CONPET S.A.
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CIF: RO1350020 ; Cod CAEN 4950; Înregistrată la
Registrul Comerţului Prahova sub nr. J29/6/22.01.1991
Capital social subscris şi vărsat 28 569 842,40 lei

CONPET

QUARTERLY REPORT

REGARDING THE ECONOMIC - FINANCIAL ACTIVITY OF CONPET S.A.

at the date and for the three months period ended March 31st, 2015

REPORT AND ISSUER IDENTIFICATION DATA

Quarterly report as per:	Art. 227 of Law no. 297/2004 regarding the capital market and CNVM Regulation no.1/2006 regarding the issuers and securities operations
Report Date	March 31st , 2015
Contents	Interim financial statements
Issuer's Name	CONPET S.A.
Registered offices	No. 1-3, Anul 1848 Street, Prahova county, postal code 100559
Telephone/facsimile	0244 401360 / 0244 516451
E-mail / Internet	conpet@conpet.ro / www.conpet.ro
Sole Registration Number	1350020
Trade Registry Number	J29/6/22.01.1991
The regulated market trading the issued securities	Bucharest Stock Exchange, Category Premium
Subscribed and fully paid-up share capital	28,569,842.40 Lei
Total market value	545,424,264 Lei (63 Lei/share at 31.03.2015)
Accounting Standard applied	International Accounting Standard 34 – "Interim Financial Reporting"
Auditing	Financial Statements are not being audited

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MAIN RESULTS OF THE EVALUATION OF COMPANY'S BUSINESS

Based on the information contained in the report, the main results of the evaluation of the company's business are the followings:

1. **Core Business:**

   a. The pipeline transport system is approximately 3,80o km in length, out of which 3,161 km are being effectively used for the transport of crude oil, rich gas, condensate and liquid ethane. For the transport of crude oil, rich gas, condensate and ethane, CONPET uses two subsystems: the domestic transport subsystem and the import transport subsystem.

   b. CONPET collects, by way of the applied tariff, a modernization quota for the financing of the investments in the public domain;

   c. The utilization of the transport system increased, from 25.94% in 2014Q1, to 38.39% in 2015Q1, as a result of

      i. the significant increase of the transported quantities on the import subsystem;

      ii. the reconsideration of the transport throughput on the import transport subsystem.

   d. The updates of the transport tariffs have been performed differently:

      i. The average transport tariffs for the domestic subsystem have been annually adjusted during 2007-2013 as per the regulations in force;

         The tariffs approved by the National Agency for Mineral Resources for the servicing of the crude oil, rich gas and condensate on the domestic subsystem, related to the period 2014-2015 have been set pursuant to the Order no. 199/2013.

      ii. The transport tariffs for the import transport sub-system related to 2014, have been the ones set by NAMR pursuant to the Order no. 13/14.01.2010.

         Starting 03.02.2015, the transport tariffs on the import subsystem have been adjusted as per the NAMR Order no. 12/2015

         The tariffs are being applied per refineries, according to the transported quantities intervals, being carried out the tariff bracket calculation model;

2. **Technical-Investments:**

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a. The current pipeline replacement frequency is given by the inline inspection thereof, the statistics of the breakages and the aggressive stance of the attacks. During 2003-2014 have been performed modernization works on the pipelines with the highest degree of utilization, on a length of almost 400.51 km.

b. The total number of breakages decreased by almost 48% within the first three months of 2015 yoy.

3. The Implemented Management Systems:

a. As of September 2007, CONPET has implemented, maintained and improved an integrated management system in compliance with the requirements of ISO 9001:2008, ISO 14001:2005 and OHSAS 18001:2008 standards.

4. IT:

a. The IT system operates on Microsoft infrastructure;

b. In 2010, CONPET finalized the implementation of the ERP system, platform enabling data exchange in a unified framework, unified interface for development and modernization, high accessibility level, increased productivity by flexible adjustment of the data updates and a large variety of data exchange interfaces.

5. Environment:

a. CONPET's environment and water management permits are all valid.

6. Legal:

a. CONPET is involved in a number of 68 trials, out of which, in 15 files CONPET is acting as defendant. Following the evaluation of the risk incurred by the settlement of certain litigations in the detriment of the company, have been estimated the potential cash outflows and have been established provisions at the level thereof.

None of these files incurs any risk related to the stability and continuity of the company business.

7. Financial:

The evolution of the main company indicators, all along the 3 months ended March 31st 2015, as compared to the budget and the same period of the previous year, is exposed in the table below.

Indicators	Achieved 31.03.2015	Income and Expenditure Budget (IEB) 31.03.2015	▲ Achieved /IEB 31.03.2015	Achieved 31.03.2014	▲ Achieved Q1 2015/2014
EBITDA (million Lei)	31.95	22.63	41.18%	28.18	13.37%

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Operating expenses (%Turnover)	86.76	95.18	-8.85%	89.92	-3.51%
Productivity (Lei/employee)	60,121	55,728	7.88%	57,437	4.67%
Number of technical breakage	12	19	-36.84%	23	-47.83%
Number of broker reports	1	0			
BSE position - capitalization	19	25		19	
Total transported quantities (tons)	1,942,133	1,514,251	28.26%	1,548,713	25.40%
Operating costs/ ton (Lei/ton)	42.93	57.72	-25.66%	53.30	-19.46%
Total operating income (million Lei)	103.23	98.86	4.42%	98.56	4.74%
Operating Expenses (million Lei)	83.37	87.41	-4.62%	82.54	1.00%
Operating profit margin (% Operating Income)	19.24%	11.59%	+7.65pp	16.25%	+2.99pp
Net profit margin (% total income)	16.87%	10.38%	+6.49pp	14.66%	+2.21pp
Economic profitability (% ROA)	2.14%	N/A	N/A	1.96%	+0.18pp
Financial Profitability (% ROE)	2.37%	N/A	N/A	2.04%	+0.33pp
Investments – public domain (million Lei)	4.92	4.34	13.17%	5.59	-12.09%
Investments – operating area (million Lei)	1.96	2.57	-23.82%	0.35	453.67%

The main economic-financial indicators achieved at 31.03.2015, as compared to the 2015Q1 Income and Expenditure Budget, are exposed in the table below:

Indicator [Lei]	**Achieved 31.03.2015**	**Income and Expenditure Budget (IEB) 31.03.2015**	**▲ Achieved /IEB 31.03.2015**
Net turnover	**96,085,194**	**91,834,686**	**4.63%**
Operating revenues	103,227,501	98,860,686	4.42%
Operating expenses	83,366,651	87,340,850	-4.55%
Gross operating profit	**19,860,850**	**11,519,836**	**72.41%**
EBITDA	**31,952,316**	**22,691,096**	**40.81%**
Financial Revenues	1,863,517	1,381,250	34.20%
Financial Expenses	613	66,000	-99.07%
Gross financial profit	**1,862,904**	**1,315,250**	**41.64%**
Total revenues	105,091,018	100,241,936	4.84%
Total expenses	83,367,264	87,406,850	-4.62%
Gross Profit	**21,723,754**	**12,835,086**	**69.25%**
Net Profit	**17,731,870**	**10,406,086**	**70.40%**

The evolution of these indicators during 01.01.2015 - 31.03.2015 yoy is the following:

INDICATORS	Achieved 31.03.2015	Achieved 31.03.2014	▲ Achieved O1 2015/2014
Net turnover	**96,085,194**	**91,794,025**	**4.67%**
Operating revenues	103,227,501	98,561,773	4.73%
Operating expenses	83,366,651	82,541,087	1.00%
Gross operating profit	**19,860,850**	**16,020,685**	**23.97%**
EBITDA	**31,952,316**	**28,183,350**	**13.37%**
Financial Revenues	1,863,517	2,468,799	-24.52%
Financial Expenses	613	106,140	-99.42%
Gross financial profit	**1,862,904**	**2,362,658**	**-21.15%**
Total revenues	105,091,018	101,030,571	4.02%
Total expenses	83,367,264	82,647,228	0.87%
Gross Profit	**21,723,754**	**18,383,344**	**18.17%**
Net Profit	**17,731,870**	**14,810,756**	**19.72%**

Statement of the main indicators achieved during 2015Q1 yoy generally shows a positive evolution, as follows:

- The turnover increased by 4.7% and by 4.6% as opposed to the budget provisions, due to the increase of the transport tariffs by 4.42% as opposed to the Income and Expenditure Budget and 4.5 % as opposed to the similar period in 2014.

- The operating expenses increased in a smaller proportion than the operating revenues, namely 1% raise;

- The operating profit increased by 3,840 thousand Lei (23.9 %);

- The financial revenues recorded a 482 thousand Lei increase (34.9%) as opposed to the Income and expenditure budget level and a 605 thousand Lei decrease (24.5%) as opposed to the similar period of 2014, due to the decrease of the interest rate for bank deposits.

ECONOMIC - FINANCIAL STATEMENT

The financial statements related to the period January - March 2015 are not being audited and have been prepared in compliance with the International Accounting Standard 34 - „Interim Financial Reporting".

Statement of the Financial Position

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	March 31st 2015 (non-audited) [Lei]	December 31st 2014 (audited) [Lei]
Assets		
Fixed assets		
Tangible assets	410,063,217	415,493,461
Intangible assets	3,258,777	3,162,304
Financial investments	352,370	527,515
Total fixed assets	**413,674,364**	**419,183,280**
Current assets		
Inventories	7,716,232	7,709,304
Trade receivables and other receivables	42,258,127	34,812,159
Short-term investments	296,184,513	7,669,483
Cash and cash equivalent	68,193,216	335,367,828
Prepaid Expenses	190,992	213,560
TOTAL Current assets	**414,543,079**	**385,772,333**
TOTAL Assets	**828,217,444**	**804,955,613**
Shareholders equity and debts		
Shareholders' Equity		
Share capital, out of which:	28,569,842	28,569,842
Subscribed share capital	*28,569,842*	*28,569,842*
Revaluation reserves	104,135,171	107,646,176
Legal reserves	5,713,968	5,713,968
Other reserves	479,774,609	472,512,205
Retained earnings	114,385,881	59,440,683
Profit/loss for the period	17,731,870	51,434,194
Other shareholders' equity elements	(1,891,974)	(1,891,974)
Total Shareholders' equity	**748,419,368**	**723,425,094**
Long term debts		
Deferred tax liabilities	1,891,974	1,891,974
Provision for the employee benefits	3,752,056	3,772,056
Total long term liabilities	**5,644,030**	**5,664,030**
Trade Liabilities	26,638,200	30,032,321
Other liabilities	26,152,400	24,001,008
Short term provisions	20,405,537	20,853,022

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Deferred income	20,015	22,050
Investment subsidies	937,893	958,088
Total current liabilities	**74,154,045**	**75,866,490**
TOTAL LIABILITIES	**79,798,075**	**81,530,520**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**828,217,444**	**804,955,613**

FIXED ASSETS

During 01.01.2015 – 31.03.2015, the net value of the tangible and intangible assets decreased by 5,333,772 Lei , the difference being made of:

- + 6,875,788 Lei assets in progress related expenses;
- - 239,113 Lei assets output;
- -11,970,447 Lei Amortization related to the period 01.01.2015 - 31.03.2015

The commissionings were in amount of 7,218,759 Lei and do not influence the difference described above.

CURRENT ASSETS

Inventories

On March 31st, 2015 the value of the inventories is 7,716,232 Lei, value situated at the level of the inventories on December 31st, 2014.

The inventories are made of raw materials, materials, spare parts and other consumables that are to be used to perform the company's core business, as well as of security and intervention inventories intended for the likely technical accidents caused or triggered by natural disasters.

Trade receivables and other receivables

On March 31st 2015, the value of the short term liabilities is in amount of 42,258,128 Lei, having increased by 7,446,019 Lei as compared to December 31st 2014, due to the increase of the transported quantities and the application of the new tariff for the import subsystem, starting February 2015.

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<u>The per activities structure of the clients</u>, <u>is as follows:</u>

	March 31st 2015	December 31st 2014
Clients - transport activity	38,746,481	30,276,781
Other clients - auxiliary activities	1,173,483	1,110,385
Total	39,919,963	31,387,166

The trade receivables are not interest bearer and have 34 days rotation speed.

At 31.03.2015, the main clients holding significant share (99%) in the turnover are: S.C. OMV PETROM S.A.. S.C. Petrotel Lukoil S.A., S.C. Rompetrol Rafinare S.A..

OMV PETROM S.A., the company's main client, holds over 78% of the total short-term trade receivables at March 31st, 2015.

Other receivables amounting 5,999,021 Lei mainly include amounts receivable from various natural and legal persons with litigations pending before the Courts of Law (3,251,435 Lei, namely 54.2% of the total), non-exigible VAT, unarrived invoices (707,520 Lei, respectively 11.8%), as well as interest receivable related to under three months maturity deposits (470,217 Lei, respectively 7.8%).

Adjustment for the impairment of doubtful receivables and other doubtful receivables

At the end of Q1 2015, the level of the adjustments constituted for the impairment of the trade receivables remained the same as compared to 31.12.2014, namely in amount of **647,884** Lei, as a result of the fact that, on the one hand, have not been recorded voluntary payments from the debtors, and on the other hand, the litigations are pending before the Courts.

The clients making up the above mentioned debt are:

- Biodiesel SRL Comanesti (204,661 Lei);
- Nac Industrii SRL Bucuresti (340,938 Lei);
- CTF Bucuresti (50,512 Lei);
- Perfect Metal SRL (7,551 Lei).
- ICIM S.A. Ploiesti (33,598 Lei)
- Tobias SRL Constanta (643 Lei).
- FOTBAL CLUB PETROLUL S.A. (9,981 Lei)

At 31.03.2015, *the adjustments for the impairment of other receivables* (various debts related to the legal files pending before the Courts, paid fiscal liabilities and fines which are subject to challenging procedure) are in amount of 3,227,737 Lei, registering an insignificant reduction as opposed to 31.12.2014 (3,290,237 Lei), namely of 62,500 Lei, following the registration, on costs, of certain challenged environment fines deemed borne by CONPET by the Courts.

The Company policy is to record adjustment for 100% value loss for the clients under litigation, insolvency, bankruptcy and for other debts related to the constituted legal files or fines falling under challenge procedure.

Cash and Cash Equivalents

At March 31st, 2015, the cash and cash equivalents are in amount of 68.193.216 lei, having decreased by 267,174,612 Lei as opposed to December 31st, 2014, following the Company's

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decision to place the cash in short-term investments (bank accounts with maturity > 3 months and Government securities).

Short-term Investments

The short-term financial investments are assets held by the Company in order to reach profit in a period less than one year. They represent > 3 months maturity deposits, government securities in the form of treasury bills and government bonds (1 year maturity) and interest receivable at due date.

At March 31st, 2015, the value of the short-term investments is in amount of 296,184,513 Lei, having increased by 288,515,030 Lei as opposed to December 31st, 2014, following the above-mentioned decision to place the cash.

The company manages a modernization and development quota meant to financially support the rehabilitation and modernization of the National Crude Oil Pipeline Transport System, the quota being collected in distinct cash accounts and used for the payment of the modernization of the assets belonging to the public domain, in order to create new assets that are to be transferred to the public domain following the entire amortization thereof.

Consequently, at 31.03.2015 the cash related to the modernization quota, to be found in the company's accounts and in the form of short-term investments, are in amount of 148,297,251 Lei.

Provisions

Provisions for litigations

The company is involved in litigations with the owners of lands crossed/undercrossed by pipelines belonging to the Crude Oil National Transport System, State public property. By way of their land ownership right, the land owners filed the company in Court, asking the Court to order the payment of damages for lack of land use but also for the impossibility to perform social or commercial building operations. The trials are pending before various Courts on the Romanian territory, with subject-matter and territorial jurisdiction to judge such reasons. Within the 3 months of 2015, have not been registered any other changes by the opening of new litigations, in such a way that, on 31.03.2015, the company recorded provisions for litigations in amount of 8.937.366 Lei.

Provisions for Employees' Benefits

On the 31st of March 2015, the Company includes, at this chapter, mainly, the provision for the share of profit and the retirement provision.

The provision for the personnel share of profit, in amount of 5,335,167 Lei, was constituted based on the provisions of the Company's approved Income and Expenditure budget, by the compliance of the Ordinance no. 64/2001 and the Order of the Minister of Public Finances no. 144/2005; these liabilities are to be paid following the approval of the financial statements related to 2014.

This retirement provision was calculated according to actuarial methods based on the average wage estimate, the average number of salaries due for payment upon retirement, the estimate for the period when they will be paid and was brought to the current value by making use of a discount factor based on the interest related to certain maximum safety investments. (government securities).

At March 31st 2015, in the book record, are left retirement provisions in amount of 3,884,819 Lei, the difference of 32,237 Lei being recognized as income following the retirements performed during that time.

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The Company has recorded another provision related to the not-taken leaves, in amount of 871,230 Lei and a provision for the bonuses to be awarded to the company's administrators based on the administration/mandate contracts, in amount of 739,502 Lei.

At March 31st 2015, the „other provisions" item, in amount of 4,389,509 is made of:

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

The statement of the global result for the 3 months period ended March 31st 2015 is as follows:

	3 months period ended 31st of March 2015	3 months period ended 31st of March 2014
Sale revenues	96,085,194	91,794,025
Other revenues	7,142,307	6,767,748
Total operating revenues	**103,227,501**	**98,561,773**
Expenses for raw materials and consumables	5,601,618	5,500,804
Personnel expenses	23,753,287	21,778,950
Expenses on the amortization of assets	12,091,466	12,162,665
Value adjustments on current assets	(84,571)	(114,288)
Third-party expenses	27,097,564	29,333,272
Other expenses	15,374,772	14,415,545
Provisions adjustments	(467,485)	(535,862)
Total operating expenses	**83,366,651**	**82,541,087**
Operating profit	**19,860,850**	**16,020,686**
Financial Revenues	1,863,517	2,468,799
Financial Expenses	613	106,140
Financial Profit	**1,862,904**	**2,362,658**
Earnings before tax	**21,723,754**	**18,383,344**
Income tax expenses	3,991,883	3,572,588
Profit for the period	**17,731,870**	**14,810,756**
Other elements of the global result	-	-

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TOTAL GLOBAL RESULT RELATED TO THE PERIOD	**17,731,870**	**14,810,756**

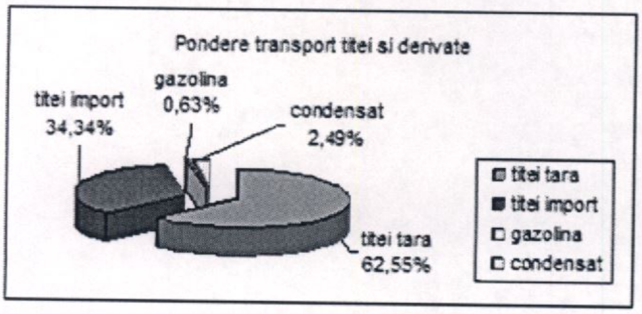
OPERATIONAL RESULTS

Transported Volumes

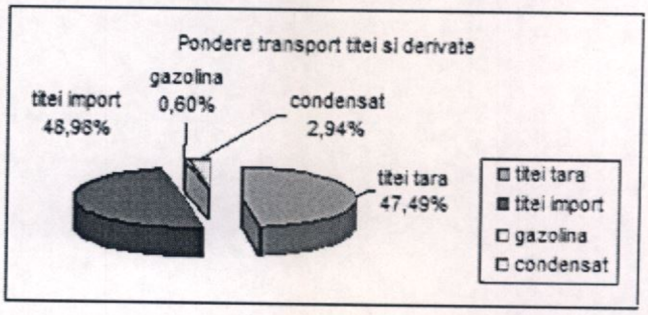
Transport Sub-systems - *thousand tons* -	**Achieved 31.03.2015**	**IEB 31.03.2015**	▲ **Achieved/IEB 31.03.2015**	**Achieved 31.03.2014**	▲ **Achieved Q1 2015/2014**
Domestic Sub-system	*974,80*	*975,68*	*-0.09%*	*992,60*	*-1.79%*
Import Sub-system	967,33	*538,57*	79.61%	556,14	73.94%
Total	**1.942,13**	**1.514,25**	**28.26%**	**1.548,71**	**25.40%**

The transported quantities during 01.01.2015-31.03.2015, as compared to the same period last year, on types of products, domestic crude oil, imported crude, rich gas and condensate, is as follows:

January - March 2014



January - March 2015



English Translation of the Legend

- Pondere transport titei si derivate - Weight Crude Oil and Derivatives Transport -
- Titei import - Import crude
- Gazolina - Rich gas
- Condensat - Condensate
- Titei tara - Domestic crude

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INCOME

As compared to the Income and Expenditure Budget (IEB). in the per segments and activities structure, the revenues related to the operating activity at 31.03.2015 are as follows:

Indicator [Lei]	3 months period ended 31st of March 2015	3 months period IEB provision 31.03.2015	▲ Achieved/IEB Q1 31.03.2015
Income from the transport service, out of which:	***95,470,169***	***91,432,136***	***4.42%***
Income from transport service *Domestic sub-system*	*77,133,723*	*77,144,865*	*-0.01%*
Income from transport service *Import sub-system*	*18,336,446*	*14,287,271*	*28.34%*
Rental income	***414,354***	***279,595***	***48.20%***
Other revenues	***200,671***	***122,955***	***63.21%***
Other operating revenues, out of which:	***7,142,307***	***7,026,000***	***1.66%***
Modernization quota recognized as income	6,924,233	6,890,653	0.49%
Income from sale of assets	75,467	6,500	1061.03%
Other revenues	142,607	128,847	10.68%
Total operating revenues	**103,227,501**	**98,860,686**	***4.42%***

The operating income registered 4.4% increase as compared to the Income and Expenditure Budget provisions, being influenced by the following factors:

- The transport revenues increased by 4.4% as compared to the budgetary provisions, following the 28.3% increase in revenues incurred by the crude transport on the import sub-system;
- Other operating revenues increased by 1.7% as compared to the budgetary provisions, due to the augmentation of the income resulting from the recognition as income of the assets depreciation expenses financed out of the modernization quota.

The status of the total revenues on operating activities during the reviewed period is as follows:

Indicator [Lei]	3 months period ended 31st of March 2015	3 months period ended 31st of March 2014	▲ Achieved/IEB Q1 2015/2014
Income from the transport service, out of which:	***95,470,169***	***91,368,448***	**4.49%**
Income from transport service *Domestic sub-system*	*77,133,723*	*78,690,118*	*-1.98%*
Income from transport service *Import sub-system*	*18,336,446*	*12,678,330*	*44.63%*
Rental income	***414,354***	***219,195***	**89.03%**
Other revenues	***200,671***	***206,382***	**-2.77%**
Other operating revenues, out of which:	***7,142,307***	***6,767,748***	**5.53%**

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Modernization quota recognized as income	6,924,233	6,101,109	13.49%
Income from sale of assets	75,467	425,725	-82.27%
Other revenues	142,607	240,913	-40.81%
Total operating revenues	**103,227,501**	**98,561,773**	**4.73%**

During January - March 2015 yoy, the income from transport services recorded an increase in amount of 4,102 thousand Lei (4.49%). The 4.49% increase was mainly generated by the augmentation, by 393 thousand tons, of the transported quantities, especially on the import subsystem (increase by 411 thousand tons, representing 5.658 thousand Lei), but also by the augmentation of the imported transport tariff as of February 3rd 2015;

The income from core business (crude oil, rich gas and condensate transport services) accounts for the largest share (92.40% in 2015 and 92.70 % in 2014) in the total operating expenses of the company.

Other operating revenues records, in 2015, an increase by 375 thousand Lei (5.53%) as opposed to the same period in 2014, due to the increase by 13.49% of the income related to the modernization quota recognized as income.

EXPENSES

As compared to the Income and Expenditure Budget, the total operating expenses at 31.03.2015 are as follows:

Indicator [Lei]	**3 months period ended 31st of March 2015**	**3 months period IEB provision 31.03.2015**	**▲ Achieved/IEB Q1 31.03.2015**
Material expenses, out of which:	**2,242,647**	**2,689,879**	**-16.63%**
-expenses for consumables	720,266	1,040,044	-30.75%
-Fuel expenses	567,280	749,649	-24.33%
Other outside expenses (with energy and water)	**3,358,972**	**4,184,060**	**-19.72%**
Personnel expenses, out of which:	**23,753,287**	**24,790,826**	**-4.19%**
-Salary expenses	17,463,852	17,946,717	-2.69%
-Expenses related to the social security insurance contributions and other legal requirements	4,841,267	4,962,063	-2.43%
-Other personnel expenses	1,448,168	1,882,046	-23.05%
Tangible and intangible assets depreciation related expenses	***12,091,466***	***11,171,260***	**8.24%**
-Outside services expenses, out of which:	***27,097,564***	***28,776,590***	**-5.83%**
-Maintenance (Maintenance, current and capital repairs) expenses	478,475	800,506	-40.23%
-Crude oil rail transport expenses	17,607,377	17,643,643	-0.21%
-Decontamination expenses	2,322	885,000	-99.74%
- Oil Royalty	*7,312,740*	*7,011,680*	4.29%
-other third party services	*1,696,651*	*2,435,761*	-30.34%
Value adjustments on current assets	***-84,571***		
Provisions adjustments	***-467,485***	***0***	

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Other operating expenses, out of which:	**15,374,771**	**15,728,235**	**-2.25%**
-modernization quota expenses	14,186,638	14,589,073	-2.76%
Total operating expenses	**83,366,651**	**87,340,850**	**-4.55%**

The trend of the total operating activities at 31.03.2015 as opposed to the same period last year, is as follows:

Indicator [Lei]	**3 months period ended 31st of March 2015**	**3 months period ended 31st of March 2014**	**▲ Achieved Q I 2015/2014**
Material expenses, out of which:	**2,242,647**	**1,751,606**	**28.03%**
-expenses for consumables	720,266	880,503	-18.20%
-Fuel expenses	567,280	638,873	-11.21%
Other outside expenses (with energy and water)	***3,358,972***	***3,749,198***	***-10.41%***
Personnel expenses, out of which:	**23,753,287**	**21,778,950**	**9.07%**
-Salary expenses	17,463,852	16,066,371	8.70%
-Expenses related to the social security insurance contributions and other legal requirements	4,841,267	4,502,211	7.53%
-Other personnel expenses	1,448,168	1,210,368	19.65%
Tangible and intangible assets depreciation related expenses	**12,091,466**	***12,162,665***	**-0.59%**
-Outside services expenses, out of which:	**27,097,564**	***29,333,272***	**-7.62%**
-Maintenance (Maintenance, current and capital repairs) expenses	478,475	388,412	23.19%
-Crude oil rail transport expenses	17,607,377	20,233,368	-12.98%
-Decontamination expenses	2,322	182,271	-98.73%
- Oil Royalty	7,312,740	*6,901,488*	5.96%
-other third party services	1,696,651	*1,627,733*	4.23%
Value adjustments on current assets	**-84,571**	***-114,288***	**74.00%**
Provisions adjustments	**-467,485**	**-535,862**	**87.24%**
Other operating expenses, out of which:	**15,374,771**	**14,415,545**	**6.65%**
-modernization quota expenses	14,186,638	13,966,832	1.57%
Total operating expenses	**83,366,651**	**82,541,087**	**1.00%**

The operating expenses achieved during 01.01.2015 - 31.03.2015 amount 83.4 million Lei and represent 95.45% of the approved budget.

The budgeted figures have been overrun by the fixed assets depreciation expenses resulted from the tangible assets revaluation, by the royalties and the modernization quota on exceeding the transport incurred income, accounting for the base for these expenses.

The value of the operating expenses grew by 1.00% at 31.03.2015 as compared to 31.03.2014, on account of the material, personnel expenses, oil royalty expenses and modernization quota related to the overrun of the transport revenues.

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OPERATING PROFIT

The evolution of the main financial indicators during 01.01.2015 - 31.03.2015 yoy is as follows:

Financial Indicators	Achieved 31.03.2015	Achieved 31.03.2014	2015/2014 ▲
Operating profit margin (EBIT %)	20.67	17.45	18.45 pp.
Profit margin (EBITDA %)	33.25	30.70	8.30 pp

The Operating profit margin (EBIT) and (EBITDA) margin described an increasing trend (18.45pp namely 8.30 pp) on the account of the raise of the operating profit due to the increase of the transport revenues and recognition of the modernization quota as income.

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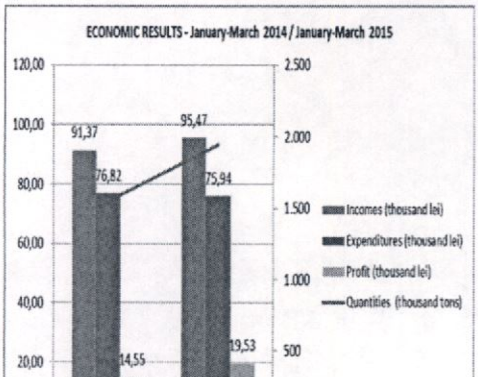
TRANSPORT SUBSYSTEMS PROFITABILITY

INDICATOR	MU	DOMESTIC SUBSYSTEM			IMPORT SUBSYSTEM			TOTAL		
		Realized quarter I			Realized quarter I			Realized quarter I		
		2015	2014	▲ 2015/2014	2015	2014	▲ 2015/2014	2015	2014	▲ 2015/2014
Revenues from transport	thousand lei	77.13	78.69	-1.98%	18.34	12.68	44.64%	95.47	91.37	4.49%
Corresponding expenditures	thousand lei	62.86	65.23	-3.63%	13.57	11.59	17.08%	76.43	76.82	-0.51%
Profit / (loss)	thousand lei	14.28	13.46	6.09%	4.76	1.09	336.70%	19.04	14.55	30.86%
Quantity	thousand lei	974.80	992.57	-1.79%	967.33	556.14	73.94%	1.942.13	1.548.71	25.40%
Income/ton	thousand lei	79.13	79.28	-0.19%	18.96	23.73	-20.10%	49.16	59.00	-16.68%
Cost/ton	thousand lei	64.48	65.72	-1.89%	14.03	22.86	-38.63%	39.35	49.60	-20.67%
Profit/(loss)/ton	thousand lei	14.65	13.56	8.04%	4.92	0.87	465.52%	9.80	9.39	4.37%
Profit Margin/(loss)		18.51%	17.10%	+1.41pp	25.98%	8.60%	+17.38pp	19.94%	15.92%	+4.02pp



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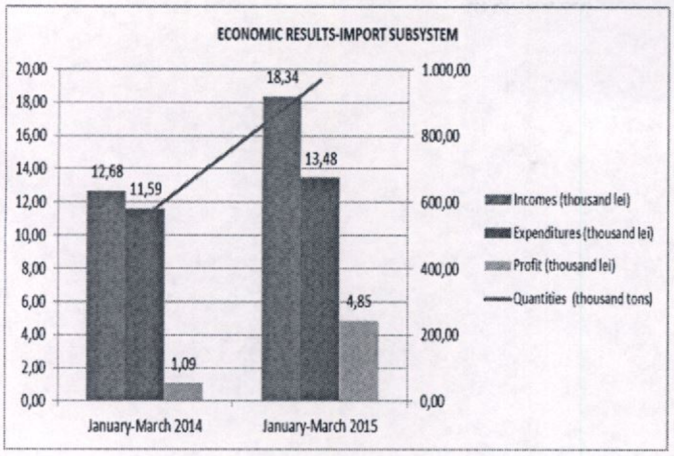

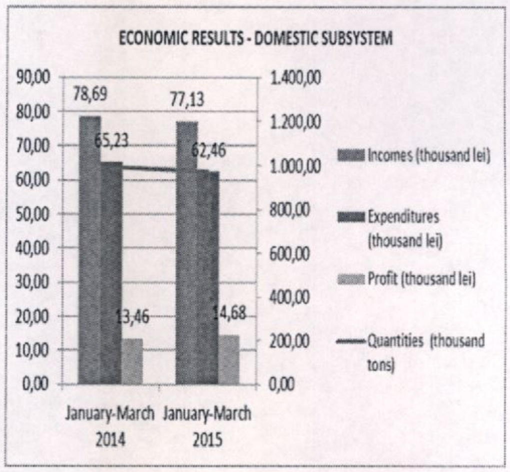

ANALYSIS OF THE COMPANY'S ACTIVITY

CAPITAL EXPENDITURES (INVESTMENTS)

Investment projects within Conpet targets. first of all the increase of transport efficiency.

Investments are funded from own sources, which comprise: the share of modernization (for the modernization of public assets and new investments); depreciation and amounts distributed from the profit for investments.

Synthesis of the investment objectives achieved in the first 3 months of 2015, on types of works and assets belonging. compared with the program for the same period and total year 2015 shows:

No.	Objective name	IEB 2015	January - March 2015		
			IEB	Realized	▲ IEB Realized / 31.03.2015
	General total of which:	**51,912**	**6,917**	**6,876**	**-0.59%**
I	**PUBLIC DOMAIN**	**37,591**	**4,344**	**4,916**	**13.17%**
1	Pipeline rehabilitation, of which:	21,008	2,150	2,260	5.12%
1.1	Pipelines replacement	18,648	2,125	2,231	4.99%

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1.2	Safe Disposal	2,360	25	29	16.00%
2	Modernization and monitoring of the cathodic protection system at central and sector level. related to Ticleni-Ploiesti. F1 and F2 crude oil transport pipelines	4,500	417	216.29	-48.13%
3	Modernization and monitoring of the cathodic protection system related to the domestic and import National Transport System	811	0	211.56	-
4	Pilot system for detection and location of product leaks from the crude oil main pipelines system Videle-Cartojani - Ploiesti	100	0	0.00	-
5	Technical Consultancy and Assistance	50	0	0.00	-
6	Tanks	2,122	100	0.47	-99.53%
7	Fire fighting installations	380	380	296	-22.11%
8	Power supply	670	0	103	-
9	Telecommunication works	377	277	54	-80.51%
10	Pumping systems modernization	766	78	32	-58.97%
11	Tank wagon weighing systems modernization	1,600	0	0	-
12	ramp modernization	105	5	0	-
13	Buildings, plants fencing	35	30	0	-
14	Other investments objectives	4,895	825	1,660	101.21%
15	Projects, Studies, Technical Examinations	172	82	82	0.00%
II	**OPERATOR DOMAIN**	**14,321**	**2,573**	**1,960**	**-23.82%**
	Investments objectives, of which:	8,671	1,363	763	-44.02%
1	Pipelines rehabilitation	1,451	72	42	-41.67%
2	Water supply	365	365	267	-26.85%
3	Power supply	758	0	1	-
4	Plants heating systems	150	0	0	-
5	Buildings, plants fencing	573	150	114.81	-23.46%
6	diesel hydraulic locomotive and wagons	1,377	0	0	-
7	Other works	1,021	50	0	-
8	intangible investments	2,976	726	337.72	-53.48%

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	Independent accessories and equipment	5,650	1,210	1,196.43	-1.12%

The investments performed in the first quarter of 2015 year amounted at a value of 6,876 thousand lei of which. by financing sources:

- Other sources (modernization quota) – 4,517 thousand lei;
- Own sources (profit) – 2, 359 thousand lei.

The investment programme targeted:

- The continuation of works for the rehabilitation of the main pipelines for crude oil and compression gasoline;
- Investment works on the installations. equipment and ancillary facilities related to the national transport system, of which the most important are:

• Modernization of 11 measuring skids through a modernization of the sampling system;

• Upgrading the fire fighting facility at Imeci;

• Modernization and monitoring of the cathodic protection system at central and sector level, corresponding to Ticleni -Ploiesti F1 and F 2 oil transporting pipelines;

• Modernization and monitoring the cathodic protection system corresponding to the import and domestic SNT;

• The purchase of equipment for the modernization of Conpet infrastructure hardware and software.

Commissionings completed in the first quarter of 2015 were of 7,219 thousand lei of which, dividing in financing sources:

• 4,464 thousand lei from other sources - the share of modernization;

• 2,755 thousand lei from own sources - profit;

and regarding the works. as it follows:

• Rehabilitation of road and fluvial channels at Orlesti;

• fences executed at Biled;

• Rehabilitation of R2Tank Călăreți;

• Modernization of Salonta building;

• The modernization of Pecica ramp;

• Mislea fencing restoration;

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Aut. Nr. 6856/2003

• Modernization of building gate at Urlati;

• Multiplexers subsystem modernization of Conpet telecommunications system;

• Investment assets;

• Utilities and independent equipment.

ECONOMICAL-FINANCIAL INDICATORS

Name of Indicator	The calculation formula	quarter I 2015	quarter I 2014
1. Current liquidity indicator	Current assets / Current liabilities	7.85	4.55
2. Debt degree indicator (%)	Loan capital / Own capital x 100	0.00	0.00
	Loan capital / Fixed capital x 100	0.00	0.00
3.Customer debit speed of rotation (days)	Customers average balance/ Turnover x 365 days	34	38
4. Fixed assets speed of rotation (times)	Turnover/fixed assets	0.23	0.22

Current liquidity indicator measures the company's ability to perform its short-term obligations. The obtained value of 7.85 is above the recommended value, it is acceptable and is around 2. The indicator's evolution reflects o good company's ability to cover the current liabilities on account of current assets.

The capital debt degree indicator, calculated both in relation to the total equity and to the fixed capital expresses the credit risk management effectiveness. The value of this indicator is zero, the company has no medium and long term loans.

Customer debit speed of rotation expresses the effectiveness of the company in collecting its receivables. The indicator registers a relatively constant level, resulted in the collection of receivables in 34 days.

Fixed assets speed of rotation evaluates the efficiency of the fixed assets activity by examining the turnover value generated by a certain amount of assets. The level of this indicator is 0.23 revolutions related to the year 2015.

Elements with impact on revenues

Tariffs evolution

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Transport tariffs through the National Transmission System of crude oil, compression gasoline, condensate and ethane, are established by order of the President of the National Agency for Mineral Resources and come into force after publication in the Official Gazette. The methodology for setting tariffs for oil transportation through the National Transmission System of crude oil, compression gasoline, condensate and ethane is regulated by the National Agency for Mineral Resources by no.53 / 2008 order for approving the instructions on the criteria, methodology and procedure for setting the tariffs for transportation through the national crude oil, compression gasoline, condensate and ethane transportation system.

The transportation tariff is differentiated on the two transport subsystems, namely the domestic and import subsystems. Tariffs approved by the **National Agency for Mineral Resources** for the domestic crude oil, compression gasoline, condensate and ethane transportation service for the period 01.01.2013-31.03.2015 is shown below:

	Medium tariff for the transporting service through the domestic subsystem **-lei/ton-**
• no.199/2013 Order for the period 11.12.2013-up to present	**78.64**

Tariffs of the imported crude oil transport activity are those established by no. 12 / 29.01.2015 NAMR Order, since February 2015. Prices are applied to refineries for the quantities transported intervals, practicing the stepped pricing model, as it follows:

	Ploiesti region		**Petromidia**	
quantities (tons)	**NAMR Tariff Ord. 13/ 14.01.2010, no. 42/19.01.2010 OG**	**NAMR Tariff Ord. 12/ 29.01.2015, no.90/03.02.2015 OG**	**NAMR Tariff Ord. 13/ 14.01.2010, no. 42/19.01.2010 OG**	**NAMR Tariff Ord. 12/ 29.01.2015, no.90/03.02.2015 OG**
0 – 60 000	**25.42**	**28.03**	**6.5**	**7.85**
60 001-100 000	**24.73**	**27.27**	**5.95**	**7.19**
100 001-150 000	**23.74**	**26.18**	**5.44**	**6.57**
>150 000	**20.91**	**23.06**	**3.79**	**4.58**

PERSOANA FIZICA AUTORIZATA TRADUCATOR INTERPRET • PLOIEŞTI • BUTUNOI GABRIELA Aut. Nr. 6856/2002

Shareholding Structure

The shareholding structure as per the Consolidated Shareholders' Register at the reference date 08.04.2015 is the following:

Component	No. of Shares	Shareholding	SHARE CAPITAL (LEI)
The Romanian State through the Ministry of Economy, the Energy Department, small and medium size companies and business environment	5, 083, 372	58.7162 %	16, 775, 127,6
Legal persons	2,904,370	33.5473%	9,584,421.0
Natural persons	669,786	7.7365%	2, 210,293.8
TOTAL	8, 657, 528	100 %	28, 569, 842.4

Number of shareholders: 11,251

EVENTS FOR THE PERIOD 01.01.2015-31.03.2015

During the first quarter of the year 2014, within the Company took place a series of important events, as follows:

• Since 5 January 2015, The Bucharest Stock Exchange applied a new market segmentation, and Conpet shares were included in the Premium category;

• Approval of import transport subsystem tariff upon no. 12 / 19. 01.2015 NAMR Order published in the Official Gazette no. 90 on 03/02/2015.

SUBSEQUENT EVENTS TO QUARTER I OF THE YEAR 2015

- **Approval of the revenues and expenditures budget**

On 22/04/2015 under no. 270 G.D. (published in no. 293 / 29. 04.2015 Official Gazette) it was approved the Revenues and Expenses Budget of Conpet SA.

- **General Meetings of Shareholders**

On April 28. 2015 took place the General Meeting of Shareholders.

The main aspects included in the OGMS decision are:

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- Approval of a gross dividend per share for 2014 in the amount of 5.9409792 lei gross/ share;
- Approval of the annual financial statements for the fiscal year 2014 of CONPET SA and also of the 2014 annual report on the financial-economic activity of CONPET. according to capital market legislation.

The interim financial statements for the period 01.01.2015 - 31.03. 2015 are unaudited and have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Board of Administration President

Dan Weiler

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General Manager

Liviu Ilasi

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Economical Manager
ec. Toader Sanda

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Annexes:

a) Statement of the services procurement contracts with values higher than 100,000 Euro, concluded within 1.01.2015 - 31.03.2015;

b) Statement of works and products procurement contracts with values higher than 500,000 Euro, concluded within 1.01.2015 - 31.03.2015.

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CONPET S.A. Ploiesti

STATEMENT OF THE SERVICES PROCUREMENT CONTRACTS WITH VALUES HIGHER THAN 100000 EURO, CONCLUDED WITHIN 01.01.2015 - 31.03.2015

Name of the Contractor	Scope of Contract	Title of Contract	Applied Procurement Procedure	Name of the Beneficiary (if different from the contracting authority)	Number of Notice/ Participation Notice	Contract Initial Value (in RON)	The contract value after the potential addenda (in RON)	Contract Commnecement Date	Initially established contract duration (in months)	Final duration of the Contract (in months)
ABB SP Z.O.O. VARSOVIA	Design, supply, configuration, testing and installation of a SCADA System upgrade hard and Soft.	S-CA 53/24.02. 2015	**Tender-** participation notice published on CONPET site (Art. 22 of the Internal Procurement Procedural Norms of CONPET SA)		GEO 1892 from 10.11.2014	2.900.000,00	2.900.000,00	24.02.2015	9	9
The NATIONAL COMPANY OF RAIL FREIGHT TRANSPORT “CFR MARFA” S.A. Bucuresti	Services of crude oil and rich gas rail transport, from the loading ramps to the destinations set out by CONPET.	S-CA 102/30.03. 2015	**negotiation**		11662 from 27.03.2015	255.128.496,00	255.128.496,00	01.04.2015	48	48

General Director,

Eng. Liviu Ilasi

S.s. Illegible

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Economic Director

Econ. Sanda Toader

S.s. Illegible

Director of Procurement and Investment Management Department

Eng. Radu Albu

S.s. Illegible

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STATEMENT OF WORKS AND PRODUCTS PROCUREMENT CONTRACTS WITH VALUES HIGHER THAN 500000 EURO, CONCLUDED WITHIN 01.01.2015 - 31.03.2015

Name of the Contractor	Scope of Contract	Name of Contract	Applied Procurement Procedure	Name of the Beneficiary (if different from the contracting authority)	Number of Notice/ Participation Notice	Contract Initial Value (in RON)	The contract value after the potential addenda (in RON)	Contract Commencement Date	Initially established contract duration (in months)	Final Contract Duration (in months).
S.C. GDF SUEZ ENERGY ROMANIA S.A. Bucuresti	Natural gas supply for 27 consumption sites belonging to CONPET S.A. Ploiesti"	P-CA 69/09.03.2015	**tender** - aparticipation notice published on CONPET site (Art. 22 of the Internal Procurement Procedural Norms of CONPET SA)		48691 from 30.12.2014	3.311.756,13	3.311.756,13	01.04.2015	12	12
S.C. INSPET SA Ploiesti	Execution of replacement works crude oil import pipeline 28" Constanta-Baraganu on 17 sections, in total length of 10145 m, between Constanta and C1	L-CA 92/25.03.2015	**tender** - aparticipation notice published on CONPET site (Art. 22 of the Internal Procurement Procedural Norms of CONPET SA)		47861 from 16.12.2014	13.909.663,00	13.909.663,00	15.04.2015 (location delivery)	24	24

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OMV PETROM MARKETING SRL Bucuresti	Fuel supply, based on Petrom credit crads in the supplier's stations in Romania	P-CA 10130.03.2015	**tender** - participation notice published on CONPET site (Art. 22 of the Internal Procurement Procedural Norms of CONPET SA)		2029 from 16.01.2015	4.394.250,00	4.394.250,00	01.04.2015	36	36

General Director,

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S.s. Illegible

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