Biannual Report

ON THE ECONOMIC-FINANCIAL ACTIVITY OF „ CONPET" S.A.

related to 2015 IST Half ended June 30, 2015

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REPORT AND ISSUER IDENTIFICATION DATA

Quarterly report as per:	Law no. 297/2004 regarding the capital market and CNVM Regulation no. 1/2006 regarding the issuers and the securities operations EGO 109/2011 regarding the corporate governance of the public enterprises
Report Date	
Issuer's Name	CONPET S.A.
Registered offices	No, 1-3, Anul 1848 Street, Ploieşti, Prahova County, Zip 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 paid-up share capital	28,569,842.40 Lei
Main features of the issued securities	8,657,528 shares with a nominal value of 3.3 Lei/share
Total market value	604,295,454 Lei (69.80 Lei/share at 30.06.2015)
Accounting standard applied	International Accounting Standard 34 - „Interim Financial Reporting"
Auditing	The Financial Statements concluded at 30.06.2015 are not being audited

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The Economic-Financial Statement

The evolution of the company's main financial indicators, during the six months period ended June 30th, 2015 as compared to the Revenues and Expenditure Budget (REB) and the same period last year, is exposed in the table below:

Indicators	Achieved 30.06.2015	R.E.B. 30.06.2015	▲ Achieved / R.E.B. 30.06.2015	Achieved 30.06.2014	▲ Achieved Ist Half 2015/2014
PERFORMANCE INDICATORS BoA/ Director General					
EBITDA (million Lei)	62.55	47.77	31.0%	56.67	10.4%
Operating Expenses (%Turnover)	87.47%	93.70%	-6.7%	89.59%	-2,4%
Productivity (Lei/employee)	118,440	113,161	4.7%	116,549	1.6%
Number of technical breakage	26	38	-31.6%	43	-39.5%
Number of broker's reports	3	1	N/A	0	N/A
BSE position - capitalization	15	25	N/A	19	N/A
OPERATIONAL INDICATORS					
Total transported quantities (tons)	3,416,613	3,007,466	13.6%	3,093,442	10.4%
Operating costs/ ton (Lei/ton)	48.25	57.50	-16.1%	53.92	-10.5%
Financial Indicators					
Total operating income (million Lei)	203.24	198.71	2.3%	199.53	1.9%
Operating Expenses (million Lei)	164.86	172.94	-4.7%	166.79	-1.2%
Operating profit margin (% Operating Income)	18.88%	12.97%	45.6%	16.41%	15.1%
INVESTMENT PLAN TRACKING INDICATORS					
Investments- public domain (million Lei)	10.17	9.74	4.5%	10.49	-3.1%
Investments - operating area (million Lei)	3.17	4.11	-22.8%	1.62	95.3%
Average no. of employees	1,716	1,756	-2.3%	1,712	0.2%

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

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a) Statement of the Financial Position at June 30, 2015

	30.06.2015 (non-audited) [Lei]	31.12.2014 (audited) [Lei]	30.06.2014 (non-audited) [Lei]
Assets			
Fixed assets			
Tangible assets	405,172,507	415,493,461	402,027,474
Intangible assets	2,742,670	3,162,304	5,754,431
Financial investments	447,914	527,515	763,946
Total fixed assets	**408,363,091**	**419,183,280**	**408,545,851**
Current assets			
Inventories	7,948,788	7,709,304	7,679,572
Trade receivables and other receivables	41,315,318	34,812,158	38,801,706
Short term investments	253,338,556	0	0
Cash and cash equivalent	125,915,455	343,037,311	300,063,996
Prepayments	292,404	213,560	358,978
TOTAL Current assets	**428,810,521**	**385,772,333**	**346,904,252**
TOTAL Assets	**837,173,612**	**804,955,614**	**755,450,103**
Shareholders' equity and debts			
Shareholders' Equity			
Share capital, of which:	28,569,842	28,569,842	28,569,842
Subscribed share capital	*28,569,842*	*28,569,842*	*28,569,842*
Revaluation reserves	100,614,506	107,646,176	104,112,617
Legal reserves	5,713,968	5,713,968	5,713,968
Other reserves	487,367,252	472,512,205	456,740,773
Retained earnings	66,472,353	59,440,683	42,501,804
Profit/loss for the period	35,076,823	51,434,194	30,942,105
Other shareholders' equity elements	(1,891,974)	(1,891,974)	-
Total Shareholders' equity	**721,922,770**	**723,425,094**	**668,581,109**
Long term debts			
Deferred tax liabilities	1,891,974	1,891,974	3,478,973
Provision for the employees' benefits	3,666,646	3,772,056	2,944,645
Total long term debts	**5,558,620**	**5,664,030**	**6,423,618**
Commercial debts	19,553,577	30,032,321	27,397,296

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Other debts	74,698,432	24,001,008	36,632,685
Short term provisions	14,136,861	20,853,022	15,392,228
Total current debts	**108,388,870**	**74,886,351**	**79,422,209**
Total debts	**113,947,490**	**80,550,381**	**85,845,827**
Deffered income			
Investment Subsidies	1,283,878	958,088	999,840
Deferred income	**19,474**	**22,050**	**23,328**
Total Deferred income	**1,303,352**	**980,138**	**1,023,168**
Total shareholders' equity and debts	**837,173,612**	**804,955,613**	**755,450,104**

Fixed Assets

In the fixed assets structure are to be found both investments made in the operating area and investments made in the public domain, in compliance with the provisions of the Oil Concession Agreement regarding the lease of the operation of the Crude oil, rich gas, condensate and liquid ethane Pipeline National Transport System, here included the major pipelines, installation, equipment and ancillary facilities.
During 01.01.2015 – 30.06.2015 the net value of the tangible and intangible assets lowered by 10,740,588 Lei, the remaining part representing:

- +13.342.199 Lei expenses on tangible assets in progress;
- \- 800.979 Lei fixed assets disposals;
- -23.656.765 Lei amortization related to 01.01.2015 – 30.06.2015
- \+ 374.957 Lei surplus inventory input transferred to the public domain;

Commissionings in 2015 I Half amounted to 19,844,850 Lei.

Current Assets

At June 30, 2015, the current assets increased by almost 11% as compared to December 31, 2014, mainly due to increased commercial debts and cash hike.

Long-term Debts

Long-term debts stood nearly flat, at the level registered at 31.12.2014.

Short-term debts

At June 30, 2015, the short-term debts recorded 74% increase as compared to December 31, 2015, mainly determined by the registration of the dividends due to shareholders allotted out of 2014 net profit as per OGMS Decision no. 3 dated 28.04.2015. The dividends due to shareholders have been transferred to Depozitarul Central S.A. in order to be paid starting 23.07.2015.

Shareholders' Equity

The shareholders' equity recorded a slight decrease, namely 0,2% as compared to 31.12.2014.

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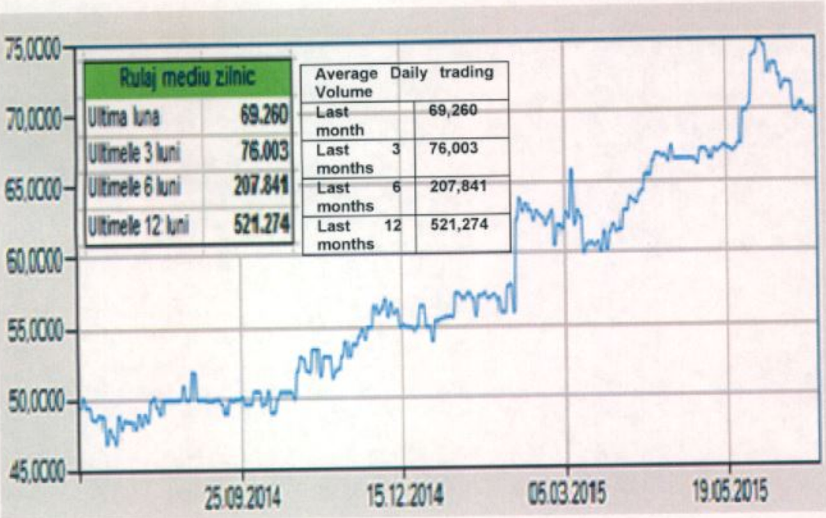
Evolution of COTE Shares



Issue Info	
Total no. of shares	8,657,528
Nominal Value	3.30
Share capital	28,569,842.40
Total 52 weeks	
No. of transactions	2,519
Volume	2,647,012
Value	130,318,433.02
52 weeks high	75.85
52 weeks low	47
Indicators	
Market Cap.	604,295,454.40
PER	11.75
P/BV	0.84
EPS	5.94
DIVY	8.51
Dividend (2014)	5.940972

Dividends

For 2014 was approved a gross dividend per share in amount of 5.9409792 Lei. The dividend was calculated by observing the legislation provisions applicable to the profit distribution to the companies where State holds majority stake herein, based on a dividend payout ratio of 91.22%.

Total dividend to be distributed: 51,434,194 Lei

Dividend per share: 5.9409792 Lei

Ex-dividend date: July 02, 2015

Date of payment : July 23, 2015

b) Global result statement for the six months period ended June 30, 2015

	30th of June 2015 [Lei] (non-audited)	30th of June 2014 [Lei] (non-audited)
Sales revenues	188,476,045	186,173,019
Other revenues	14,767,161	13,358,083
Total operating revenues	**203,243,206**	**199,531,102**
Expenses		
Expenses for raw materials and consumables	9,676,562	9,590,461
Personnel expenses	53,016,051	47,921,360
Value adjustments on tangible and intangible assets	24,173,279	23,929,448
Value adjustments on current assets	(415,554)	(321,062)

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Outside expenses	53,807,104	58,822,758
Other expenses	31,426,179	31,221,681
Provisions adjustments	(6,821,571)	(4,376,406)
Total operating expenses	**164,862,050**	**166,788,239**
Operating profit	**38,381,156**	**32,742,863**
Financial Revenues	3,303,189	4,816,318
Financial Expenses	1,762	201,477
Financial Profit	**3,301,427**	**4,614,841**
Earnings before tax	**41,682,584**	**37,357,704**
Income tax expenses	6,605,761	6,415,599
Profit for the year	**35,076,823**	**30,942,105**

The main economic-financial indicators achieved at 30.06.2015, as compared to REB 2015 I Half, are exposed in the table below:

Indicator [Lei]	**Achieved 30.06.2015**	**REB 30.06.2015**	**▲ Achieved/ REB 30.06.2015**
Net turnover	**188,476,045**	**184,434,861**	**2.2%**
Operating revenues	203,243,206	198,711,361	2.3%
Operating expenses	164,862,050	172,939,194	-4.7%
Gross operating profit	**38,381,156**	**25,772,167**	**48.9%**
EBITDA	**62,554,435**	**47,769,584**	**31.0%**
Financial Revenues	3,303,190	2,762,500	19.6%
Financial Expenses	1,762	132,000	-98.7%
Gross financial profit	**3,301,428**	**2,630,500**	**25.5%**
Total revenues	206,546,396	201,473,861	2.5%
Total expenses	164,863,812	173,071,194	-4.7%
Gross Profit	**41,682,584**	**28,402,667**	**46.8%**
Net Profit	**35,076,823**	**24,078,667**	**45.7%**

The evolution of these financial indicators during 01.01.2015 - 30.06.2015 Y/Y, is as follows:

Indicator [Lei]	**Achieved 30.06.2015**	**Achieved 30.06.2014**	**▲ Achieved I Half 2015/2014**
Net turnover	**188,476,045**	**186,173,019**	**1.2%**
Operating revenues	203,243,206	199,531,102	1.9%
Operating expenses	164,862,050	166,788,239	-1.2%

Gross operating profit	**38,381,156**	**32,742,863**	**17.2%**
EBITDA	**62,554,435**	**56,672,311**	**10.4%**
Financial Revenues	3,303,190	4,816,318	-31.4%
Financial Expenses	1,762	201,477	-99.1%
Gross financial profit	**3,301,428**	**4,614,841**	**-28.5%**
Total revenues	206,546,396	204,347,420	1.1%
Total expenses	164,863,812	166,989,716	-1.3%
Gross Profit	**41,682,584**	**37,357,704**	**11.6%**
Net Profit	**35,076,823**	**30,942,105**	**13.4%**

Statement of the main indicators achieved in 2015 I[st] Half Y/Y generally describe a positive trend, as follows:

- The turnover increased by 1.2% Y/Y and by 2.2% as compared to the budget, due to the increase in transport revenues, by 2.3% as compared to REB, respectively 1.9% Y/Y.
- The operating expenses stand flat, 1.2% lower than in 2014, due to the fact that an economy has been made with the materials, fuel, repair work, rail crude transport and decontamination works related expenses.
- The operating profit increased by 5.638 thousand Lei (17.2 %) Y/Y, as a result of the increase of the transported quantities.
- The financial revenues recorded an increase over the budgeted level (540,7 thousand Lei) and decreased by 1,513 thousand Lei (31,4%) Y/Y due to lower interest rates for bank deposits.

OPERATING RESULTS

The operating revenues

During January - June 2015 Y/Y, the evolution of the operating activity as well as of the transported quantities, is as follows:

Indicator **[Lei]** Tons	**June 30, 2015**	**June 30, 2014**	▲ **Achieved I[st] Half 2015/2014**
Income from transport activity, out of which:			
Transported volume ***Tons***	**3,416,613**	**3,093,441**	**10.4%**
Lei	**187,366,939**	**185,214,579**	**1.2%**
Income from crude transport on the **Domestic Subsystem**			
Tons	1,980,103	1,992,854	-0.6%
Lei	156,868,208	158,985,648	-1.3%
Income from crude transport on the **Import Subsystem**			
Tons	1,436,510	1,100,587	30.5%
Lei	30,498,731	26,228,931	16.3%

Rental income	**744,652**	**565,741**	**31.6%**
Other revenues	**364,455**	**392,699**	**-7.2%**
Other operating revenues, out of which:	**14,767,160**	**13,358,083**	**10.5%**
Modernization quota recognized as income	14,152,833	12,342,549	14.7%
Income from sale of assets	214,002	640,303	-66.6%
Other revenues	400,325	375,231	6.7%
Total operating revenues	**203,243,206**	**199,531,102**	**1.9%**

During January-June 2015 Y/Y, the revenues from supply transport services recorded an increase in amount of 2,152 thousand Lei (1,2%).

The 1.2% increase was mainly triggered by the increase of the transported quantities, by 323 thousand tons, especially on the import sub-system (by 336 thousand tons), but also by the augmentation of the import crude oil transport tariff starting February 3, 2015.

The income on the core business (crude oil, rich gas and condensate transport services) account for the largest share (92.2% in 2015 and 92.8% in 2014) in the company's total operating revenues.

In 2015 I[st] Half, have been achieved other revenues from the operating activity, 1,402 thousand Lei higher (10.5%) Y/Y. The increase was made out of the modernization quota revenues (amortization registered for the tangible assets financed from the modernization quota).

Operating Expenses

As compared to the Revenues and Expenditure Budget, the total operating expenses during January-June 2015, are as follows:

Indicator	June 30, 2015	REB June 30, 2015	▲ Achieved/BVC 2015 I[st] Half
Material expenses, out of which:	**4,031,226**	**4,952,407**	**-18.6%**
-expenses for consumables	1,479,398	2,218,988	-33.3%
-Fuel expenses	1,168,852	1,499,296	-22.0%
Other outside expenses (with energy and water)	**5,645,334**	**6,657,560**	**-15.2%**
Personnel expenses, out of which:	**53,016,051**	**55,836,643**	**-5.1%**
-Salary expenses	34,429,421	35,129,369	-2.0%
-Expenses related to the social security insurance contributions and other legal requirements	10,682,921	11,076,933	-3.6%
-Other personnel expenses	7,903,709	9,630,341	-17.9%
Tangible and intangible assets depreciation related expenses	***24,173,279***	***21,997,417***	**9.9%**
-**Outside services expenses**, out of which:	***53,807,104***	***58,204,527***	**-7.6%**
-Maintenance (Maintenance, current and capital repairs) expenses	1,197,208	1,994,013	-40.0%
-Crude oil rail transport expenses	34,269,605	35,180,528	-2.6%
-Decontamination expenses	460,223	1,775,000	-74.1%
- Royalties	*14,238,901*	*14,027,187*	1.5%
-other third party services	*3,641,168*	*5,227,799*	-30.3%
Value adjustments on current assets	***-415,554***		

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Provisions adjustments	***-6,821,571***	***-6,090,122***	**12.0%**
Other operating expenses, out of which:	**31,426,180**	**31,380,762**	**0.1%**
-modernization quota expenses	29,007,880	29,233,630	**-0.8%**
Total operating expenses	**164,862,050**	**172,939,194**	**-4.7%**

The evolution of the total operating expenses during January – June 2015 Y/Y, is as follows:

Indicator [Lei]	**June 30, 2015**	**June 30, 2014**	▲ **Achieved Ist Half 2015/2014**
Material expenses, out of which:	**4,031,226**	**3,509,224**	**14.9%**
-expenses for consumables	1,479,398	1,833,758	-19.3%
-Fuel expenses	1,168,852	1,342,589	-12.9%
Other outside expenses (with energy and water)	***5,645,334***	***6,081,238***	**-7.2%**
Personnel expenses, out of which:	**53,016,051**	**47,921,360**	**10.6%**
-Salary expenses	34,429,421	32,575,065	5.7%
-Expenses related to the social security insurance contributions and other legal requirements	10,682,921	9,922,329	7.7%
-Other personnel expenses	7,903,709	5,423,966	45.7%
Tangible and intangible assets depreciation related expenses	**24,173,279**	***23,929,448***	**1.0%**
-**Outside services expenses**, out of which:	**53,807,104**	***58,822,757***	**-8.5%**
-Maintenance (Maintenance, current and capital repairs) expenses	1,197,208	1,238,615	-3.3%
-Crude oil rail transport expenses	34,269,605	39,767,896	-13.8%
-Decontamination works related expenses	460,223	623,020	-26.1%
- Royalties	14,238,901	*13,951,707*	2.1%
-other third party services	3,641,168	*3,241,519*	12.3%
Value adjustments on current assets	**-415,554**	***-321,063***	**-100.0%**
Provisions adjustments	**-6,821,571**	**-4,376,406**	**55.9%**
Other operating expenses, out of which:	**31,426,180**	**31,221,681**	**0.7%**
-modernization quota expenses	29,007,880	28,766,054	0.8%
Total operating expenses	**164,862,050**	**166,788,239**	**-1.2%**

The operating expenses achieved during 01.01.2015 - 30.06.2015 are in amount of 164.9 million Lei and account for 95.3% of the approved budget.

Have been recorded overruns of the budgeted figures related to fixed assets amortization expenses, resulted from the reevaluation of the tangible assets and to the royalty payable for the additional transport revenues.

The value of the operating expenses decreased by 1.2% in 2015 Ist Half Y/Y, mainly due to the diminution of the expenses incurred by maintenance and repairs, decontamination works, rail transport.

In 2015 Ist Half Y/Y have been recorded overruns, namely: the material expenses (14.9%) following the increase, mainly, of the expenses on inventories items, representing protection equipment for replacing the ones that no longer complies with the legal requirements regarding the term of use; the personnel expenses (10.6%) following the increase of the basic salary starting July 2014 (indexed on average by almost 2.5%), following the award, within the month of May 2015, of the employees' share of profit over the level registered last year, as well as of the facultative pension (Pillar III), granted starting the month of October 2014.

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Result of the activity	June 30, 2015	June 30,2014	▲ Achieved I[st] Half 2015/2014
Operating Profit	**38,381,156**	**32,742,863**	17.2%
Financial Profit	3,301,428	4,614,841	-28.5%
Gross Profit	**41,682,584**	**37,357,704**	11.6%
Income Tax	6,605,761	6,415,599	3.0%
Net profit for the year	**35,076,823**	**30,942,105**	**13.4%**

The favorable evolution of the revenues and expenses during January - June 2015 was triggered by a 11.6% hike of the gross profit Y/Y. The rise in gross profit was possible due to the increase, by 17.2%, of the operating activity Y/Y.

c) Cash-flow Statement during 01.01.2015-30.06.2015 (Direct Method)

	Name of the element	01.01.2014-30.06.2014	01.01.2015-30.06.2015
	Cash flows from operating activities:		
+	Cash collections from customers	205,375,888	197,936,897
+	Other collections	597,469	3,315,482
-	Payments to goods and services suppliers	63,441,106	73,965,901
-	Payments to and on behalf of the employees	48,146,150	54,713,622
-	VAT payments	28,228,676	29,457,401
-	Income tax related payments	5,630,283	6,765,853
-	Other payments for operating activities	10,552,974	18,246,232
A	***Net cash from operating activities***	***49,974,168***	***18,103,370***
	Cash flows from investment activities :		
+	Proceeds from sale of tangible assets	640,303	111,549
+	Proceeds from modernization quota	28,766,054	29,007,880
-	Payments for purchase of tangible assets	15,860,052	14,401,099
-	Payments for interest, financing fees, differences in the exchange rate	0	0
-	Reimbursements of certain loans	0	0
B	***Net cash from investment activities***	***13,546,305***	***14,718,330***
	Cash flows from financing activities		
+	Proceeds from short-term financial investments	0	14,240,800
+	Proceeds from interests related to banking investments	4,554,668	3,256,978
+	Proceeds from other financial income	55,181	4,408
-	Payments on short-term financial investments	193,970	259,987,470
-	***Dividends paid***	17,366,895	28,602
C	***Net cash from financing activities***	***-12,951,016***	***-242,513,886***
	Net increase of the cash and cash equivalents=A+B+C=D2-D1	***50,569,457***	***-209,692,186***
D1	***Cash and cash equivalents at the beginning of I[st] Semester***	***249,494,539***	***335,367,828***
D2	***Cash and cash equivalents at the end of I[st] Semester***	***300,063,996***	***125,675,642***

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CONPET business generate stable and visible cash flows.

The decrease in cash and cash equivalents at the end of 2015 Ist Half Y/Y is due to placements in short-term investments (acquisition of government securities in the form of treasury bills and government bonds).

The net cash from operating activities records a diminution during 2015 Ist Half (36.2%Y/Y), on the one hand due to a fall in proceeds on the reported period, due to the receipt from OMV Petrom SA, in December 2014, of certain transport invoices with maturity in 2015 and on the other hand, due to the augmentation of the value of the payment to goods and services suppliers due to the amendment (from 60 days, to 30 days) of the payment deadline of the invoices on the services supplied under the contract concluded with SNTFM CFR MARFA SA and rise in payments made to the employees following the awarding of the amounts as share of profit.

As concerns the net cash form **investment activities,** we observe that the values registered at the end of the two reviewed periods are positive, nevertheless describing a slightly ascending trend in 2015.

As regards the net cash from **financing activities**, both periods recorded deficit, triggered, in 2015 Ist Half by the acquisition of government securities in the form of treasury bills and government bonds (due in 2016), and in 2014 Ist Half by the payment of the dividends to the majority shareholder, as compared to the proceeds resulted mainly from the negociated interests on the short-term deposits made.

Despite all these, in 2015, the interests on the capital market kept the descending trend, which determined the diminution of the company's proceeds from cash investments.

OVERVIEW OF THE COMPANY BUSINESS

a) Operating Data

Transported Quantities

Transport Subsystems - thousand tons -	**Achieved 30.06.2015**	**REB 30.06.2015**	**Achieved / REB 30.06.2015**	**Achieved 30.06.2014**	**Achieved 30.06.2015/ 2014**
Domestic Subsystem	1,980.10	1,976.02	100.21%	1,992.86	99.36%
Import Subsystem	1,436.51	1,031.45	139.27%	1,100.59	130.52%
Total :	**3,416.61**	**3,007.47**	**113.60%**	**3,093.44**	**110.45%**

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2015 I[st] Half Operating Results

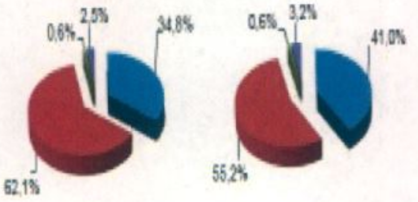
Operational Benchmarks

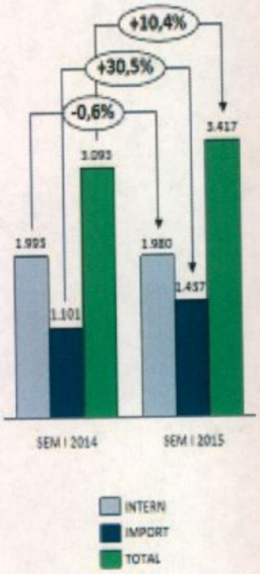
2015 I[st] Half / 2014 I[st] Half

TRANSPORTED QUANTITIES PER TYPE OF TRANSPORT (thousand tons)

3,417k tons TOTAL TRANSPORTED QUANTITIES	▲10.4%
58% SHARE OF THE DOMESTIC TRANSPORTED QUANTITEIS IN TOTAL TRANSPORTED QUANTITIES	▼9.4%
42% SHARE OF THE IMPORTED VOLUMES IN TOTAL TRANSPORTED QUANTITIES	▲16.7%

2014 I[st] Half	2015 I[st] Half
Share of the crude oil and derivaties transport	Share of the crude oil and derivaties transport





Legend:
Intern - Domestic
Import - Import
Total - Total
SEM I 2014 - 2014 I[st] Half
SEM I 2015 - 2015 I[st] Half

Legend:
Blue- imported crude
Red – domestic crude
Green - rich gas
Purple - Condensate

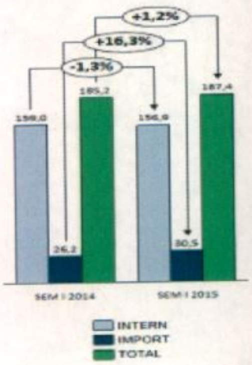
2015 I[st] Half Operating Results

Operational Benchmarks

2015 I[st] Half / 2014 I[st] Half

TRANSPORT REVENUES PER TYPE OF TRANSPORT (mRON)

187.4 mRON Operating revenues from total transport	▲1.2%
156.9 mRON Operating revenues from domestic transport	▼1.3%
30.5 mRON Operating revenues from import transport	▲16.3%
83.7% Share of the operating revenues from domestic transport in operating revenues from total transport	▼2.5%
16.3% Share of the operating revenues from import transport in operating revenues from total transport	▲14.8%



The operatinal revenues from total transport rose due to:

- Increase, by 30.5%, of the transported volumes on the import subsystem;
- Rise, by 9.9%, of the transport tariff for the import sub-system in February 2015;
- Increase, by 16.3%, of the operating revenues from the transport on the import sub-system, out of which: +2.3 mRON Rompetrol, +1,5 kRON Arpechim and +0.4mRON Petrotel Lukoil

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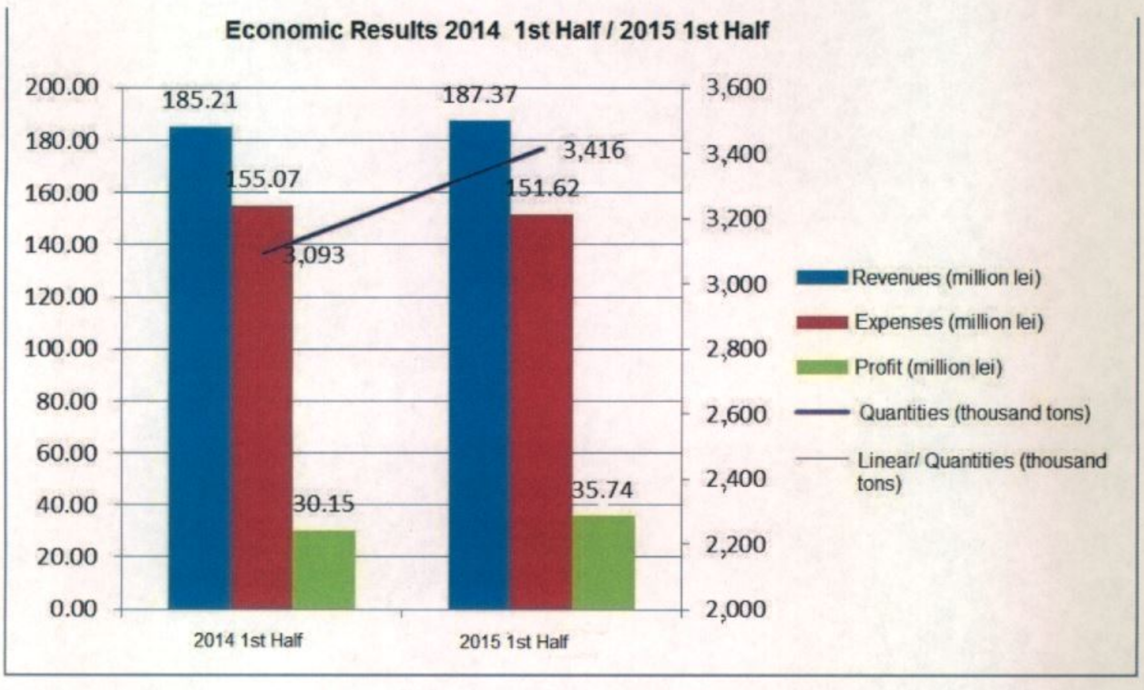
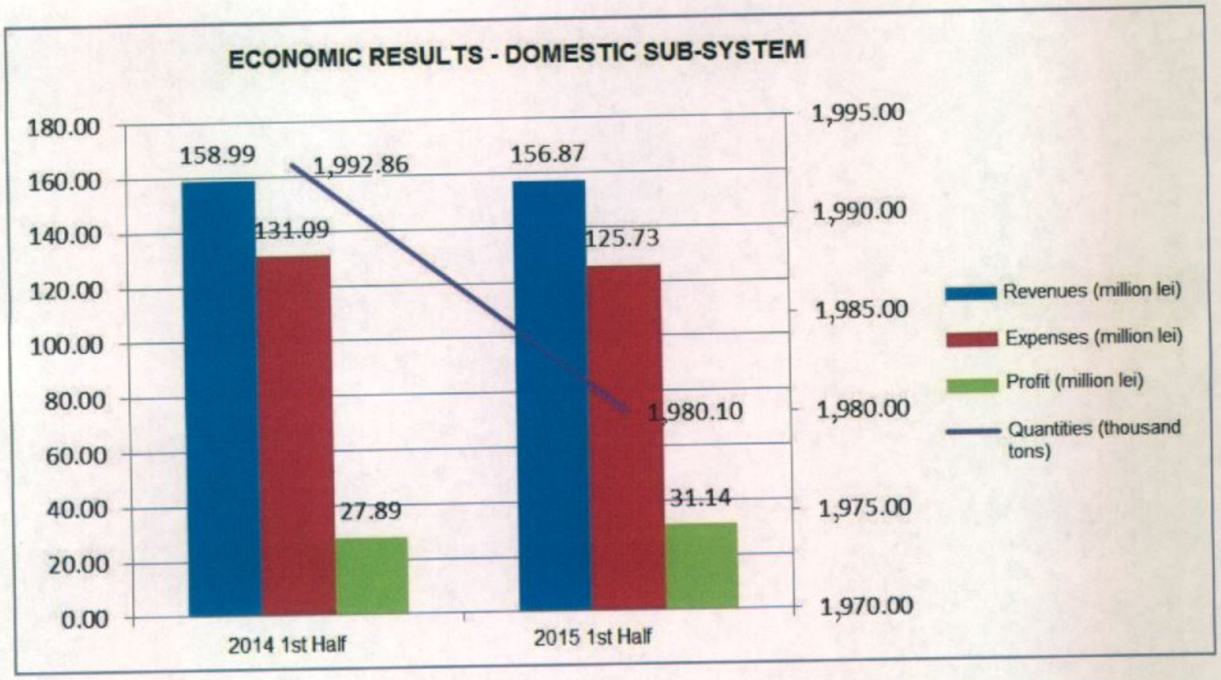
PROFITABILITY OF THE TRANSPORT SUB-SYSTEMS

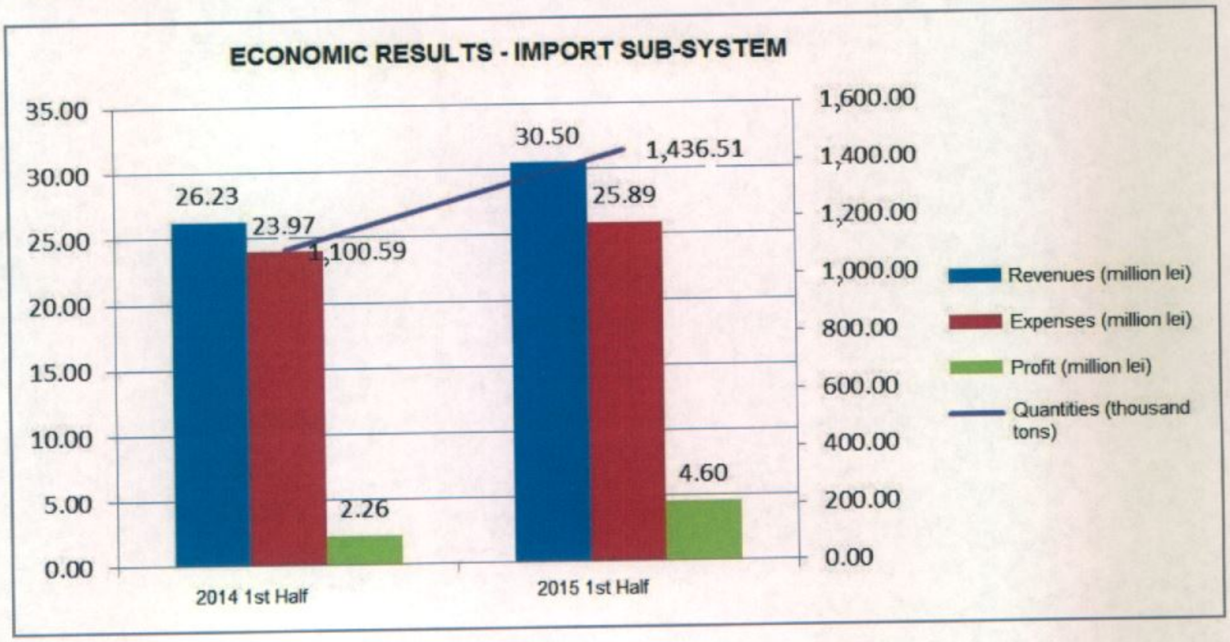
INDICATOR	UM	DOMESTIC SUBSYSTEM			IMPORT SUBSYSTEM			**TOTAL**		
		Achieved			Achieved			**Achieved**		
		2015 Ist Half	2014 Ist Half	Δ	2015 Ist Half	**2014 Ist Half**	Δ	**2015 Ist Half**	**2014 Ist Half**	Δ
Transport revenues	Million Lei	156.87	158.99	-1.33	30.50	26.23	16.28	187.37	185.21	1.16
Related expenses	Million Lei	125.73	131.09	-4.09	25.89	23.97	8.01	151.62	155.07	-2.22
Profit/(loss)	Million Lei	31.14	27.89	11.65	4.60	2.26	104.17	35.74	30.15	18.57
Quantity	Thousand tons	1,980.10	1,992.86	-0.64	1,436.51	1,100.59	30.52	3,416.61	3,093.44	10.45
Venit/ton	Lei/ton	79.22	79.78	-0.70	21.23	23.73	-10.54	54.84	59.87	-8.41
Cost/ton	Lei/ton	63.50	65.78	-3.47	18.03	22.86	-21.16	44.38	50.13	-11.47
Profit/(loss)/to	Lei/ton	15.73	14.00	12.36	3.20	0.87	269.39	10.46	9.75	7.35
Profit margin/(loss)	Δ	19.85	17.54	13.15	15.10	8.60	75.58	19.08	16.28	17.20

The revenues per transported ton related to the transport activity on the domestic sub-system registered a decrease by 0.70% Y/Y, being mainly due to the reduction of the transported quantities, by 0.64% (12.8 million tons).

The transport activity on the import sub-system generated a 10.54% Y/Y lower revenue per transported ton. The quantity's growth rate (30.52%) frontloaded the increase in revenues (16,28%), whereas the additionally transported quantities were made for Petromidia refinery (300 thousand tons), in which case the average transport tariff is 7.85 Lei/ton, below the level of the average imported crude oil transport tariff at company level, which is 25.45 lei/ton.







Elements bearing Impact on Revenues

Tarriffs Evolution

The transport tarriff on the crude oil, rich gas, condensate and liquid ethane National Pipeline Transport System are being set pursuant to the Order of the President of the National Agency for Mineral Resources and enters into force at the publishing date thereof in the Official Gazette of Romania. The methodology for the settlement of the crude oil transport tarriffs through the crude oil, rich gas, condensate and ethane National Transport System is being regulated by NAMR pursuant to Order no. 53/2008.

The transport tarriff is differentiated according to the two transport sub-systems (domestic and import). The tarriffs approved by the National Agency for Mineral Resources for the servicing of domestic crude oil, rich gas and condensate, related to the period 01.01.2013-30.06.2015, are as follows:

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Average tarriff for the transport on the domestic sub-system
-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 - to date — **78.64**

The tariffs on the transport of the imported crude oil are those set by NAMR pursuant to Order no. 12/29.01.2015, starting February 2015. The tariffs are being charged differently, per refineries, per transported quantities interval, being applied the tariff bracket system, as follows:

	Ploiesti Basin		Petromidia	
Quantities (tons)	Tarriff as per NAMR Order no. 13/ 14.01.2010, Official Gazette of Romania no. 42/19.01.2010	Tarriff as per NAMR Order no. 12/ 29.01.2015, Official Gazette of Romania no. 90/03.02.2015	Tarriff as per NAMR Order no. 13/ 14.01.2010, Official Gazette of Romania no. 42/19.01.2010	Tarriff as per NAMR Order no. 12/ 29.01.2015, Official Gazette of Romania no. 90/03.02.2015
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

b) Capital Expenditure (Investments)

CONPET investment projects are primarily aiming at boosting efficiency of the transport activity. The investments are financed from own sources, namely: the modernization quota (for the modernization of the assets belonging to public domain and new investments) and other own sources.

The synthesis of the investments per types of works performed in 2015 Ist Half, as compared to the program for the same period and to total 2015, is as follows:

mii lei

Crt. No.	Name of the Objectives	Programmed 2015	Programmed 6 months	Achieved 6 months	Achieved/ Programmed 6 months %
	Total general, out of which:	**51,912**	**13,846**	**13,342**	**96%**
I	**PUBLIC DOMAIN**	**37,591**	**9,735**	**10,169**	**104%**
1	Pipeline rehabilitation, out of which:	21,008	5,095	5,957	117%
1,1	Pipeline replacement	18,648	4,635	5,581	120%
1,2	Safe Disposals	2,360	460	376	82%
2	Modernization and monitoring of the cathodic protection system at central and sectoral level, related to Ticleni-Ploiesti, Line 1 and Line 2 crude oil transport pipelines	4,500.00	417	378.98	91%
3	Modernization and monitoring of the cathodic protection system related to the domestic and import National Transport System	811.00	211	213.25	101%

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4	Pilot system for detection and location of product leaks from the crude oil major pipelines system Videle - Cartojani - Ploiesti	100.00	0	0,00	-
5	Technical Consulting and Assistance	50.00	0	0,00	-
6	Tanks	2,122	100	91.78	92%
7	Fire Prevention and Extinction (Rom. PSI) installation	380	380	346	91%
8	Electric power feed	670	100	387	-
9	Telecommunication works	377	377	383	102%
10	Pumping systems modernization	766	138	113	82%
11	Modernization of rail tanks weighing systems	1,600	0	0	-
12	Ramp modernization	105	5	0	8%
13	Stations' buildings and fencing	35	35	2	6%
14	Other investment objectives	4,895	2,795	2,297	82%
15	Projects, Studies, Technical Appraisals	172	82	0	0%
II	**OPERATING AREA**	**14,321**	**4,111**	**3,173**	**77%**
A.	Investment objectives, out of which:	8,671	2,401	1,564	65%
1	Pipeline rehabilitation	1,451	572	81	14%
2	Water feeds	365	365	360	99%
3	Electric power feed	758	250	477	-
4	Station heating systems	150	0	0	-
5	Stations buildings and fencing	573	353	153.89	44%
6	LDH and railway tanks	1,377	0	79	-
7	Other works	1,021	135	76	56%
8	Non-tangible investments	2,976.00	726	337.72	47%
B.	Independent Facility and Equipment	5,650.00	1,710	1,608.22	94%

The Investments made within the first 6 months of 2015 amount to 13,342 thousand Lei, being financed out of:

- The modernization quota – 9,265 thousand Lei ;
- Other own sources – 4,077 thousand Lei.

At the preparation of the investment program have been considered:

- The continuation of the works for the rehabilitation of the major pipelines for crude oil and rich gas transport;
- Investment works on the installation, equipment and ancillary facilities related to the national transport system, out of which, the most significant:
- Modernization of 11 measuring skids by way of an upgrade to the sampling system;
- Modernization of Imeci Fire Prevention and Extinction (Rom. PSI)
- Modernization and monitoring of the cathodic protection system at central and sectoral level, related to Ticleni-Ploiesti, Line 1 and Line 2 crude oil transport pipelines
- Modernization and monitoring of the cathodic protection system related to the domestic and import National Transport System;
- SCADA Upgrade;
- Procurement of equipment for the modernization of CONPET hardware and software infrastructure.

The commissionings achieved witihn the first 6 moths of 2015 amounted 19,845 thousand Lei, out of which, by sources of financing :

- 12,695 thousand Lei out of the modernization quota;
- 7,150 thousand Lei from other own sources.

The main investment objectives achieved in 2015 I[st] Half are as follows:

- Rehabilitation of Orlesti road and drains for the run-off of rain water;
- Biled fencing;
- Rehabilitation of Calareti R2 tank;
- Modernization of Salonta building;
- Modernization of Pecica ramp;
- Rehabilitation of Mislea fencing;
- Modernization of Urlati building gate;
- Modernization of CONPET multiplexor system, telecommunication system;
- Video call system;
- Poiana Lacului and Ciresu water feed;
- Replacement crude oil pipeline Ø 12 3/4" Cartojani-Ploiesti, in Sf. Gheorghe village area, Crevedia Mare commune, Giurgiu County, on a length of 550 m;
- Modernization of Baraganu premises;
- Sampling System;
- Replacement crude oil pipeline Ø 12", 14" Cartojani-Ploiesti, in Crivat river area, Cornesti-Catunu locality(2x0,3km), L=0,6km
- Modernization of microwave radio relay lines + introduction of Ciresu location in the telecommunication system -II [nd] Floor;
- Audio-conference system;
- Crude oil pipeline Ø 6 5/8" Ochiuri -Moreni, Valea lui Serb area, over a length of 1.300 m
- R4 tank Ciresu;
- Modernization of the pumps' monitoring and vibration system in Orlesti station;
- Modernization of uninterruptible power stations - UPS telecommunication system sites
- PR railway tank 193-3, 444-0, 430-9;
- Modernization of Imeci Fire Prevention and Extinction installation(Rom. PSI)
- Non- tangible investmetns - licenses;
- Independent Facility and Equipment.

Economic – Financial Indicators

Name of the Indicator	Calculation Formula	January – June 2015	January-June 2014
1. Current liquidity Indicator	Current assets / Current debts	4.55	5.41
2. Debt ratio indicator (%)	Borrowed capital / Equity x 100	0.00	0.00
	Borrowed capital / Employed capital x 100	0.00	0.00
3. Rotation speed of the clients' debts (days)	Average balance clients / Turnover x 365 zile	33	36
4. Rotation speed of the fixed assets (no. of times)	Turnover/fixed assets	0.46	0.46

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The Current Liquidity Indicator measures the company's ability to pay off one's short-term liabilities. The obtained 4,55 value exceeds the recommended and acceptable value which approximates 2. The indicator evolution reflects the company's keen ability to cover the current liabilities by the current assets.

The Debt ratio indicator, calculated in relation to both equity and employed capital, expresses the effectiveness of the credit risk management. The value of this indicator is zero, the company has no average and long-term loans.

Rotation speed of the clients' debts expresses the company effectiveness in collecting its claims. The indicator stands relatively flat, being materialised in the collection of receivables in 33 days.

The Rotation speed of the fixed assets assesses the effectiveness of the fixed assets activity by reviewing the turnover value generated by a certain amout of fixed assets. The level of this indicator is 0,46 rotations at 2015 level.

Significant events

During the first semester of 2015, at Company level took place a seriesof significant events, as follows:

- Starting January 5, 2015, Bucharest Stock Exchange applied a new market segmentation and CONPET shares have been included to Category Premium;

- The approval of the transport tariff on the import subsystem pursuant to NAMR Order no. 12/19.01.2015 published in the Official Gazette of Romania no. 90 dated 03.02.2015.

- Approval of the Revenues and Expenditure Budget

On 22.04.2015, pursuant to GD no. 270 (published in the Official Gazette of Romania no. 293/29.04.2015) was approved the Company's Revenues and Expenditure Budget.

- ***General Meetings of Shareholders***

On April 28, 2015 took place the General Meeting of Shareholders.
The main aspects included in the OGMS are:

- Approval of 2014 gross dividend per share amounting to 5.9409792 Lei gross/share;
- Aproval of the annual financial statements for 2014FY, as well as of the 2014 Annual Report on the economic-financial activity of CONPET, as per the provisions of the capital market legislation.

OGMS Decision no.3 dated 10.06.2015 approves:

- CONPET's Revenues and Expenditure Budget for 2015 financial year, in the form and content stupulated by GD no. 270/22.04.2015 regarding the approval of 2015 Revenues and Expenditure Budget, subordinated to the Ministry of Energy, Small and medium Enterprises and Business Environment;
- The performance objectives and indicators advanced by the BoA, namely the annexes 1 and 1.1 to the administration contracts;

The EGMS Decision no. 2 dated 10.06.2015 approves:

- The innitiation of the procedure for the augmentation of the share capital of the company by the value of the 47 lands for which have been obtained Land Ownership Certificates,

Other Aspects

Disputes

The outstanding disputes the company is involved in, are exposed below:

File no. 1269/105/2014* –Prahova Law Court

Parties: Conpet SA – defendant-plaintiff
Tudora Dorin – plaintiff-defendant

SCOPE: Claims (disputed amount: 36 salaries coresponding to the last gross salary in his capacity of HSEQ executive; the difference between the "salary for the execution position" and 9/10 of the "maximum salary amount paid by the company for an execution position"; interest on the mentioned claims); As per the information received from the Human Resources Service, the aggregate claims amount to 559.386 Lei.

Conpet has submitted a counterclaim asking the Court to declare the absolute partial nullity of the Mandate Contract no. 1/2010 concluded between CONPET acting as a Principal and Dorin Tudora acting as Agent, namely the absolute nullity of Art. 11 item. 11.4 of the mentioned contract.

Procedural Status of the case: on the merits

Note: at 24.03.2015, the plaintiff Tudora Dorin filed motion to withdraw the complaint. At 27.03.2015, the plaintiff filed a new motion to withdraw the complaint. On 06.04.2015, the plaintiff filed for a petition whereupon he gives up all his rights derived from Art. 11, item 11.4 of the contract of mandate no.1/2010 concluded with CONPET S.A..

Clarifications: Pursuant to decision no. 746/08.04.2015 Prahova Court made a record of the withdrawal of complaint. The decision may be argued by appeal following communication.

Trial date: At the trial date scheduled for 08.06.2015, pursuant to decision no. 1276, Prahova Court of Law admits the nonpayment of the judicial fee excepcion, invoked ex officio. Annuls the couterclaim, as unstamped. The decision may be challenged by appeal following communication.

- **File no. 5555/2/2014 – The High Court of Cassation and Justice (on the merits, placed on the docket for legal action, by the initial number 33317/3/2007)**

Parties: Authority for State Assets' Recovery (Rom. AVAS), Ministry of Economy,Trade and Business Environment(Office of State Ownership and Privatization in Industry) (Rom. MECMA (OPSPI) – acting as Plaintiff

CONPET S.A., Fondul Proprietatea S.A., The Independent Registry Regisco S.A., Romanian Securities Commission – acting as Defendants

Scope of the request: Action for the recovery of posession of a number of 524,366 shares out of the share capital of CONPET S.A.

Clarifications: Pursuant to decision no. 118/30.01.2015, the Court of Appeal Bucuresti leaves to the appeal declared by the Appellant - Plaintiffs Department for Energy within the Ministry of Economy and the Ministry of Economy acting as succesor in title of the Ministry of Economy, Trade and Business Environment, grants the request formulated by the Appellant - Plaintiffs Department for Energy within the Ministry of Economy and the Ministry of Economy acting as succesor in title of the Ministry of Economy, Trade and Business Environment, in opposition to the Defendant Fondul Proprietatea SA. Admits the property right of the Plaintiff Ministry of Economy over 524,366 CONPET S.A. shares. Oblidges the defendants to pay all due diligence for the entry thereof be made in the Shareholders' Registry. The Department for Energy within the Ministry of Economy and Fondul Proprietatea SA filed for appeal.

Trial date: 02.02.2016

- **File no. 2378/105/2009 - Prahova Law Court**

Parties: Cojocaru Irinel - plaintiff
Conpet S.A. - defendant

Scope of the request: Action for the recovery of posession of the land in surface of 2500 m², located in Ploiesti, Rezervoarelor street

Procedural Status of the case: on the merits

Trial Date: 23.09.2015

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➢ **File no. 6544/105/2011* - Prahova Law Court**

Parties: Conpet S.A. - defendant
ICIM S.A. - defendant
E.T.H. Arhitectural Systeme S.R.L. by the legal liquidator Societatea Dascalescu & Co – Plaintiff

Scope of the request: Claims, the amount subject to dispute: 1,146,784.7 Lei to which are being added liquidated- damages (penalties /interests)

Procedural Status of the case: on the merits

Trial Date: 04.09.2015

➢ **File no. 2037/204/2011 –Prahova Law Court**

Parties: Conpet S.A. – defendant reconvenient
Zabava Traian – plaintiff defendant
Zabava Iuliana - plaintiff defendant
Ministry of Public Finances - D.G.F.P. PRAHOVA – impleader
ANRM - impleader
Filipestii de Targ commune represented by the Mayor - impleader
Ministry of Public Finances - Intervener
ANRM – Intervener

Scope of the request: Claims amounting to 26,959 Lei exchange value for the prejudice and 15,408 Lei annuity as per the expert appraisal.

Clarifications: By way of the civil sentence no. 833/02.03.2015, Campina District Court partially admitted to the stated action formulated by the plaintiffs. Orders the defendant-plaintiff to pay to the plaintiff-defendants the amount of 15,408 Lei as exchange value for the lack of land use during 2010-2011. Orders the defendant-plaintiff to pay the plaintiff-defendants the amount of 26,959 Lei as exchange value for the prejudice incurred by the plaintiffs. Orders the defendant-plaintiff to pay, on annual basis, to the plaintiff-defendants, the amount of 1,836 Lei representing annuity for the 103 m^2 right of way to the land held by plaintiff-defendants. Orders the defendant-plaintiff to pay legal interests to the amounts awarded to the plaintiff-defendants as of the filing date of the action, 14.04.2011, up to the effective date of payment. Orders the plaintiff-defendants to remove the construction made over the oil products pipelines. Establishes legal right of way in favor of the defendant-plaintiff Conpet SA, in surface of 103 m^2. Admits the claim, formulated by the defendant Conpet, against third-party Filipestii de Targ Commune by the Mayor and consequently, orders the impleaded Filipestii de Targ Commune by Mayor to pay to the defendant-plaintiff the amount of 26,959 Lei representing exchange value for the prejudice incurred by the plaintiffs due to the failure to achieve the objective living house, the defendant-plaintiff being ordered to pay this amount to the plaintiff-defendants. Orders the defendant-plaintiff to pay to the plaintiff-defendants the amount of 4,600 Lei as legal expenses. Orders the defendant-plaintiff to pay to the State the amount of 1,931.06 Lei representing the amount for which the plaintiff-defendants benefitted from public legal aid as per the admitted claims and the remaining 3,055.55 Lei representing aid they benefitted from being borne by the State. Obliges the impleader Filipestii de Targ Commune by Mayor to the payment of 1,433.77 Lei to the defendant-plaintiff, representing legal expenses that cover the legal stamp duty he is ordered to pay to the State according to the public legal aid admitted to the plaintiff-defendant. CONPET and Filipestii de Targ Commune by Mayor challenged by appeal.

The Ministry of Public Finances – PRAHOVA General Directorate for Public Finances (Rom. D.G.F.P. PRAHOVA formulated a request for clarification of the operative part of the judgement, admitted by Campina District Court pursuant to the issued Court resolution no. 22.04.2015 ordering the elimination from the operative part of the Civil Sentence no. 833/02.03.2015 passed in relation to the file no. 2037/204/2011, of the instance provision regarding: ,,Partially admits the stated action in opposition to the impleaders Ministry of Public Finances and NAMR and in opposition to the interveners: Ministry of Public Finances and NAMR. This Court Resolution will be attached to the Judgement both in the case file and in the Court's Judgement Record. Right of appeal within 15 days as of the communication thereof.

Procedural Status of the case: appeal

Trial date: 24.09.2015

➢ **File no. 2785/105/2008 – Ploiesti District Court**

Parties : Edizol S.A. – plaintiff
Conpet S.A. – defendant

Scope: Claims, amounts subject to dispute: 95,572 Lei and furtheron 31,824 Lei/year

Procedural Status of the case: on the merits

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Clarifications: Action dismissed. The Judgement may be challenged by appeal following communication thereof.

- **File no. 5519/315/2013 - Targoviste District Court**

Parties: Conpet SA – defendant
Popescu Floarea - plaintiff
Scope: Claims amounting to 114,376 Lei and annuity
Procedural Status of the case: on the merits
TrialDate: 10.09.2015

- **File no. 4317/105/2014 –Prahova Law Court**

Parties: Conpet SA - Plaintiff
Ploiesti city - Department of Local Public Finances – defendant
Scope: CONPET brings the action before the administrative court asking the Court to include in the judgement to pass, the followings: - cancellation of the Decision no. 259/07.05.2014 issued by Ploiesti city – the Department of Local Public Finances whereupon has been dismissed the challenge filed by CONPET against the Notice of Assessment no. 22271/26.02.2014 and Fiscal Audit Report no. 22271/26.02.2014; - partial annulment of Notice of Assessment no. 22271/26.02.2014, as well as of the subsequent deeds, respectively of the ascertainments of the Fiscal Audit Report, having as consequence the exemption from the payment of the 770,966 Lei representing additional fiscal liabilities and of the amount of 712,065 Lei representing accessory liabilities related to the core liability.
Procedural Status of the case: on the merits
Trial Date: 28.09.2015

Shareholding Structure

The shareholding structure at the reference date: 03.07.2015 is the following:

Name of the Shareholder	No. Shares	%
THE ROMANIAN STATE BY THE MINISTRY OF ENERGY, SMALL AND MEDIUM ENTERPRISES AND BUSINESS ENVIRONMENT, BUCUREȘTI, District 6	5,083,372	58.7162
Legal Persons	2,889,115	33.3711
Natural Persons	685,041	7.9127
TOTAL	**8,657,528**	**100**

The Extraordinary General Meeting of Shareholders dated 10.06.2015 approved the initiation of the procedure to increase the share capital of CONPET S.A. by the value of the 47 lands for which have been obtained Land Ownership Certificates, as well as for the formulation of a request to the Trade Register Office attached to Prahova Law Court for the appointment of an expert appraisal, under the provisions of Articles 38 and 39 of the Law 31/1990 regarding the companies, republished, further amendments and additions, to draft the report appraisal of the equity in kind represented by the 47 lands.

In order to carry-on the above, the company submitted, to the Trade Register Office attached to Prahova Law Court, the request for the appointment of the expert appraiser that is to set the value of the goods for the augmentation of the share capital; the latter nominated the certifed appraiser **CMF CONSULTING S.A. Bucuresti,** pursuant to Decision no. 11185/26.06.2015.
Following the appointment, pursuant to letter no. 25388/13.07.2015, CONPET asked for a meeting with the named appraiser in order to negociate the contract and executions terms of the appraisal work.

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PRESENTATION LIST OF THE EXECUTIVE MANAGEMENT MEMBERS

In compliance with the organizational structure approved pursuant to the BoA Decision no. 12/24.07.2014, during 01.01.2015 – 30.06.2015, the executive management of CONPET S.A. had the following composition:

Ilaşi Liviu	General Director
Ionescu Gheorghe	Director, Operations Direction
Zoican Liviu Aurel	Manager ,Production Department
Antonescu Valentin Leonard	Deputy Manager, Production Department
Istrate Marius*	Manager, Maintenance Department*
Buzatu Dan	Manager, IT-Telecommunications-SCADA Department
Toader Sanda	Director, Economic Direction
Curteanu Veronica	Manager, Financial Department
Albu George Radu	Manager, Acquisitions and Investments Management Department
Niculae Daniel	Director, Critical Infrastructure Protection Direction
Dumitrache Anamaria	Director, Corporate Management Direction

Composition and Activity of the Board of Administration

The company is administered by a board of administration made of 7 administrators, elected by the ordinary general meeting of shareholders for a period of 4 years, with possibility to be re-elected for new periods of 4 years. The administrators may be acting as shareholders.

The members of the Board of Administration have been elected pursuant to the EGMS Decision no. 6/ 28.11.2013, by the compliance of the provisions applicable to the companies admitted for trading, being selected by the observance of the legal provisions stipulated in the EGO no. 109/2011 regarding the corporate governance of the public enterprises.

The Board of Administration has the composition exposed here-under, also detailed on the company webpage:

Non-executive administrators:

- Mr. Dan Weiler – Chairman of the BoA
- Mrs. Roxana-Elena Gheorghe – BoA Member
- Mrs. Cristiana Chiriac – BoA Member
- Mr. Dragos Lucian Dinu – BoA Member.
- Mr. Radu Bugica – BoA Member
- Mr. Darius Dumitru Mesca – BoA Member

Executive administrator:

- Mr. Liviu Ilasi – BoA Member and General Director

The Chairman of the Board of Adminstration was elected by the members of the Board of Administration pursuant to the BoA Decision no. 16 / 28.11.2013, as per the provisions of Art. 19 paragr. (3) of the Articles of Incorporation of the company.

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At the Board of Administration level have been established the following Consultative Committees:

1. **The Nomination and Remuneration Committee** (set up pursuant to the BoA Decision no. 16/ 28.11.2013) consists of the following administrators: Mr. Dan Weiler – Chairman, Mrs. Cristiana Chiriac and Mr. Dragos - Lucian Dinu - members;

2. **The Audit Committee** (set up pursuant to the BoA Decision no. 16/ 28.11.2013) consists of the following administrators: Mrs Roxana - Elena Gheorghe - Chairman, Mr. Darius - Dumitru Mesca and Mr. Radu Bugica - members;

3. **The Finance and Investors Relation Committee** (set up pursuant to the BoA Decision no. 17/ 06.12.2013) consists of the following administrators: Mr. Radu Bugica - Chairman, Mr. Liviu Ilasi and Mrs. Roxana - Elena Gheorghe - members;

4. **The Committee for the Relation with the Regulatory and Energy Authorities** (set up pursuant to the BoA Decision no. 17/ 06.12.2013) consists of the following administrators: Mrs. Cristiana Chiriac - Chairman, Mr. Dan Weiler, Mr. Liviu Ilasi and Mr. Darius - Dumitru Mesca – members;

5. **The Development Committee** (set up pursuant to the BoA Decision no.17/ 06.12.2013) consists of the following administrators: Mr. Liviu Ilasi - Chairman, Mr. Dan Weiler, Mrs. Roxana - Elena Gheorghe, Mr. Darius - Dumitru Mesca and Mr. Dragos - Lucian Dinu - members.

Their mandate execution is being performed in compliance with the Administration Contract and Administration Plan, aproved by the General Meeting of Shareholders.

The activity of the Board of Adminstration was pursued in compliance with the provisions:

- Of the Companies Act no. 31/1990, further amendments and completions;
- Of the Articles of Incorporation of CONPET SA;
- Organizational and Functioning Rules and Regulations governing the Board of Administration of CONPET S.A. ;
- EGO 109/2011 regarding the Corporate Governance;
- EGO 51/2013 regarding the amendment of the EGO 109/2011 regarding the Corporate Governance;
- ORDINANCE NO. 26/21.08.2013 on the strengthening of the financial discipline at the level of certain economic operators where the State or the administrative-territorial units are sole or majority shareholders, or hold direct or indirect majority stake herein.

In 2015 I[st] Half, the Board of Administration of CONPET S.A. issued a number of 8 decisions, the most important of them having as scope the followings:

- Approval of Annexes 2 - 8 of 2015 Revenues and Expenditure Budget and endorsement of Annex no. 1- of 2015 Revenues and Expenditure Budget and estimates for 2016-2017;
- Endorsement of 2015-2015 Investments Program (consolidated list and per structural elements) ;
- Approval of the Current Repairs Program;
- Approval of the Reports of the Consultative Committees set up at the BOA level;
- Approval of the results of the annual inventory for 2014;
- Endorsement of the Annual Financial Statements ended 31.12.2014, prepared in compliance with the International Standards of Financial Reporting adopted by the European Union and approved pursuant to the O.M.P.F. no. 1286/2012, subsequent

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- Endorsement on the pay out of the net profit related to 2014 financial year;
- Approval of the criteria for the award of the amounts in respect of 2014 employees' share of profit;
- Approval of the amendment and completion of the Internal Procurement Procedural Norms;
- Approval of the Administrators' Report on the financial year ended 31.12.2014, prepared in compliance with the regulations in force regarding the capital market;
- Approval of the proposals to decommission/downgrade the goods (fixed-assets, inventory objects in use, warehouse inventories etc) belonging to the company's Assets;
- Approval of the company's organizational structure, organizational chart and the Organizational and Functioning Rules and Regulations governing Conpet S.A ;
- Approval of the sponsorship policy at company level;
- Approval of the conclusion of Addenda to the Collective Labor Agreement applicable at company level;
- Periodic review of the economic-financial activity of the company based on the monthly reports prepared by the executive management;
- Approval of the Activity Report on 2015Q1;
- Approval of the Report of the General Director on CONPET S.A. activity related to 2015Q1 prepared in compliance with the provisions of Article 54 of the EGO no. 109/2011 regarding the corporate governance of the public enterprises;
- Monitoring of the process performed in order to conclude professional liability insurance policies for the administrators and the General Director;

The 2015 objectives and level of the performance indicators of the Board of Administration, respectively Annex 1 to the administration contracts, have been approved by the OGMS dated 10.06.2015, as follows:

-EBITDA -106,419 thousand Lei;
-Decrease of the operating expenses - 92.23% of turover;
-Increase work productivity - 237 thousand Lei/employee;
-Decrease of the number of technical breakdowns-76 ;
-Enhance visibility on B.S.E - 100%

2015 I[st] Half degree of fulfilment of the performance indicators for the administrators, is as follows:

Crt. No.	Objective / Performance Indicator	Performance Objective	MU	Period (01.01-30.06.2015)		Completion Rate (%)	Weighting Factor	Performance Indicators Completion Rate (%)
				As per Annex 1.1 to the Admin. Contract	Achieved			
0	*1*	*2*	*3*	*4*	*5*	*6*	*7*	*8=6x7*
1	EBITDA	In 2014, 1% Y/Y increase and	thousand	47,769	62,554	130.95%	25%	32.74%

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		2,5% increase for 2015-2017	Lei					
2	Decrease of the operating expenses	Starting 2015, 1,5% Y/Y lower, considering that the level registered in 2014 is lower or equals the one registered in 2013	thousand Lei	93.70%	87.47%	107.12%	25%	26.78%
3	Increase work productivity	Increase of the average revenue/employee, by 3% per year during 2014-2017 period	thousand Lei /person	113	118	104.66%	25%	26.17%
4	Decrease of the total no. of technical breakdowns	4% average decrease/year, from 116 technical breakdowns registered in 2013	No. of technical breakdowns	38	26	146.15%	10%	14.62%
5	Enhance visibility on the BSE	Active tracking of CONPET evolution made by the broker firms, evidenced by analysis reports prepared by the analysts of the same(50% share in the indicator) for 2015&2017 – 2 broker firms in Top 10 as per the classification set by the BSE at the date of issue of the report. Still ranking in TOP 25 issuers according to capitalization, where will not be considered the new companies to enter BSE's First Tier (category Premium) in 2015 (50% share in the indicator)	% of 100%	100	100	100.00%	15%	15.00%
TOTAL - Degree of fulfilment of the performance indicators								**115.30%**

For the period 01.01.2015 - 30.06.2015, the degree of fulfilment of the performance indicators is 115.30% as opposed to the budgetary provisions related to 2015 I[st] Half.

Influences exercised over the performance indicators:

- EBITDA indicator which registered 30.95% increase due to the 48.9% increase of the operating profit;
- Work productivity recorded 4.66% increase, following the 2.28% rise in the operating revenues and 2.28% reduction of the average number of employees.

During 2015 I[st] Half, the administrators, the General Director, the representatives of the executive management took part to financial analysts and investors meetings, on the Agenda thereof being included the general presentation of the company, the analysis of the financial results related to 2014 and 2015 I[st] Half.

The actions carried out target the achievement of the performance objective included in the Administration Plan and the Management plan, namely enhance the company visibility on Bucharest Stock Exchange.

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EXECUTION OF THE GENERAL DIRECTOR'S CONTRACT OF MANDATE

The General Director of "CONPET" S.A. was appointed by the Board of Administration, from among its members, starting 06.12.2013, pursuant to the BoA Decision no. 17/ 06.12.2013, by way of the Contract of Mandate no.1 / 06.12.2013 being delegated with the company management in compliance with the legal provisions in force and the Articles of Incorporation.

The General Director of the Company has the attributions set under the Articles of Incorporation, complemented with the applicable legal provisions.

The General Director supplies to the Board of Administration, on an ongoing basis, detailed information regarding all major aspects of the company's business. Moreover, any major event is immediately communicated to the Board of Administration.

Furthermore, any member of the Board of Administration may request to the General Director information regarding the operative management of the company.

During 2015 Ist Half, the General Director of CONPET S.A. reviewed and endorsed the materials advanced to the Board of Administration, the most significant having as scope the followings:

1. The Revenues and Expenditure Budget for 2015, the substantiation of the Revenues and Expenditure Budget for 2015;
2. The 2015 investments program, both the consolidated list and the ones detailed per investment objectives, according to structural elements;
3. Results of the annual inventory for 2014;
4. Proposals to decommission/downgrade the goods (fixed-assets, inventory objects in use, warehouse inventories etc) belonging to the company's Assets;
5. Proposals to award sponsorship substantiated by way of the inside reports of the Communication and Public Relations Service within Conpet S.A.;
6. The Organizational and Functioning Rules and Regulation governing the Consultative Committees set up at the Board of Administration level;
7. Proposals to amend the company's organizational structure, organizational chart and the Organizational and Functioning Rules and Regulations governing Conpet S.A..
8. The Regulation for the Assessment of the professional competences of the employees;
9. The proposals regarding the amendment of certain provisions of the Collective Labor Agreement applicable inside the company;

On a monthly basis, analysed the economic-financial activity of the company based on the reports prepared by the executive management and coordinated:

a) The preparation of the annual financial statements ended 31.12.2014;
b) The process of submission of the data necessary to draft the Administrator's Report regarding the financial year ended 31.12.2014;
c) The process of submission of the data necessary to draft the 2015 Q1 Report;
d) The process carried-on for the conclusion of the professional liability insurance policies of the administrators and the General Director;
e) The carry-on of the duties by the company executive management and made all necessary arrangements to enforce the decisions of the Board of Administration, the OGMS decisions and the decisions ruled by the General Director, in correlation with the objectives included in the Management Plan and the Administration Plan, for the period 2014 - 2017.

The 2015 objectives and level of the performance indicators of the General Director, namely annex 2 to

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the contract of mandate, have been approved pursuant to the BoA Decision no. 6/28.04.2015, as follows:

Degree of fulfillment of the performance indicators for the General Director, related to 2015 Ist Half, is as follows:

Crt. No.	Objective / Performance Indicator	Performance Objective	MU	Period (01.01-30.06.2015)		Completion Rate (%)	Weighting Factor	Performance Indicators Completion Rate (%)
				As per. Annex 2 to the Contract of Mandate	Achieved			
0	1	2	3	4	5	6	7	8=6x7
1	EBITDA	In 2014, 1% Y/Y increase and 2,5% increase for 2015-2017	thousand Lei	47,769	62,554	130.95%	25%	32.74%
2	Decrease of the operating expenses	Starting 2015, 1,5% Y/Y lower, considering that the level registered in 2014 is lower or equals the one registered in 2013	thousand Lei	93.70%	87.47%	107.12%	25%	26.78%
3	Increase work productivity	Increase of the average revenue/employee, by 3% per year during 2014-2017 period	thousand Lei /person	113	118	104.66%	25%	26.17%
4	Decrease of the total no. of technical breakdowns	4% average decrease/year, from 116 technical breakdowns registered in 2013	No. of technical breakdowns	38	26	146.15%	10%	14.62%
5	Enhance visibility on the BSE	Active tracking of CONPET evolution made by the broker firms, evidenced by analysis reports prepared by the analysts of the same (50% share in the indicator) for 2015&2017 - 2 broker firms in Top 10 as per the classification set by the BSE at the date of issue of the report. Still ranking in TOP 25 issuers according to capitalization, where will not be considered the new companies to enter BSE's First Tier (category Premium) in 2015 (50% share in the indicator)	% of 100%	100	100	100.00%	15%	15.00%
TOTAL -Gradul de indeplinire a indicatorilor de performanta								**115.30%**

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Cases of Non-compliance with the Financial Obligations

n/a

Amendments to the Rights of the Share Holders

n/a

Other Amendments at Company Level

Organizational Chart

In compliance with the BoA Decision no. 1/21.01.2015, starting 21.01.2015, the organizational structure of the company was amended by the addition of the structures: CONPET S.A. Canteen - Heaquarters I and Canteen - Heaquarters II, subordinated to the Administrative Service within the Procurement and Investments Management Department (the Economic Direction). The reopening of the canteens, approved pursuant to the BoA Decision no. 16/ 18.12.2014, considered the provisions :

- Of Article 212 (A) (1) letter.g of the Collective Labor Agreement, stipulating that the Employer holds responsibility for the taking the necessary steps to "enable the proper operation and supply of the canteens/existing spaces for taking meals and may set up other places with the same destination"
- Art.222 letter.j of the Collective Labor Agreement: *"The unit shall provide the necessary funds for the operation of the canteens/buffets/* spaces for taking meals at the main company headquarters and the second headquarters located in Ploiesti, no. 8 Rezervoarelor street".

Significant Transactions

Transactions with companies held by the State

The Company performs trades related to the core business, as well to the auxiliary activities and also with companies where the State holds integral or majority stake herein.

The value of these transaction is detailed here-under:

	June 30, 2015	December 31, 2014
Sales	62,326	131,857
Procurements	44,901,386	84,215,152

The balances, at the end of the reporting periods, of the companies where the State holds integral or majority stake and included in the company's records, are exposed below:

	June 30, 2015	December 31, 2014
Trade receivables	7,454	23,133
Trade liabilities	8,210,193	14,337,315

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The weight in the value of the trade receivables and liabilities in 2015 Ist Half is held by the trades performed with SNTFM - CFR MARFA SA, namely 91% of the value of procurements (40,506,552 Lei / 44,901,386 Lei) and 93% of the total trade liabilities (7,589,528 Lei / 8,210,193 Lei).

OVERVIEW OF THE INTERIM FINANCIAL STATEMENTS

The interim financial statements related to 01.01.2015 – 30.06.2015 are not being audited and have been prepared in compliance with the Internal Financial Reporting Standards (IFRS) adopted by the European Union.

Chairman of the Board of Administration

Dan Weiler
S.s. Illegible

General Director

Liviu Ilasi
S.s. Illegible

Economic Director

Sanda Toader
S.s. Illegible

Annexes:

Status of the contracts for the procurement of works and goods with values exceeding 500,000 Euro, concluded during 01.01.2015-30.06.2015;

Status of the contracts for the procurement of services with values exceeding 100,000 Euro, concluded during 01.01.2015-30.06.2015;

The Articles of Incorporation in force, updated at 10.06.2015 and the Articles of Incorporation of the company, amended during 2015 first Semester.