,333)		(8,827)	110,476	(4,333,456)
Outputs accumulated depreciation		(15,415)		(85,391)	(4,088)		(1,634)		(106,528)
Accumulated depreciation removed from the gross value	(4,911)	(28,976,511)		(16,366,283)	(28,456,746)	(9,268,620)	(990,805)		(84,063,876)
Sold at 31.12.2013	551,518	-	-	-	-	-	-	1,640,012	2,191,530
Sold at 1.01.2014	551,518	-	-	-	-	-	-	1,640,012	2,191,530
Depreciation expense	15,298,196		11,724,414	11,023,063	5,623,604	690,137			44,359,414
Impairments for the depreciation of the fixed assets	(80,897)	48,805		-	-	-	(120,276)		(152,369)
Outputs accumulated depreciation		(5,551)		(10,231)	(6,163)		(142)		(22,086)
Accumulated depreciation removed from the gross value	-	(15,292,645)		-	-	-	-		(15,292,645)
Sold at 31.12.2014	470,621	48,805	-	11,714,183	11,016,900	5,623,604	689,995	1,519,735	31,983,843
Sold at 1.01.2013	32,908,592	193,903,008	43,651,512	37,144,370	45,240,640	14,677,374	2,486,132	23,317,643	393,329,269
Sold at 1.01.2014	24,071,279	184,212,934	42,865,714	55,809,536	50,865,636	20,536,953	3,352,169	32,001,579	413,715,800
Sold at 31.12.2014	22,003,817	226,925,011	42,865,714	46,685,900	40,336,996	16,389,161	2,859,934	17,426,928	415,493,461



The lands held by the Company are located in Ploiești at the company's registered offices and in the 24 counties crossed by the transport pipelines or where are situated the railway tanks crude oil loading ramps, The total surface area of the lands held by the Company at 31,12,2014 is of 733,648,93 sqm, of which:

- 554,537,62 sqm stand for lands related to a number of 47 Land Owner Certificates obtained during 2001-2005 and that have been appraised as per GD 834/1991 *regarding the settlement and appraisal of several lands held by the state-owned commercial companies*, at the amount of 26,255,918 Lei that was registered in the **reserves** accounts, without the amendment of the share capital,
- Subsequently, based on the revaluations performed in 2005, 2008, 2011, 2013 and 2014, the revaluation differences were registered, as per the accounting regulations on revaluation, based on the capital accounts (reserves), or based on the global result;
At 31,12,2014 the value of the reserves maintained in the capital accounts is of 21,665,264 Lei, and the fair value of the lands, registered based on revaluation is **11,858,571 Lei**, resulting an excess remained in the capital accounts (reserves), in amount of 9,806,693 Lei;
- 155,411,45 sqm stand for lands related to a number of 14 Land Owner Certificates obtained until 2001, which are being registered in the share capital, At 31,12,2014 the fair value of these lands amounts for **3,013,294 Lei**;
- 23,699,89 sqm represent lands procured by the company based on a number of 26 sales-purchase contracts, with a fair value at December 31, 2014 of **7,602,573 Lei**,

The oil operating product is being evaluated in the Balance Sheet at the cost determined out of the revaluation performed as per GD no,26/January 22,1992, including the effect of the restatements registered in the previous years according to the application of IAS 29 "The financial reporting in Hyperinflationary Economies", The effect of the restatements can be noticed in the table hereunder:

<i>Operating Oil Product</i>	December 31,	December 31,
	2014	2013
Value of the oil operating product at cost	259,131	259,131
Differences related to the restatement pursuant to IAS 29	42,606,583	42,606,583
Sold of oil operating product (restated)	42,865,714	42,865,714

Tangible Assets under Execution

During the year ended at December 31, 2014 the Company has executed tangible assets investment works, in view of replacing a section of pipelines on various distances, crude oil pipelines commissioning works at the rivers undercrossings and crossings, tanks modernizations, loading ramps, PSE installations, modernization and monitorization cathodic protection stations, water supply, locomotives and rail tanks recurrent inspections, as well as modernizations related to the telecommunications system pursuant to the approved "2014 Investments Program",

Revaluation of Tangible Assets

At the date of the first-time adoption of IFRS (year 2013), the company chose to use the fair value as deemed cost,

At December 31, 2014 were appraised, by APPRAISALS & CONSULTING DIVISION SRL Bucuresti, movables and immovables, special constructions and lands belonging to the state public domain, concessioned by CONPET S.A, as per G.O, 81/2003 and the goods in Group I – Constructions and lands in the company's patrimony,

The appraisal report has been favourably endorsed within the Steering Committee from 18,02,2015, on the results having been informed also the Board of Administration, during the meeting dated 12,03,2015,

The synthesis of the revaluation results, comprised in the report, looks as follows:

a) The goods and lands concessioned by CONPET S.A., belnging to the State public domain, at 31,12,2014 have been depreciated at a total value of 3,869,521 Lei, S

The revaluation results statement was communicated to NAMR by address no, 10,486/19,03,2015

b) For the goods (Group I – Constructions, special Constructions and lands) related to CONPET S.A, patrimony at 31,12,2014,



Pursuant to the results comprised in the revaluation report, the fair value at 31.12.2014 related to the intangible assets in group 1, representing lands and constructions, register a total increase of 15,097,852 Lei, and looks as follows in the structure:

Crt. No.	Category	Inventory Value	Residual Vale	Fair Value at 31.12.2014	Revaluation Differences	Appreciation	Depreciation
1	Lands	24,622,797	24,622,797	22,474,438	(2,148,359)	-	(2,148,359)
2	Constructions	225,020,250	209,727,605	226,973,816	17,246,211	18,324,051	(1,077,840)
	TOTAL	249,643,047	234,350,402	249,448,254	15,097,852	18,324,051	(3,226,199)

Following the revaluation of the lands belonging to the company, they registered a decrease in the net accounting value, in amount of 2,148,359 Lei.

The company recognized an increase of the net accounting value from the tangible assets revaluation comprised in group 1 "Constructions" existing in the company's patrimony at 31.12.2014, in total amount of 17,246,211 Lei.

The impact on the financial statements, resulting from the registration of the differences related to the intangible assets, namely the appreciations and depreciations compared to the residual value, registered at 31.12.2014, resides in the increase of shareholders equity by the amount of 16,576,645 Lei and lower of the year's result, by the amount of 1,478,794 Lei, as follows:

Shareholders Equity	16,576,645
Revaluation reserves	10,199,414
Other reserves (modernization quota)	6,377,231
Profit and loss account	(1,478,794)
Adjusting entries for the depreciation expenses	(1,640,634)
Revenues for depreciation impairments	161,840

6. Intangible Assets

	Software Licenses	Other Intangible Assets	Intangible Assets in Progress	Total Intangible Assets
Sold at 1.01.2013	5,821,579	15,079,435	-	20,901,014
Inputs	2,362,281	-	3,224,620	5,586,901
Revaluation appreciations				-
Revaluation depreciations				-
Transfers from tangible assets in progress			(2,362,281)	(2,362,281)
Outputs	(337,004)	(28,000)	-	(365,004)
Accumulated depreciation removed from the gross value	(5,441,861)	(12,010,429)		(17,452,289)
Sold at 31.12.2013	2,404,995	3,041,007	862,339	6,308,341
Sold at 1.01.2014	2,404,995	3,041,007	862,339	6,308,341
Inputs	-	-	2,017,333	2,017,333
Revaluation appreciations				-
Revaluation depreciations				-
Transfers from Intangible Assets in progress	-	-	(2,879,672)	(2,879,672)



Outputs	-	-	-	-
Accumulated depreciation removed from the gross value	-	-	-	-
Sold la 31,12,2014	2,404,995	3,041,007	0	5,446,002
Accumulated depreciations				
Sold at 1,01,2013	5,003,339	9,215,489	-	14,218,828
Depreciation expense	775,525	2,817,495		3,593,021
Impairments for fixed assets depreciation				-
Outputs accrued depreciations	(337,004)	(22,556)	-	(359,559)
Accumulated depreciation removed from the gross value	(5,441,861)	(12,010,429)		(17,452,289)
Sold at 31,12,2013	-	-	-	-
Sold la 1,01,2014	-	-	-	-
Depreciation expense	1,021,038	1,262,659		2,283,698
Impairments for fixed assets depreciation	-	-	-	-
Outputs accrued depreciation	-	-	-	-
Accumulated depreciation removed from the gross value	-	-		-
Sold at 31,12,2014	1,021,038	1,262,659	-	2,283,698
Sold at 1,01,2013	818,239	5,863,947	-	6,682,186
Sold at 31,12,2013	2,404,995	3,041,007	862,339	6,308,341
Sold at 31,12,2014	1,383,957	1,778,347	-	3,162,304

The life spans used when calculating the intangible assets depreciation last in average 3-4 years, the depreciation method use dis the linear one, The sold component is constituted from It programs, software licenses, the account for being performed at the fair value, The research and development expenses and the formation expenses are not capitalized.

7. Financial Assets

	Financial Assets
Inventory value	
Sold at 1,01,2013	912,923
Inputs	205,791
Outputs	(38,080)
Sold at 31,12,2013	1,080,634
Sold la 1,01,2014	1,080,634
Inputs	43,696
Outputs	(545,989)
Sold 31,12,2014	578,341



Accumulated Impairments

Sold at 1,01,2013	52,859
Impairments for fixed assets depreciation	7,450
Sold at 31,12,2013	60,309
Sold at 1,01,2014	60,309
Impairments for fixed assets depreciation	(9,483)
Sold at 31,12,2014	50,826
Sold at 31,12,2013	1,020,324
Sold at 31,12,2014	527,515

At the end of the reporting period, the company is holding stocks at PEOP - Project Development Company PLC, a project development company regarding the construction of a pipeline between Constanta and Trieste. The equity securities held by CONPET is in percentage of 16,6% (35,000 GBP) of the subscribed share capital, the same percentage being held at December 31, 2014 as well.

On 02.09.2014, CONPET's Extraordinary General Meeting of Shareholders approved the proxy of the management to adopt the necessary measures provided by the international applicable legislation regarding PEOP-PDC dissolution.

Also, the company holds equity securities 5,000 Lei at Registrul Independent Monitor.

In the structure, the statement of financial assets along the two periods looks as follows:

	NOTE	December 31, 2014	December 31, 2013
Securities held at PEOP		172,400	172,400
Securities held at Registrul Independent Monitor		5,000	5,000
Write-downs for long-term investments		(50,826)	(60,309)
Other long-term receivables – lands bonds	24	400,941	903,234
Total		527,515	1,020,324

8. Stocks

	December 31, 2014	December 31,2013
Raw materials and consumables	9,394,715	9,478,611
Adjustments for depreciation: depreciated and slow moving stocks	(1,685,411)	(2,074,598)
TOTAL	7,709,304	7,404,013

The stocks are made up of raw materials, materials, spare parts and consumables that are to be used when performing the company's ore business, as well as from the security and intervention stocks destined to the potential technical break-downs provoked by the natural disasters,



9. Trade Receivables and Other Receivables

The comparative statement of the receivables for the reporting period, according to age and type of receivables looks as follows:

	NOTE	December 31, 2014	December 31, 2013
Clients			
Long-term receivables under 1 year	24	31,387,166	39,770,229
Impairments for doubtful receivables		1,404	24,089
Sub-total trade receivable (net)		(647,884)	(637,903)
Other receivables		30,740,686	39,156,415
Write downs for other doubtful receivables		7,361,661	5,191,332
Sub-total other receivables (net value)		(3,290,237)	(2,554,343)
Prepayments		4,071,424	2,636,989
Total short-term receivables		49	4,569
Other long-term receivables	7	34,812,159	41,797,973
		400,941	903,235

The clients structure on activities is the following:

	December 31, 2014	December 31, 2013
Clients-transport activity	30,276,781	38,863,678
Other clients – auxiliary activities	462,501	906,551
Total	30,739,282	39,770,229

The trade receivables are not interest bearer and have a rotation speed of 34 days,

At December 31, 2014 the clients balance register a material decrease yoy, following to the collection, in December 2014, of some transport invoices due in 2015.

The main clients holding a significant quota (99%) in the turnover are the clients related to the pipeline transport operation activity, namely: S.C, OMV PETROM S.A., S.C, Petrotel Lukoil S.A., S.C, Rompetrol Rafinare S.A., Other receivables, amounting 7,361,661 Lei mainly include amounts to be recovered from different natural and legal persons in litigation before the law courts, Non-exigible VAT unarrived invoices, as well as interest receivable related to the maturity deposits under three months,

Impairments for the depreciation of doubtful receivables and other doubtful receivables,

At the reporting date, the impairments for the depreciation of receivables are in total amount of 3,938,121 Lei the movements as compared to the end of the previous year being revealed in the table hereunder:

	2014
Sold at 1st of January	3,192,246
Increasing along the year	840,505
Reversals along the year	(94,630)
Sold at December 31	3,938,121



The reversals in amount of 94,630 Lei have been determined by the collection of several debts and challenged fines,

The Company's policy is to register a write-down of 100% for the clients in litigation, dissolution, facing bankruptcy and for other debts related to the established legal files or the fines facing challenge procedure,

At the end of 2014, the company maintained the depreciation impairments established for the doubtful receivables related to debits receivable from the following partners:

- SC Biodiesel SRL Comanesti (204,661 Lei);
- SC Nac Industrii SRL Bucuresti (340,938 Lei);
- CTF Bucuresti (50,512 Lei);
- SC Perfect Metal SRL (7,551 Lei);
- SC ICIM SA Ploiesti (33,598 Lei);
- SC Tobias SRL Constanta (643 Lei),

In addition, was registered an impairment also for the amount receivable from SC FOTBAL CLUB PETROLUL S,A, (9,981 Lei),

The receivables refer to the counter value of some services supply performed by the company and fallen under litigation with the respective beneficiaries and/or penalties calculated for the fail to execute in due term the engaged contracts,

The difference of 3,290,237 Lei represent impairments for other receivables – debtors legal persons pending before the law courts,

10. Cash and Cash Equivalents

The comparative situation of the cash and cash equivalents, on the reporting period, looks as follows :

	December 31, 2014	December 31, 2013
Current bank accounts	7,385,575	1,925,214
≤ 3 months due bank deposits	327,928,312	247,508,995
Cash on hand	16,252	11,460
Other cash equivalents	37,689	48,870
Total	335,367,828	249,494,539

The company manages an expenses quota for the modernization and development meant for the financial support related to the rehabilitation and modernization of the Crude Oil Pipeline Transport System, the modernization quota being collected from distinct cash account and used for the payment of the modernization works belonging to Public domaine, in order to set-up new assets that are to be transferred to the Public domain after the full depreciation thereof,

Therefore, at 31,12,2014, the cash related to the modernization quota in the company's accounts are in amount of 142,123,515 Lei (42% of the cash),

11. Short-Term Investments

The short-term financial investments are assets hold by the company in view of achievement of a profit within less than 1 year period. They represent deposits established for a period of more than 3 months and interest receivable at the end of the period,

	December 31, 2014	December 31, 2013
Short term investments		
Bank deposits with maturity term > 3 luni	7,669,483	7,080,956

12. Shareholders Equity

Share Capital

The evolution of the share capital along the reporting period was the following :

	December 31, 2014	December 31,2013
Share capital (nominal value)	28,569,842	28,569,842
Differences related to the restatements as per SIC 29	-	117,224,543
Share capital sold:	28,569,842	145,794,385

At January 1, 2014 the share capital included the effects of the restatements registered in the previous years pursuant to the application of "SIC" 29 "The Financial Reporting in the Hyperinflationary Economies", in amount of 117,224,543 Lei, this hyperinflation impairment being used for the recovery of the loss reported as per the decision of the Decision of the Ordinary General Meeting of Shareholders, no.4 from 29.04.2014,

In the share capital are not comprised the lands surfaced 554,537,62 sqm, with a fair value, at December 31, 2014, of 11,858,571 Lei, situation presented in detail in note 5.

At the end of each reporting period, the subscribed and paid-in share capital of the company, in amount of 28,569,842 Lei is divided in 8,657,528 common stocks with a nominal value of 3,3 Lei/share and corresponds to the one registered at the Trade Register Office,

The shareholding structure in nominal values at the end of years 2014 and 2013, as per the date submitted to Depozitarul Central is the following:

Shareholders	December 31, 2014			December 31, 2013		
	Stocks No,	Amount (RON)	(%)	Shares No,	Amount (RON)	(%)
Romanian State by the Ministry of Economy	5,083,372	16,775,128	58,72%	5,083,372	16,775,128	58,72%
KJK Fund II SICAV – SIF	611,933	2,019,888	7,07%	221,933	731,388	2,56%
Fondul Proprietatea SA	524,366	1,731,332	6,06%	2,571,461	8,485,821	29,70%
Other natural and legal persons (< 5% weight each)	2,437,857	8,043,494	28,15%	780,762	2,577,505	9,02%
Total	8,657,528	28,569,842	100%	8,657,528	28,569,842	100%

Along 2014 took place significant changes in the shareholders structure with holdings equal or higher than 5%,

The shareholding dynamics was the following:

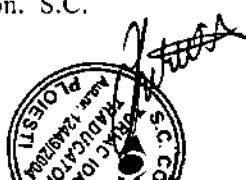
- The Romanian State maintained its weight in the capital;
- Fondul Proprietatea has lowered its participation, from 29,70% at 6,06%;
- KJK FUND II SICAV – SIF consolidated its held shares package, from 2,56% to 7,07%.

Related to the share capital structure, as of 2007 has been pending before law court a notice of claim for a number of 524,366 shares, file where CONPET SA acts as defendant, namely the file no. 5555/2/2014.

The details regarding the contents and the current state of the file are the followings:

Defendants: S.C. Conpet S.A,
S.C. Fondul Proprietatea S.A,
Registrului Independent Regisco S.A,
Comisia Nationala a Valorilor Mobiliare (National Securities Commission)

Procedure Object: The Authority for State Assets Recovery formulates an action for the recovery of posession of a number 524,366 shares of the share capital of S.C. Conpet S.A. against S.C. Fondul Proprietatea S.A.. Registrului Independent Regisco S.A.. National Securities Commission. S.C. Conpet SA, by which it asks:



- the defendant S.C. Fondul Proprietatea S.A. be ordered to leave in full property and possession to the National Securities Commission the shares in number of 524.366 of S.C. Conpet S.A. share capital.
- the defendants Regisco, C,N,V,M, and S,C, Conpet S,A, to be ordered to modify the number of shares in the securities registers.

The action was initially registered pending before the Sector 5 Bucharest District Court, but by Decision no, 5851/18.09.2007 the latter declined its competence in favour of Bucharest Law Court, Subsequently, during 2008-2011 new actions were introduced by the parties, there existing more files bearing the same object pending before law court, which in the end have been massed by the court of justice, the remedies at law being exercised up to the High Court of Cassation and Justice.

According to the information existent on the courts of justice portal www.just.ro regarding the current proceedings state of the file was ascertained that, by Decision no.118/30.01.2015 the Court of Appeal Bucuresti states the property right og the Ministry of Economy over the 524,366 shares SC CONPET SA. Orders the defendants to undergo the necessary approaches in view of registration in the Shareholders Registry. In the decision enactment is shown that "the decision can be subject to appeal within 15 days from the communication thereof". Up to date CONPET SA has not been summoned for this remedy at law.

Legal Reserves

The legal reserves in amount of: (5,713,968 Lei at December 31.2014) represent legal reserves established as per the applicable legislation in force and cannot be distributed. The company transferred to the legal reserve at least 5% of the annual accounting profit up to 2007, when the accrued balance reached 20% of the paid-up share capital (EGO 64/2001, Law 571/2003, Law 31/1990, CONPET Articles of Incorporation).

Other reserves

At December 31,2014 *Other Reserves* amount for 472,512,205 Lei (441,436,160 Lei at December 31.2013), of which:

- 368,744,285 Lei (336,549,348 Lei at December 31,2013) - the modernization quota, calculated and collected according to the provisions of GD 168/1998 and
- 19,060,265 Lei(19,060,265 Lei at December 31,2013) - the reserve related to the lands for which have been obtained land ownership certificates and the share capital was not increased
- 81,468,379 Lei (82,587,270 Lei at December 31,2013) – the reserve related to the allocation of profit
- 3,239,277 Lei (3,239,379 Lei at December 31,2013) – other reserves obtained mainly from N.A.M.R. hand-over to the Company of public patrimony.

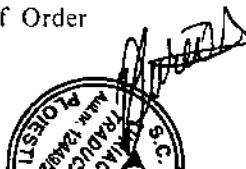
Revaluation Reserves

At December 31, 2014 the revaluation reserves are in amount of 107,646,175 Lei, 4,827,177 Lei less than the reserves existing in sold at December 31, 2013, difference formed by:

- -15,026,590 Lei, excedent achieved from revaluation reserves, which was capitalized by the transfer in the retained earnings according to the use thereof and on the removal from records of certain assets (at the level of the registered depreciation).
- 1,585,565 Lei, representing depreciations of the revalued assets; and
- 11,784,978 Lei, write-up of the revalued assets.

Retained Earnings

The retained earnings has registered a favourable evolution, from a loss of 85,961,582 Lei at December 31, 2013, to a positive result of 59,440,683 Lei at December 31,2014. The increase by 145,402,264 Lei, has been determined mainly by the coverage of the carried forward accounting loss in amount of 120,080,985 Lei, resulted from the adjustment incurred by the application of IAS 29 of Order



1.286/2012, corroborated with art. I paragraph 1¹ from *Ordinance 64/2001 regarding the allocation of profit at the national companies and the commercial companies entirely or majority State owned, as well as to the autonomous administrations*, the carried forward loss resulted from the adjustments requested by IAS 29 is being covered out of shareholders' equity, including also the amounts reflected in the account credit 1028 "Share Capital Adjustments", as per the decision of the general meeting of shareholders, in compliance with the provisions of the contingent normative acts.

Therefore, at the end of 2014, the Retained Earnings in amount of 59,440,683 Lei is constituted from:

- The retained earnings resulting from the correction of the accounting errors: 10,273,023 Lei;
- The retained earnings resulting from the application of IFRS, less IAS 29: 4,000,546 Lei
- The retained earnings representing excess achieved from revaluation reserves: 45,167,114 Lei

Year's Profit

The year's profit is of 51,434,194 Lei at December 31, 2014 (31,297,556 Lei at December 31, 2013), 64,34% higher than the previous year.

2014 year's results showed a sequence of the company's positive financial evolution, with a significant increase of profitability.

13. Deferred Income

The deferred income have lowered by the amount of 86,612 Lei as compared to the beginning of the reporting period, namely from 1,066,750 Lei as it was registered at the beginning of the year, down to 980,138 Lei at the end of the year, sold made up of:

- 958,088 Lei (1,041,593 Lei at December 31, 2013) representing excess inventory fixed assets
- 22,050 Lei (25,157 Lei December 31, 2013) representing accrued interest income related to home rates sold to the employees.

14. Obligations Regarding Employees Benefits And Bonuses. Wage System

Pursuant to the provisions of the Collective Labour Agreement in force, the company has granted the following benefits to its employees: quarterly premiums, retirement support, marriage support, employees share of profit, company's contribution to the facultative pensions schemes, as well as the following bonuses: holiday and treatment vouchers, including the related transport, presents given to the women employees and the employees' minor children, birth grant, funeral and serious diseases, humanitarian grants, food vouchers, other bonuses.

The obligations regarding the employees benefits reveal the following:

	31.12. 2014	31.12. 2013
Quarterly premiums	1,982,355	4,539,911
Retirement support	238,125	208,098
Marriage indemnization	44,450	15674
Employees share of profit	2,716,986	1,900,992
Company's contributions to the facultative pensions schemes	1,659,435	0
Other benefits	843,780	1,767,920
TOTAL	7,485,131	8,432,595



The obligations regarding the bonuses paid to the employees reveal the followings:

	31.12. 2014	31.12. 2013
Holiday and treatment vouchers and transport related	664,099	678,072
Presents given to women employees and the employees minor children	117,525	136,710
Birth grant, funeral, serious diseases, humanitarian	524,466	541,117
Food vouchers	3,467,625	3,583,110
Other bonuses	32,011	34,095
TOTAL	4,805,726	4,973,104

Wage System

The General Director and the Members of the Board of Administration

The allowances paid by the Company to the General Director and the members of the Board of Administration are detailed below:

	31.12.2014	31.12.2013
Allowance related to the contract of mandate	541,221	94,506
Allowances of the non-executive members of the Board of Administration	484,248	11,959
TOTAL	1,025,469	106,465

At the end of the fiscal years, the Company had no obligation related to payment of pensions to the former members of the Board of Administration and executive management, neither registered prepayments to be settled to the members of the executive management.

There were no future bonds or liabilities taken over by the Company on behalf of the administrators or directors.

During 2014 CONPET SA was sued by the former General Director, Tudora Dorin, (file 1269/105/2014), who, by the formulated request claimed the payment of salarial nature advantages, following the termination of the mandate contract prior to the due date.

CONPET formulated a counterclaim requesting the instance to admit the partial absolute nullity of the Mandate Contract no.1/2010, concluded between CONPET, as principal and Dorin Tudora as mandatory, namely the absolute nullity of Art.11 item 11.4 of the mentioned contract.

By the Conclusion dated 17.12.2014 Prahova Law Court admits the motion to dismiss for lack of functional jurisdiction. Declines the jurisdiction to Prahova Court of Law, Section II Civil, Administrative Court and Fiscal.

Procedural status of the case: Instance

The quantum of the financial claims was evaluated at the amount of 613,000 Lei for which was established provision at 31.12.2014 .

Employees

The average number of employees has evolved as follows:



	December 31, 2014	December 31, 2013
Management staff	123	143
Administrative personnel	500	379
Operative personnel	1,086	1,252
Total	1,709	1,774

The expenses with related wages and contributions registered during 2014 and 2013 are the followings:

	December 31, 2014	December 31, 2013
Wages expenses	69,646,194	70,791,821
Social securities expanses	19,186,987	20,219,204
Total	88,833,181	91,011,025

15. Trade Liabilities and Other Liabilities

At December 31, 2014 and December 31, 2013 the trade liabilities and other liabilities reveal the followings:

Liabilities	December 31, 2013	December 31, 2014	Balance Maturity Date at December 31, 2013		
			Under 1 year	1-5 years	Over 5 years
1.Amounts due to credit institutions	-	-	-	-	-
2.Advances received for orders in progress	-	-	-	-	-
3.Trade liabilities-third party suppliers	25,809,700	30,032,321	30,032,321	-	-
4.Total trade liabilities (1+2+3)	25,809,700	30,032,321	30,032,321	-	-
5. Other liabilities, including fiscal debts and liabilities regarding social securities	26,696,823	25,892,982	24,001,008	1,891,974	-
Total	52,506,523	55,925,303	54,033,329	1,891,974	-

The Company's suppliers related to the performance of the operation activity are being mainly represented by: SNTFM CFR Marfa, OMV Petrom S.A., Tinmar Ind S.A., S.C. Grup Feroviar Roman S.A., Edenred Romania S.R.L. and S.C. Premier Energy S.R.L. In 2014 the share thereof in total operation suppliers is of 81 %.

In case of fixed assets suppliers the share is being held by the following suppliers: Tancrad S.R.L., Talpac SRL, Argenta SRL, Condmag SA, Eurosting AAW Industry SRL, IPM Partners Romania SRL and Rosen Europe Netherlands (respectively 68% in total fixed assets suppliers in 2014)..

The comparable situation on the two fiscal years (2014/2013) of the employee-related debts, fiscal debts and other maturity date debts looks as follows:



Liabilities	Balance Maturity Date at December 31, 2013				
	December 31 2013	December 31 2014	Under 1 year	1-5 years	Over 5 years
Salaries and assimilated liabilities	4,180,665	3,481,478	3,481,478	-	-
Contributions related to salaries	2,887,001	3,341,934	3,341,934	-	-
Income tax	5,536,668	4,665,944	2,773,970	1,891,974	-
Oil royalty	6,630,265	7,123,636	7,123,636	-	-
VAT payable	4,081,866	4,212,128	4,212,128	-	-
Other taxes and liabilities due to the budget	1,715,209	1,024,266	1,024,266	-	-
Dividends payable	1,310,076	1,647,712	1,647,712	-	-
Other liabilities	355,073	395,884	395,884	-	-
Total	26,696,823	25,892,982	24,001,008	1,891,974	-

16. Provisions

	December 31 st 2014	December 31 st 2013
Balance at the beginning of the year	22,713,279	14,040,404
Provisions constituted during the year	10,301,264	13,056,693
Provisions used during the year	8,389,466	4,383,818
Balance at the end of the year, out of which:	24,625,078	22,713,279
Long – term provisions	3,772,056	3,187,830
Short – term provisions	20,853,022	19,525,449
	December 31 st 2014	December 31 st 2013
Provisions for litigations	8,937,366	9,557,945
Provisions for employees' benefits	11,298,203	7,837,928
Other risks and expenses provisions	4,389,509	5,317,407
Total	24,625,078	22,713,279

Provisions for litigations

In detail, the provisions for litigations are:

	December 31 st 2014
Litigations for civil compensations	7,121,367
Litigations for the non-fulfillment, by third parties, of certain contractual clauses	1,192,999
Work litigations	623,000
Total	8,937,366

Provisions for litigations

The company is involved into various litigations for compensations claimed by various owners, natural and legal persons. Besides the compensations, they request either the payment of an annuity following the exercise, by the Company, of the the easement right on the lands owned by the claimants, or by the retirement of the pipelines and installations to be found on their lands.



Following the restitution of their property rights, they are bringing proceedings in Court against the Company, invoking the lack of land use due to the fact that the latters are being crossed by the crude oil transport pipelines belonging to the public domain. For this issue have been constituted provisions in amount of **7,121,367 Lei**.

Part of the provisions for litigations recorded at the end of the analyzed periods has been recognized following the settlement of certain trials pending before the law courts. The increase of the provisions is related to the opening of new litigations during the next period or the analysis of the likelihood to lose certain litigation opened the preceding year. On 31.12.2014, they amount **8,937,366 Lei**.

Provisions for the Employees' Benefits

On December 31st, 2014, the Company mainly includes at this chapter, the provision for the share of profit and the provisions for pensions.

The provision for the employees' share of profit is being constituted based on the provisions of the Company's Income and Expenditure budget approved for the end of the fiscal years, by the compliance of the Ordinance no. 64/2001 and Order of the Minister of Public Finances no. 144/2005. Ordinance no.64/30.08.2001 sets out that the accounting profit remained after the deduction of the income tax at the commercial companies with full or majority State stake be distributed in the extent of 10% of the net profit, but no more than the level of a basic average monthly salary achieved by the economic agent, in the reference financial year. At 31.12.2014, the provision related to employees share of profit was of **5,335,167 Lei**, representing the maximum limit, namely the counter-value of a basic average monthly salary, on each employee.

The company registered a provision for retirement benefits in amount of **3,917,056 Lei**, of which 3,772,056 Lei stand for long-term liabilities, and 145,000 Lei stand for short-term liabilities. This provision was calculated based on actuarial methods, as per the estimation of the average salary, the average number of employees to be paid on retirement, the estimation of the period when they will be paid and was brought to the actual value by using a discount rate based on the interest related to some maximum secure investments (securities).

The company has also registered a provision for the not taken annual leaves, in amount of **1,122,500 Lei**, as well as a provision for the bonuses granted to the company's management, in amount of **466,280 Lei** representing the bonus granted to the general director, and **457,200 Lei** representing the bonuses granted to the six members of the executive committee.

Other Provisions

On December 31st, 2014, the balance of the item „other provisions” in amount of **4,389,509 Lei** is made of:

- **2,409,317 Lei** provisions for environment expenses; and
- **1,980,192 Lei** provisions regarding the expenses related to the demolition of an asset (Breaza cardio-vascular recovery base, for which exists the OGMS Decision no. 1/14.03.2013)

17. The Income Tax

The current income tax and deferred income tax of the company for 2014 and 2013 is determined at a statutory rate of 16%, being in force in 2014 and 2013.

The due income tax for 2014 and 2013 is the following:

	2014	2013
Current income expense	13,033,284	9,993,926
Deferred income tax expense	-	8,565
Income tax expense	13,033,284	10,002,491



Reconciliation of the effective tax rate:

	2014	2013
Profit before taxation	64,467,478	300,047
Expense with deferred income tax	-	(8,565)
Tax in compliance with the 16% statutory tax rate	10,314,797	6,606,637
Effect on the income tax of the:		
-Non-deductible expenses	2,394,283	8,201,974
-Non-taxable income	(1,487,020)	(5,045,885)
-Elements similar to revenues	2,403,165	729,038
-Elements similar to expenses	(2,568)	(3,005)
-Exemptions for sponsorship	(589,373)	(494,833)
Income tax	13,033,284	9,993,926

The deferred tax is recognized in correlation with the basic element in the global result statement or directly into the shareholders' equity. At December 31st, 2014, the deferred tax debt in amount of 1,891,974 Lei was recognized on the account of the shareholders' equity.

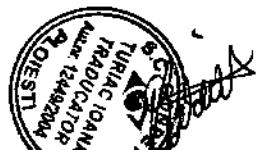
18. Earnings per Share

The Earnings per Share for the last two year is the following:

	December 31 st 2014	December 31 st 2013
Profit for the Year	51,434,194	31,297,556
The number of common stocks at the beginning and the end of the period	8,657,528	8,657,528
Basic and diluted earnings per share (Lei/share)	5.93	3.62

19. Operating Income

	December 31 st 2014	December 31 st 2013
Operating income, of which :	375,032,873	348,853,873
Transport service revenues	372,945,993	347,378,482
- <i>country transport system</i>	314,399,632	304,216,518
- <i>import transport system</i>	58,546,361	43,161,964
revenues from commodities sale	0	0
rental revenues	1,348,073	975,723
Revenues from other services supply	738,807	499,668
Other operating revenues, of which:	28,046,247	56,907,583
Reserves reversal to income constituted based on modernization quota expenses	25,466,067	50,157,269
Revenues from sale of operating oil product	0	1,026,790
Revenues from enforcement of guarantees	23,946	3,237,523
Revenues from assets sale	1,105,101	747,809
Revenues related to inventory excess as fixed assets	83,505	70,478
Revenues from tangible assets revaluation	120,158	708,226
Other revenues	1,247,470	959,488
Total operating income, of which :	403,079,120	405,761,456



Transport Revenues

The revenues achieved from the transport of crude oil, rich gas, condensate and ethane through the National Transport System were determined based on the quantity of crude oil, rich gas and condensate carried to the clients and the tariffs approved by Order of the President of the National Agency for Mineral Resources. The transport tariff is being differentiated on the two transport sub-systems, country and import.

The tariffs approved by Order of the President of the National Agency for Mineral Resources for the supply of services related to the country transport of crude oil, rich gas and condensate, related to period 2013-2014 are the followings:

Average tariff for the country subsystem transport service	-Lei/Ton-
Order no.150/2012 for the period 05.06.2012-10.12.2013	74.58
Order no.199/2013 for the period 11.12.2013-03.02.2015	78.64

The tariffs related to the import crude oil transport activity for the year 2014 are those established by NAMR by Order no.13/14.01.2010. The tariffs are applied on refineries, on transported quantities intervals, being practised the tariff bands pattern.

20. Other Operating Expenses

In the table below are being detailed other operating expenses, according to the nature thereof :

	December 31 st , 31 st , 2014	December 31 st , 2013
Raw materials and consumables expenses	18,389,317	16,628,172
Personnel expenses	98,015,328	97,885,122
Outside services expenses	118,606,437	123,624,925
Other expenses	64,535,608	90,772,195

a) *Raw Materials and Consumables Expenses*

	December 31 st , 2014	December 31 st , 2013
Consumables expenses	6,624,501	5,475,569
Other material expenses	1,209,332	642,499
Other expenses with energy and water	10,904,132	10,622,134
Commercial discounts	(348,648)	(112,030)
Total	18,389,317	16,628,172

b) *Personnel Expenses*

	December 31 st , 2014	December 31 st , 2013
Salaries expenses	69,646,194	70,791,821
Food vouchers expenses	3,467,625	3,583,111
Share of profit expenses	2,716,986	1,900,992
Company's contribution to the pensions facultative scheme	1,659,435	0
CLA social protection expenses	1,338,101	1,389,995
Social securities expenses	19,186,987	20,219,204
Total	98,015,328	97,885,122



c) The Outside Services Expenses include:

	December 31 st , 2014	December 31 st , 2013
Expenses with maintenance and repairs	2,775,042	4,712,023
Royalties, commercial leasings and rental expenses	29,888,181	27,560,170
Insurance premiums expenses	400,144	392,633
Commissions and fees expenses	317,794	399,880
Ceremonial, advertising and publicity expenses	378,201	203,330
Personnel and goods transport related expenses	483,329	417,309
Travel, assignments and transfer expenses	671,657	593,191
Postal expenses and telecommunication charges	430,096	943,975
Expenses with bank services and assimilated services	33,180	28,861
Other third-party services	83,228,813	88,373,553
Total	118,606,437	123,624,925

The royalties, commercial leasings and rental expenses comprise the oil royalty, calculated according to EGO 101/ 14th of October 2007, by application of a quota of 10% of the value of gross income achieved out of oil transport and transit operations through the Oil National Transport System.

Other expenses with third-parties services supply comprise the expenses incurred by the Company for the crude oil pumping, the use of railways related to transport services and for several environmental protection and clean-up activities.

d) Other Expenses include:

	December 31 st , 2014	December 31 st , 2013
Other taxes, duties and similar levies	3,506,177	2,161,027
Compensations, fines and penalties expenses	54,663	167,967
Donations granted (Sponsorship)	589,373	494,833
Assigned assets and other capital operations expenses	232,014	961,427
Environmental protection expenses	265,986	182,307
Expenses from revaluation of tangible assets	1,640,634	33,002,110
Expenses settlement modernization quota	58,036,141	53,292,505
Other operating expenses	210,620	510,019
Total	64,535,608	90,772,195

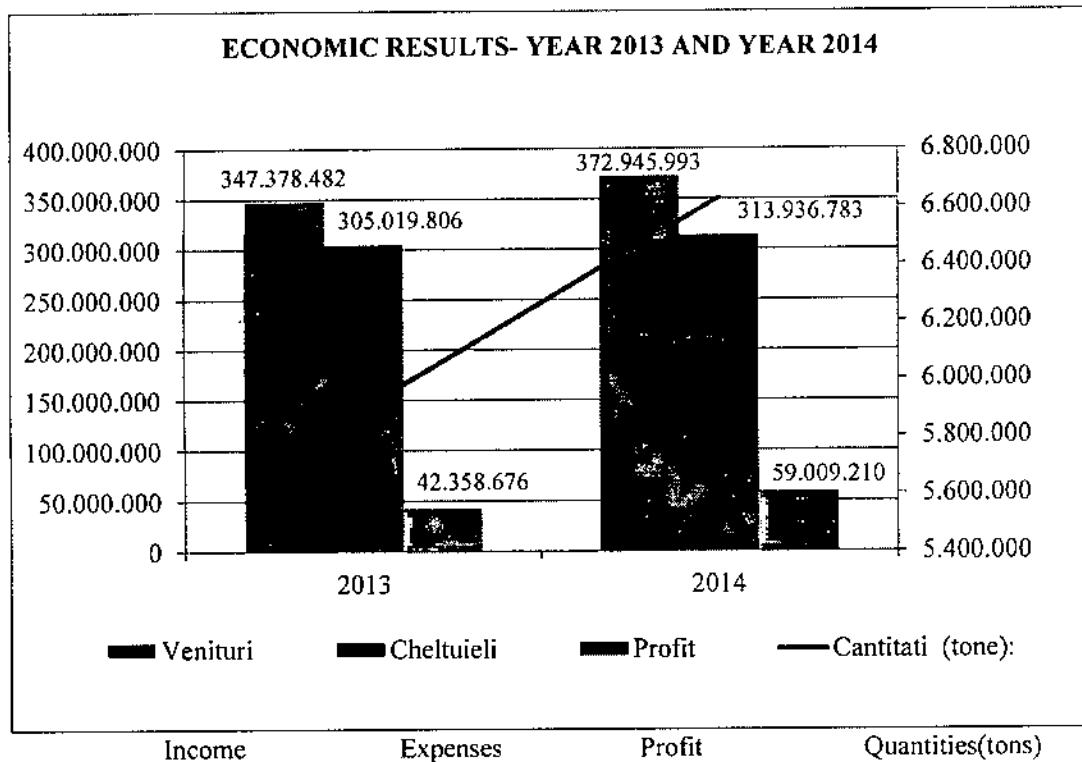
Within the expenses related to other duties, taxes and similar levies the expenses with local taxes and fees hold the significant weight.

21. Segment Reporting

The results of the transport activity per Total Subsystem within 2013-2014 look as follows:



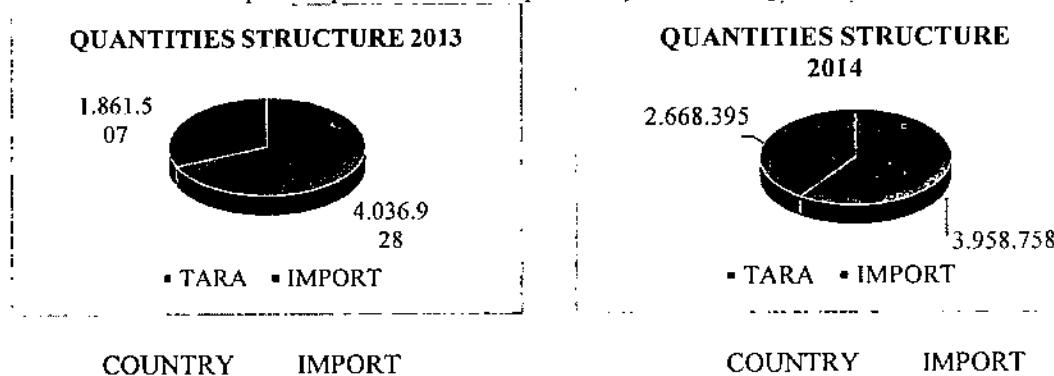
INDICATORS	Period		%
	2014	2013	
Transport income -Lei	372,945,993	347,378,482	107,36%
Related expenses - Lei	313,936,783	305,019,806	102,92%
Profit/(loss) - Lei	59,009,210	42,358,676	139,31%
Transported quantities - t	6,627,153	5,898,435	112,35%
Income/ton- Lei/t	56.28	58.89	95.55%
Cost/ton - Lei/t	47.37	51.71	91.61%
Profit/(loss) per ton -Lei/t	8.90	7.18	123.99%
Profit margin/(loss) - %	15.82%	12.19%	129.76%



During January-December 2014 as compared to the same period of 2013 has been registered a profitability increase of the transport activity, of 16,650,534 Lei (39.31%), as follows:

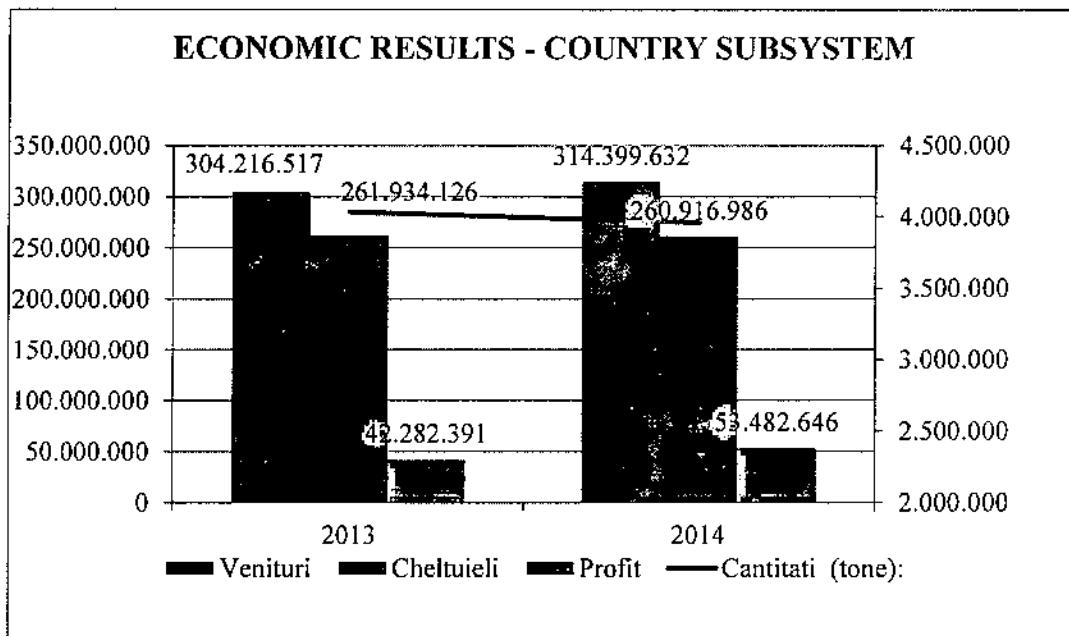
- 11,200,255 Lei from the transport activity on country subsystem;
- 5,450,279 Lei from the transport activity on import subsystem.

The structure of the transported quantities on transport subsystems during 2013-2014:



a) Transport Activity on Country Sub-System

INDICATORS	Country		%
	2014	2013	
Transport income -Lei	314,399,632	304,216,517	103,35%
Related expenses - Lei	260,916,986	261,934,126	99,61%
Profit/(loss) - Lei	53,482,646	42,282,391	126,49%
Transported quantities - t	3,958,758	4,036,928	98,06%
Income/ton- Lei/t	79.42	75.36	105.39%
Cost/ton - Lei/t	65.91	64.88	101.58%
Profit/(loss) per ton -Lei/t	13.51	10.47	128.99%
Profit margin/(loss) - %	17.01%	13.90%	122.39%

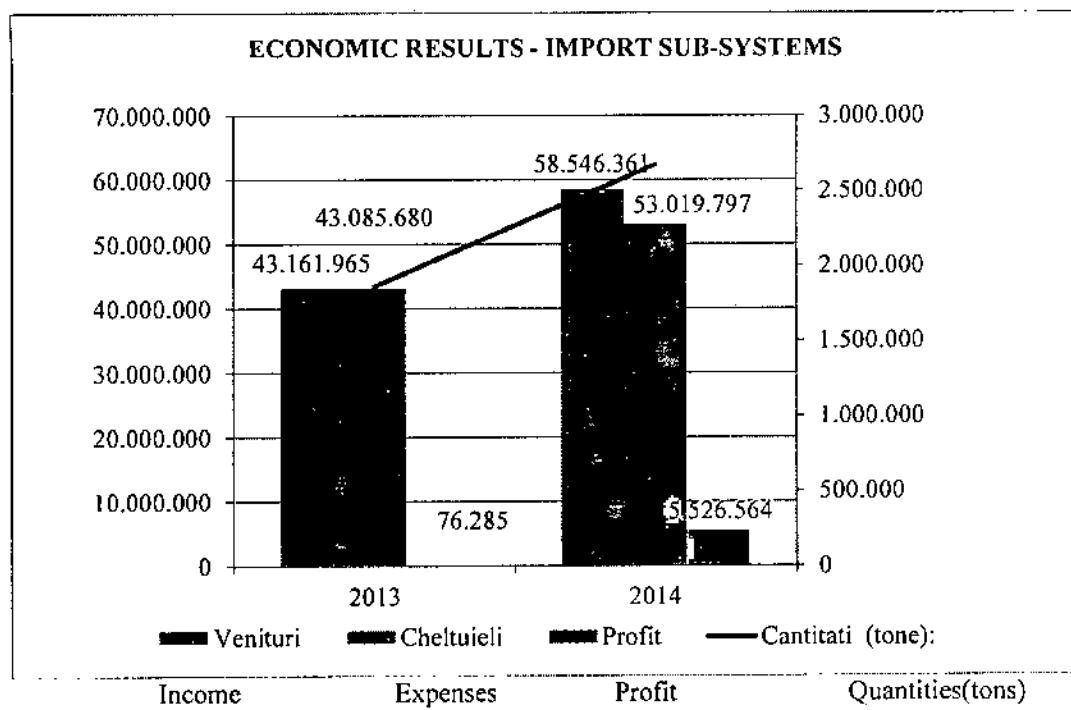


Income Expenses Profit Quantities(tons)

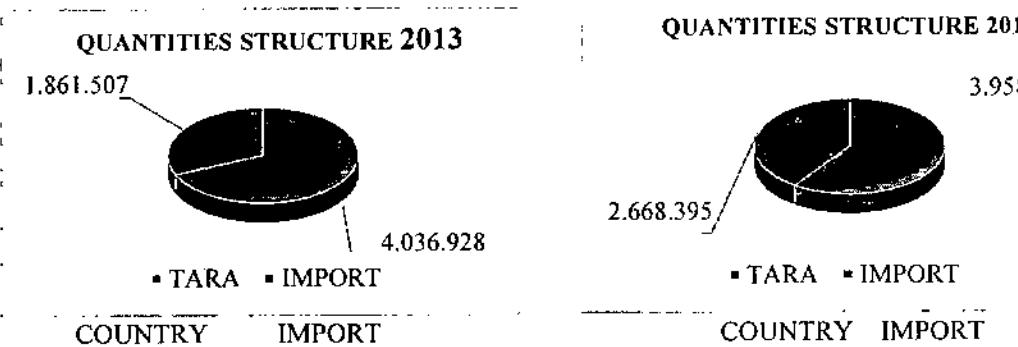
The increase of the transport income on the country subsystem was triggered by the increase of the transport tariff starting December 2013.

b) Transport Activity of Import Subsystem

INDICATORS	Import		%
	2014	2013	
Transport income -Lei	58,546,361	43,161,965	135,64%
Related expenses - Lei	53,019,797	43,085,680	123,06%
Profit/(loss) - Lei	5,526,564	76,285	
Transported quantities - t	2,668,395	1,861,507	143,35%
Income/ton- Lei/t	21,94	23,19	94,63%
Cost/ton - Lei/t	19,87	23,15	85,85%
Profit/(loss) per ton -Lei/t	2,07	0,04	
Profit margin/(loss) - %	9,44%	0,18%	



The increase of the profit on the Import transport sub-system was due to the increase of the transported quantity in 2014, by 807 thousand tons.



22. Net Financial Result

	December 31 st , 2014	December 31 st , 2013
Interest income	9,774,219	11,319,641
Income from difference in the exchange rate	149,492	493,641
Other financial income	24,005	7,799
Total financial income	9,947,716	11,821,081
Interests related expenses	-	-
Income from difference in the exchange rate	(239,793)	(448,283)
Other financial expenses	(73,956)	(22,533)
Total financial expenses	(313,749)	(470,816)
Net financial result	9,633,967	11,350,265

In 2014 was registered a decrease both of the financial income and of the financial expenses yoy, the net financial result principally lowering due to the reduction of the base rate of BNR (Romanian National Bank) and implicitly of the negotiated interests for the maturity deposits settled by the Company.

23. Legal and Fiscal Framework

The Romanian Legal and Fiscal Framework and the implementation thereof in practice is being frequently amended and is subject to different interpretations of different audit bodies. The income tax forms are subject to revision and corrections of the fiscal authorities, generally for a period of five years after the filing thereof. The management reckons it registered adequately the fiscal liabilities in the financial statements; however, the risk that the fiscal authorities adopt different positions related to the interpretation of this aspects persists. The impact thereof could not be determined at present.

24. Commitments and Contingencies

Capital involvements

The company has not other granted capital involvements

Bonds granted to third-parties

The bonds granted to third parties are presented in the table hereunder:

	December 31st, 2014	December 31st, 2013
Other intangible receivables	402,345	927,324
Letter of bank guarantee for contract payment	-	67,897
Total	402,345	995,221

Other intangible receivables are separately presented, at the financial assets line for the long-term bonds and at the receivables line for the ones to be recovered in less than 12 months (Note 7 and Note 9). At the end of 2014, the company does no longer hold records of other commitments made to third-parties.

Received Bonds

The received bonds are being presented in the table herebelow :

	December 31st, 2014	December 31st, 2013
Performance bonds transferred in the company's accounts	28,026	2,906
Performance bonds received from clients	9,922,663	10,056,229
Performance bonds received from clients	4,324,322	3,414,277
Performance bonds transferred to the beneficiaries accounts, blocked until the fulfilments of the release conditions	3,690,619	4,469,782
Total	17,965,630	17,943,194

Contingencies

a) Taxation

All the amounts due to State for the taxes were paid and registered on the balance date. The Romanian fiscal System is under consolidation and co-ordination with the European legislation, being possible to exist different interpretations of the authorities related to the fiscal legislation, which can trigger taxes, fees and

additional penalties. In case the State authorities identify breakages of the Romanain legal provisions, they can determine, as the case may be: the sequestration of the amount is question, reassessment of the additional fiscal liabilities, fines charges, late-payments additions (applied to the actual outstaunding payments). Consequently, the fiscal sanctions resulting from breakages of the legal provisions can reach important amounts payable to State.

The company reckons to have calculated, declared and paid, in the legal quantum and term all the fiscal obligations.

In Romania, the fiscal year remains open for audits for a 5 years period.

b) Legal Claims (including the estimated value)

The company recognizes in contingent assets amounts representing either penalties for the lack of execution of the works with the term provided in some contracts concluded with third-parties, or prejudices generated by pipelines assaults made by natural persons. These amounts are subject of several files pending before the law courts, presenting a high degree of incertitude. At 31 December, 2014 they were in amount of 58,532,581 Lei.

The Company's Management reckons that these litigations not bearing material impact over the operations and financial statements of the Company.

25. Affiliated Parties

The company holds equity interests in amount of 35,000 GBP, representing 16,6% of the subscribed capital at the PEOP development company set up by trade companies in Romania (CONPET, Oil Terminal), Serbia and Croatia, in view of attracting news investors for the construction of Constanta-Treiste pipeline. The company in Croatia has not yet submitted the subscribed share capital. The company's headquarters is in England.

26. Transactions with State-Owned Companies

The company performs trade transactions related to the auxilliary activities and entirely or majority State owned companie.

The value of these transactions is detailed below:

	December 31st, 2014	December 31st, 2013
Sales	131,857	18,917
Procurements	84,215,152	1,146,100

The balances of the entirelu or majority State-owned companies presented at the end of the reporting periods in the Company's records are presented below:

	December 31st, 2014	December 31st, 2013
Trade receivables	23,133	26,760
Trade debts	14,337,315	161,557

It is marked out an increase of both the procurements value from these companies, as well as of the trade debts due to the performance of the trade transactions with SNTFM - CFR Marfa, (procurements value: 81,980,137 Lei, trade debts value: 14,267,067 Lei)

27. Audit Expenses

The Company's Audit for the year 2014 was performed KPMG Audit S.R.L. The fees are being set based on the agreement concluded between the two parties. All the paid fees refer to audit services on the financial statements prepared in compliance with the International Financing Reporting Standards ("IFRS") and the requirement of the Order of the Ministry of Finance 1286/2012.



28. Risks Management

(a) Exchange Rate Risk

The company may be exposed to fluctuations of the exchange rate of the currencies by means of cash and cash equivalents, short-term investments, long term loans or trade liabilities expressed in foreign currencies. The functional currency of the Company is the Romanian Lei. To date, the company is exposed to the exchange rate risk through cash and cash equivalents, short-term investments, as well as through the procurements made in a currency different from the functional currency. The currencies exposing the Company to such a risk are mainly EUR, USD and GBP. The debts in foreign currency are subsequently expressed in Lei, at the exchange rate of the date of the balance sheet, communicated by the Romanian National Bank. The resulting differences are included in the profit and loss account, but do not affect the cash flow up to the moment of the extinguishment of the liability.

The company benefited from an external loan, with the Romanian State bond, for the modernization of the National Pipeline Transport system. The loan was reimbursed in October 2012. The loan was contracted in USD in relation to the date of the rates reimbursement to a currency garbage of five currencies.

The Company exposure to the exchange rate risk expressed in RON was insignificant, as it is being presented in the situations below:

	Value	RON	EUR	USD	GBP
December 31, 2014					
Cash assets					
Cash and cash equivalents	335,367,828	335,305,081	21,994	23,398	17,355
Short-term investments	7,669,483	7,669,483	0	0	0
Monetary debts					
Fixed assets suppliers	(624,772)	0	(624,772)	0	0
The net exposure in the statement of the financial position	342,412,539	342,974,564	(602,778)	23,398	17,355
	Valoare	RON	EUR	USD	GBP
December 31, 2013					
Monetary assets					
Cash and cash equivalents	249,494,539	249,439,760	12,522	25,995	16,262
Short-term investments	7,080,956	67,897	6,354,076	658,983	0
Monetary assets					
Fixed assets suppliers	(625,135)	0	(625,135)	0	0
The net exposure in the statement of the financial position	255,950,360	249,507,657	5,741,463	684,978	16,262

Both the clients and the assimilated accounts, as well as the suppliers and other liabilities are exclusively expressed in RON.

The exchange rates applied for the evaluation of the above elements in RON were:

	December 31 st , 2014	December 31 st , 2013
RON/EURO	4,4821	4,4847
RON/USD	3,6868	3,2551
RON/GBP	5,7430	5,3812

(b) The Credit Risk

The credit risk implies the hazard for the Company to bear a financial loss due to the non-fulfillment of the contractual obligations by a client or a counterpart to a financial instrument and this risk resides mainly in the trade liabilities, the cash and cash equivalents and short-term investments of the Company.

The maximum exposure to the collection risk at the reporting date :

	Net Value	
	December 31 st , 2014	December 31 st , 2013
Trade receivables and other short and long term receivables	35,213,100	42,701,207
Cash and cash equivalents	335,367,828	249,494,539
Short-term investments	7,669,483	7,080,956
Total	378,250,411	299,276,702

The Company carries-out trade relations exclusively with approved third-parties, that justify the credit financing.

The financial assets that may submit the Company to the encashment risk, are mainly the trade liabilities, the cash and cash equivalents and short-term investments. The company implemented a series of policies where they provide that the sale of services is being performed by clients with similar receipts. The value of the net liabilities (no depreciation adjustments) represent the maximum amount exposed of the encashment risk.

The credit risk related to trade liabilities is reduced due to the regular encashment of the transport services. Despite the significant concentrations, the client base being extremely reduced, the management appreciates that the trade credit risk is reduced.

The analyzed level of this risk was negligible; it is a tolerable risk for which are not necessary special measures to keep it under control.

The situation of the receivables age represented by the clients on the date of preparation of the statement of financial position was :

	Gross Value Dec. 31, 2014	Impairment Dec. 31, 2014	Gross Value Dec. 31, 2013	Impairment Dec. 31, 2013
Not reaching the maturity date	30,700,763	0	39,085,206	0
Maturity date exceeded between 1-30 days	28,331	0	14,738	0
Maturity date exceeded between 30-60 days	0	0	19,361	0
Maturity date exceeded between 60-90 days	10,189	0	4,620	0
Maturity date exceeded between 90 days-1 year	0	0	9,043	643
More than 1 year	647,883	647,883	637,260	637,260
Total	31,387,166	647,883	39,770,228	637,903

The situation of the receivables age of other receivables on the date of preparation of the statement of financial position was:

	Gross Value Dec. 31, 2014	Impairment Dec. 31, 2014	Gross Value Dec. 31, 2013	Impairment Dec. 31, 2013
Not reaching the maturity date	7,361,661	3,290,237	5,191,332	2,554,343
Total	7,361,661	3,290,237	5,191,332	2,554,343

We hereby mention that for the intangible receivables under 1 year, in amount of 1,404 Lei and the advances paid to the suppliers in amount of 49 Lei (note 9) were not made depreciations impairments, as the respective receivables have not reached the maturity date.



The movements in the clients receivables depreciation impairments were the followings:

	2014	2013
Sold at 1st of January	637,903	617,880
Increases during the year	9,981	34,241
Reversals	0	(14,218)
Sold at 31st of December	647,884	637,903

Miscările în ajustările pentru deprecierea altor creație au fost următoarele:

	2014	2013
Sold la 1 ianuarie	2,554,343	2,411,645
Increases during the year	830,524	222,930
Reversals during the year	(94,630)	(80,232)
Sold at 31st of December	3,290,237	2,554,343

At December 31, 2013 the company holds cash and cash equivalents in amount of 335,367,828 Lei (at December 31, 2013: 249,494,539 Lei), as well as short-term investments materialized in maturity deposits over 3 months, but not longer than 1 year, amounting 7,669,483 Lei at 31.12.2014 (at December 31, 2013: 7,080,956 Lei), representing the maximum exposure of the group on these assets. The cash and cash equivalents are being held by the banks and financial institutions, of which we hereby enumerate Volksbank, Credit Europe Bank, Piraeus Bank, Banc Post, Banca Transilvania, BCR, Raiffeisen Bank, etc.

(c) Liquidity Risk

The liquidity risk is the Company's risk to face difficulties in the achievement of the liabilities associated with the fulfillments of the financial debts that are being settled in cash or by the transfer of the financial asset. The Company's approach in the liquidity management consists in being sure, as much as possible, that it will always dispose of enough liquidities to pay the maturity liabilities, both in normal conditions as well as in stress conditions, without bearing unacceptable losses or endanger the Company's reputation. The liquidity risk is managed by the Company's management by application of a permanent insurance policy of the liquidities meant to cover the settlement of the maturity financial liabilities.

2014	Contractual Cash flows	< 1 year	1-5 year	> 5 years
Trade receivables	30,032,321	30,032,321	-	-
Other receivables	25,892,982	24,001,008	1,891,974	-
Total	55,925,303	54,033,329	1,891,974	-

2013	Contractual Cash flows	< 1 year	1-5 year	> 5 years
Trade receivables	25,809,700	25,184,565	625,135	-
Other receivables	26,696,823	23,217,850	3,478,973	-
Total	52,506,523	48,402,415	4,104,108	-

(d) The Personnel Risk and the Salary System

On December 31st 2014, the age category with the highest rate ratio in the company is the personnel where the age is ranging between 41-50 years old (45%), followed by the category where the age is ranging between 51-60 years old (32%) and 31 - 40 years old (17%). Currently, this thing is a major advantage given that almost 70% of the personnel has 20 years of experience in the company.

The personnel related hazard stands upon the possibility that in the future, the company be faced a lack of personnel due to the leaves of the employees due to natural causes.

The analyzed level of this risk was low; this is a high tolerability risk for and for the control thereof have been set average and long-term measures by way of the personnel policy and the monitoring of the personnel fluctuations (personnel input/output in/from the company).

(e) The risk determined by the Correlation with the Evolution of the Global Market

The events on the world financial market bear direct and indirect impact on the evolution of the Romanian economy, fact reflected in the evolution of the Romanian capital market within the last years. Consequently, the evolutions at world level affect both CONPET activity and the evolution thereof on the capital market.

Romania's economy, like any other emerging economy, is sensitive to activity fluctuations at world level. The political, economic, social and any other type of world market events bear significant impact on the economic climate CONPET is doing business into.

The analyzed level of the risk determined by the evolution of the global market was high; there is an intolerable risk for which have been instituted urgent measures to keep it under control:

-the systematic and adequate communication with the representatives of the majority shareholder (the Romanian State), of the shareholders and of all other interested parties for the integration of the company economic activity in the national energy strategy.

(f) Frontier Market Risk

The frontier market investors must be aware of the fact that such markets present a higher risk than the markets of the countries with a developed economy and mature legal and political systems. This risk determined the need to adapt to the legislative system in view of creating certain effective instruments from both the legal and economic point of view, in order to provide the necessary framework for the establishment of a functional market economy.

The Romanian capital market, when referring to the current state of development, may be included in the frontier market category, markets that present higher risks as compared to the emerging or developed markets, although they may offer higher performance to the investors. The country risk is generated by the likelihood of occurrence of certain unpredictable political, social and economic changes, recurrent legislative changes, fluctuations of the exchange rate or high rates of inflation.

Even if Romania is member state of the European Union, CONPET financial standing and results may be influenced by unforeseeable events typical to a frontier market, being considered a market characterized by higher volatility, especially in the current global context.

Considering the value of the performed transactions or the market capitalization, the Bucharest Stock Exchange may be considered a small dimensions stock exchange as compared to other world stock exchanges, thus existing the risks of reduced market liquidity, as well as the increased volatility of the price of the traded shares.

The market reduced liquidity may determine the impossibility to buy or sell Company's shares, without bearing a material impact on the price of the respective share, thus triggering a high volatility of the shares price.

(g) Legislative-related Risks

The results of CONPET initiatives are hard to predict and may be amended following the legislative instability in Romania. The frequent amendment of the normative acts, here included those that bear direct impact on CONPET activity, may trigger risks for the company.

CONPET effort to constantly adapt to the legislative requirements under continuous change may generate significant additional costs and the potential future amendments of the legislative framework may bear side effects on CONPET business and profitability (tax augmentation, introduction of new taxes and fees, reduction or suspension of certain fiscal facilities etc.).



Moreover, a possible increase in the level of the royalty paid for the use of the national Transport System may affect the financial statements and financial projections. In the past, there existed such legislative projects and the company expressed its standing within the meaning of the inadvisability of such a legislative decision, justified by the presentation of the produced financial effects, on both the company and consecutive, at macroeconomic level. An increase of the level of the royalty shall reflect into an augmentation of the transport tariff and subsequently, the consequences may be seen on two levels: the decrease of the crude transported quantities – especially on the imported crude – and over the pump price of the finite products resulted from the crude oil processing.

So, the Romanian legislation regarding CONPET activity may be amended in the detriment of the company and implicitly of the investors (tax augmentation, introduction of new taxes and fees, reduction or suspension of certain fiscal facilities).

The level of the analyzed risk was low; it is a high-tolerability risk for which the control measures thereof are reduced to the systematic and adequate communication with all interested parties in order to prevent the amendment of the tax and levies and fiscal facilities.

An important risk is being represented by the loss of the facility regarding the expenses borne by the Romanian State, in order to provide the guard and protection of the pipelines by gendarmes, regulated by GD 1107 dated November 14, 2012, which amends and completes GD no. 1468/2005.

The level of this analyzed legislative risk was average; there is a low tolerability risk for which have been set short-term measures to keep it under control:

- The introduction of a real-time leak detection and location system partially covers the risk.

(h) Risks related to certain Litigations

One of the major risks the company is currently exposed to, acting as the concessionaire of the National Crude oil, rich gas, ethane and condensate transport system drives its sources in the legal regime of the lands under/over crossed by the transport major pipelines instituted pursuant to the provisions of Petroleum Law no. 238/2004. The number of private properties is very high and there is a possibility that more and more owners bring proceedings in Court against the Company in order to obtain substantiated compensations based on the simple presence of the pipelines on their lands. Due to the defective way that has been regulated the legal regime of the lands under/over crossed by the transport major pipelines, CONPET was and currently is engaged in a series of trials where the owners of those lands claim for the transport pipelines be either lifted, or moved to other sites (and the expense be borne by CONPET), or be granted annual compensations representing consisting amounts of money. Moreover, even certain public authorities formulated pecuniary claims in relation to the presence of the components belonging to the NTS on the lands that make object of property or administration thereof.

Within the last years, the company prepared various legislative proposals to amend Law no 238/2004 - Petroleum Law, hoping for a coherent and clear regulation of the legal regime of lands under/over crossed by the transport major pipelines. In essence, these proposals start from the following assumptions:

- The public property (over the major pipelines) must co-exist with the private property over lands, fact that leads to the conclusion that the State must be recognized the exercise, free of charge, of certain categories of real rights (servitudes etc.) in connection to the presence of the pipelines on site;
- Conpet is bound to entirely compensate the land owner for any action that may assume the temporary occupation of land in view of performing repair works, for the prejudice suffered by the owners following the technical breakdowns etc.

(i) The Risk Related to the Regulation Framework and Permits

CONPET core business, namely the transport through pipelines and by railway tanks, bears significant impact on the environment, which implies the acquirement and renewal of the permits regulating the

Company activity, the acquirement of the building permits, based on all the permits necessary to conduct the subcontracted works included in the capital repairs (Rom. RK) programs and investments, acquirement of the permits and certifications for the rail transport activity (AFER), acquirement of INSEMEX permit for all sectors etc.

The Company activity is conditioned by a great number of regulations from different areas which, if not observed, may lead to the company sanctioning or activity suspension. Moreover, the Company is dealing with a lack of coherence and consistency between these regulations; this situation is triggering additional expenses and delays in the start or completion of certain works bearing side effects, such as: technical breakdowns, followed by losses of transported product and receipt of sanctions from the authorities.

The level of the analyzed risk determined by the regulation and authorizing framework was high; it is an intolerable risk for which have been set urgent measures to keep it under control:

- Urgent and systematic actions for the amendment of the Petroleum Law and harmonization thereof with other applicable legal provisions from the areas interfering with.

(j) The Market Risk

The company is dependent at the level of processing the crude oil in Romania. CONPET is not interconnected to other external transport systems in the region.

The significant risk is being represented by the reduction of the transported crude quantities as a result of the diminution of the crude volumes imported by the refineries. This triggers <10% degree of utilization of the import sub-system. Currently, the refineries processing imported crude oil and using the national Transport System for the consignment thereof are Petrotel Lukoil S.A and to a smaller extent, Petromidia Refinery.

In lack of an interconnection of the National Transport System to other transport network outside the Romanian borders, there is a dependency in the achievement of the programmed revenues, on the decisions of the companies involved in the processing of the crude oil in Romania.

The crude oil and rich gas volumes produced out of Romania's internal resources for the next three years, based on the information received from the Company from OMV, is relatively constant, approximating 4 million tonnes/year.

Following the restructuring of the petrochemical industry in Romania, the transport of the domestic derivatives (rich gas and ethane) has lowered dramatically, triggering side effects on the degree of utilization of the sub-system related to these products.

Given all these, by the support of the main shareholder, the Minister of Economy and National Authority for Mineral Resources (NAMR), the Company pays efforts to identify new opportunities that lead to the increase of the degree of utilization of the system, nevertheless involving into regional projects started in its business area.

The company management reckons that it cannot forecast the changes to take place in Romania regarding the refineries' decision in relation to the level of processing, closing down/opening of the processing units and the effects thereof on the Company's financial position, operating result and cashflows.

The analyzed level of this risk was average; it is a risk describing low tolerability for which have been taken short term measures to keep it under control:

Interconnection of the national Transport System with other systems in the region

Identification and development of activities related to the core business.

(k) Operational Risks

The Company results and activity may be influenced by specific operational risks, including the followings: Degradation of the National Pipeline Transport System due to the low level of utilization (small quantities, reduced frequency).

Escalation of the criminal acts related to pipeline attacks bearing significant impact on the Pipelines National Transport System and the environment.

The closing-down of an extraction site triggers every time the initiation of a procedure to identify possibilities to exploit the NTS.

Where haven't been identified new opportunities for the utilization of the respective throughputs, upon the NAMR approval, one proceeds to the conservation/inactivation thereof in order to cut expenses. The analyzed level of operational risk associated to the "degradation of the NTS" was large; it is an intolerable risk for which have been set urgent measures to control it: redefining the transport infrastructure according to demand.

The analyzed level of operational risk related to "the escalation of the criminal behaviour" was average, being a low tolerability risk for which have been set short-term measures to keep it under control. The deterrence of the criminal behavior by the introduction of a real-time leak detection and location system.

(l) The Financial Crisis

The significant turbulences occurred at the level of global credit market has a significant effect on the entities activating the certain industries, by creating a generalized liquidity and solvability crisis at the level of banking and financial markets.

Other significant effects of the crisis are the increase of the financing costs, the resution of the credit and consumption market, a material volatility of the capital markets and exchange rates etc.

The bankruptcies affected the banking and financial sector, certain states contributing to the recapitalization of such entities in view of salvation thereof from bankruptcy. The refund capacity significantly reduced, so did the refund disponibility, so that the biggest part of the non-banking sector at global level faces the slow down of the increase or a severe economic recession.

(m) Environment Legal Aspects

o Regulations considering the environmental protection and water management

Considering the environmental protection activity, CONPET S.A. PLOIESTI is being authorised, as per the provisions of the Order 1798/2007 for the approval of the environmental protection issuing Procedure, being comprised in Annex no.1 – the List of activities falling under the environmental protection issuing decision, at crt.no. 268, NACE code, Rev., 2: 4950-„Transport via pipelines”, NACE code Rev,2: 5210 - „ Depositories “ , NACE code Rev, 2: 4920 –„railways commodities transport”, NACE code Rev, 2: 5221 – „auxiliary activities and services for land transports”.

At present the company holds a number of 25 environmental permits and a number of 45 water management permits.

o The identification of the environmental aspects and the evaluation of the environmental impact

The environmental impact activity is being performed in the production sectors whenever changes in the system occur, changes involving environmental impact activities, the list of the aspects with material impact identified at the company's level having set the basis for the elaboration of the Environmental Management Program and the Actions Plan for the fulfillment of the environment objectives.

During 2013 have been revised the environmental targets, the progress monitoring indicatos and were re-identified the environmental aspects at the locations lev1, the material aspects being comprised in the new Actions Plan for the fulfillment of the environmental objectives.

The achievement state of the objectives and targets settled is being recurrently analysed in the assessment preformed by the management.

o Evaluations of the compliance with the legal requirements and other environmental requirements

The recurrent evaluation of the compliance with the legal requirements was provided by: internal audits performed by the internal audits within the Management Systems Certification Services, inspections on site and at different installations (tanks, pipelines, manifold etc) performed by the environmental authorities and by the OHSE responsibles.

The environmental and water management authorities have performed in CONPET locations, during 2013, a number of 211 inspections on the compliances with the legal requirements and other environmental requirements, not being ascertained major nonconformities. During September-October have been performed 63 audits imposed by "Apele Romane" National Administration Bucuresti.

The majority of the measures imposed by the authorities were taken following the audits performed on the production of the technical break-downs and provoked on the crude oil and rich gas pipelines. These

measures mainly refer to the decontamination of the lands affected by pollution, the compensation of the land owners etc.

29. Ulterior Events

No significant events were registered subsequent to the closing of 2014 Fiscal Year.

General Director,
Eng. Liviu Ilasi

S.s. Illegible

Stamp

Economic Director,
Econ. Sanda Toader

S.s. Illegible

