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CERTIFIED
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ISO 14001
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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

Simplified Interim Financial Statements on the date and for the period of 6 months ended June 30, 2015

Prepared as per the International Accounting Standard 34 – „Interim Financial Reporting" adopted by the European Union

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

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

SIMPLIFIED STATEMENT OF THE FINANCIAL POSITION AT 31.03.2015

	June 30, 2015 (non-audited)	December 31,2014 (audited)
ASSETS		
Fixed assets		
Tangible assets	405,172,507	415,493,461
Intangible assets	2,742,670	3,162,304
Financial investments	447,914	527,515
Total fixed assets	**408,363,091**	**419,183,280**
Current assets		
Inventories	7,948,788	7,709,304
Trade receivables and other receivables	41,315,318	34,812,158
Short-term investments	253,338,556	-
Cash and cash equivalents	125,915,455	343,037,311
Prepaid expenditure	292,404	213,560
TOTAL Current assets	**428,810,521**	**385,772,333**
TOTAL ASSETS	**837,173,612**	**804,955,613**
Shareholder's Equity and Liabilities		
Shareholder's Equity		
Share capital, out of which:	28,569,842	28,569,842
Subscribed share capital:	*28,569,842*	*28,569,842*
Revaluation reserves	100,614,506	107,646,176
Legal reserves	5,713,968	5,713,968
Other reserves	487,367,252	472,512,205
Retained earnings	66,472,353	59,440,683
Year's result	35,076,823	51,434,194

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Other shareholder's equity elements	(1,891,974)	(1,891,974)
Total shareholder's equity	**721,922,770**	**723,425,094**
Long-term liabilities		
Deferred profit tax liabilities	1,891,974	1,891,974
Provision for employee benefits	3,666,646	3,772,056
Total long-term liabilities	**5,558,620**	**5,664,030**
Trade liabilities	19,553,577	30,032,321
Other liabilities	74,698,432	24,001,008
Short-term loans	-	-
Short-term provisions	14,136,861	20,853,022
Total current liabilities	**108,388,870**	**74,886,351**
TOTAL LIABILITIES	**113,947,490**	**80,550,381**
Deferred Income		
Subsidies for investments	1,283,878	958,088
Deferred income	19,474	22,050
Total deferred income	**1,303,352**	**980,138**
TOTAL SHAREHOLDERS' EQUITIES AND LIABILITIES	**837,173,612**	**804,955,613**

General Director,

Eng. Liviu Ilasi

S.s. Illegible

Stamp

Economic Director,

Econ. Toader Sanda

S.s. Illegible

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THE SIMPLIFEID GLOBAL RESULT STATEMENT AT 30 JUNE, 2015

	June 30,2015 (non-audited)	June 30,2014 (non-audited)
Sales revenues	186,173,019	186,173,019
Other income	14,767,160	13,358,083
Total operating income	**203,243,206**	**199,531,102**
Expenses related to raw materials and consumables	9,676,562	9,590,461
Personnel expenses	53,016,051	47,921,360
Impairments of intangible assets	24,173,279	23,929,448
Impairments of current assets	(415,554)	(321,062)
Third parties services related 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 income	3,303,190	4,816,318
Financial expenses	1,762	201,477
Financial profit	**3,301,428**	**4,614,841**
Profit before income taxation	**41,682,584**	**37,357,704**
Income tax expense	6,605,761	6,415,599
Deferred income tax expense	-	-
Profit for the year	**35,076,823**	**30,942,105**
Other elements of the global result	-	-
Total elements of the global result	-	-
TOTAL GLOBAL RESULT FOR THE YEAR	**35,076,823**	**30,942,105**

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STATEMENT OF CHANGES IN EQUITY AT 30.06.2014

	Share Capital	*Other elements of Shareholders Equity*	*Legal Reserves*	*Other Reserves*	*Revaluation Reserves*	*Retained Earnings*	*Profit or loss for the year*	*Total Shareholders Equities*
Balance at January 1, 2015	***28,569,842***	***(1,891,974)***	***5,713,968***	***472,512,205***	***107,646,176***	***59,440,683***	***51,434,194***	***723,425,094***
Net profit of the year						51,434,194		51,434,194
Increase of modernization quota fund				*29,007,880*				*29,007,880*
Modernization quota fund reduction				*(14,152,833)*				*(14,152,833)*
Revaluation surplus recognized as income					*(7,031,670)*	*7,031,670*		-
Year's result							*35,076,823*	*35,076,823*
Allocation of profit as dividends related to the previous year						*(51,434,194)*		*(51,434,194)*
Allocation of the profit related to the previous year in retained earnings							*(51,434,194)*	*(51,434,194)*
Balance at June 30, 2015	***28,569,842***	***(1,891,974)***	***5,713,968***	***487,367,252***	***100,614,506***	***66,472,353***	***35,076,823***	***721,922,770***

General Director,	Economic Director,
Eng. Liviu Ilasi	Econ. Toader Sanda
S.s. Illegible	S.s. Illegible
Stamp	

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CASH FLOW STATEMENT AT JUNE 30, 2015
(DIRECT METHOD)

	Name of Element	01.01.2014-30.06.2014	01.01.2015-30.06.2015
	Cash flows from operating expenses:		
+	Cash collection 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***
	Net cash from investment activities :		
+	Proceeds from sale of tangible assets	640,303	111,549
+	Proceeds from modernization quota	28,766,054	29,007,880
-	Purchase of tangible assets	15,860,052	14,401,099
-	Payments for interest, allowances, credits, differences in the exchange rate	-	-
-	Reimbursements of certain loans	-	-
B	***Net cash from investment activities***	***13,546,305***	***14,718,330***
	Cash flows from financing activities		
+	Proceeds from short-term financial investments	-	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 for short-term financial investments	193,970	259,987,470
-	Paid dividends	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 Semester I***	***249,494,539***	***335,367,828***
D2	***Cash and cash equivalents at the end of Semester I***	***300,063,996***	***125,675,642***

CONPET activities generate stable and visible cash flows.

The decrease in cash and cash equivalents at the end of Semester I, 2015 yoy is due to placements in short-term investments (purchase of government securities as treasury bills and government bonds).

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The net cash from **operating activities** register a decrease in Semester I 2015 (36.2% yoy) on the one hand due to a decrease in the proceeds related to the reported period, determined by the collection, in December 2014 of several transport invoices due in 2015, from the client OMV Petrom SA and, on the other hand based on the increase in value of the payments made to goods and services suppliers (due to the amendment of the due date related to payment of invoices related to services supplied under the contract concluded with SNTFM CFR MARFA SA, from 60 days to 30 days) and increase of payments to the employees, following the grant of the amounts related to employees share of profit.

As regards the net cash from **investment activities** we discover that the values registered by the latter at the end of the two analyzed periods is positive, however registering an upward trend in 2015.

In case of net cash from **financing activities**, a deficit was registered in both periods, deficit caused, in Semester I, by the purchase of government securities as treasury bills and government bonds (whose maturity date is 2016) and, in Semester I 2014 by the payment of dividends to the major shareholder, as compared to the proceeds coming mainly from the negotiated interests related to the short-term settled deposits.

Besides that, in 2015 the interests on the capital market continued their downward trend determining the decrease in company's proceeds obtained from cash investments.

General Director,

Eng. Ilasi Liviu

S.s. Illegible

Stamp

Economic Director,

Econ. Toader Sanda

S.s. Illegible

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Notes to the Financial Statements

1. Business Overview and General Information

S.C. CONPET S.A. („the Company") is the operator of the Crude Oil National Transport System, as it is being defined and regulated by Law no. 238 from 7th of June, 2004 – the Oil Law and Methodological Norms for the application of the Oil Law, approved by GD no.2075/2004.

The registered office is located in No. 1-3, Anul 1848 Street, Ploiesti, Prahova County.

As per the Provisions of the Oil Law, the operation of the Crude Oil National Transport System falls under the regulations of the National Agency for Mineral Resources (NAMR), the competent authority representing the Romanian State interests in the oil resources sector.

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

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

Company Setup

CONPET was set up based on GD 1213/20.11,1990 regarding the setup of the joint stock commercial companies in the sector, under the Law no. 15/1990 related to the reorganization of the public economic units as regies autonomes and commercial companies, by the takeover of all assets and liabilities belonging to the former Crude Oil Pipeline Transport Company (Rom. I.T.T.C.).

At June 30th 2015, the company's shareholders are: The Romanian State by the Ministry of Energy (currently Ministry of Energy, Small and Medium Enterprises and Business Environment), holding 5,083,372 shares representing 58,72% of the share capital.

The interim financial statements at June 30, 2015 prepared as per the Order 1286/2012 for the approval of the Accounting Regulations compliant with the International Financial Reporting Standards are not audited.

Company's Mission

CONPET mission is the operation of the National Pipeline Transport System under safe and effective conditions, granting free access to the system's available capacity to all the solicitors, authorized legal persons, under equal conditions, in a non-discriminatory and transparent manner.

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Other Information related to Company Business

CONPET delivers transport services to its clients, both through the Crude Oil National Transport system concessioned under the Oil Concession Agreement, as well as by railway, from the loading ramps to the beneficiaries, for the oil areas that are not connected to the major transport pipelines.

The crude oil National Transport System represents the assembly of major interconnected pipelines that provided the collection of the imported oil or the one extracted from the exploitation sites the conduct thereof from the delivery points, by the producers/importers to the processing units, via the pumping stations, railway loading-unloading ramps, as well as through all the installations, equipment and related facilities related.

The concessionaire of the crude oil National Transport System has the capacity of common carrier and the obligation to provide, as per the legal provisions, free access to the system available throughput to all the solicitors, authorized legal persons, under equal conditions, in a non-discriminatory and transparent manner.

The Crude Oil National Transport System belongs to the Romanian State public domain, belongs to NAMR (as per the provisions of the Oil Law), has approximately 3,800 km of pipelines, with a transport throughput of 27.5 million tons/year and is made up of the following subsystems:

1. Domestic crude subsystem, 1540 km in length, with a transport throughput of 6.9 million tons/year and 126 thousand cubic meters storage capacity;
2. Imported crude subsystem (1350 km in length, a transport throughput of 20.2 million tons/year and 40 thousand cubic meters storage capacity), connect Oil Terminal Constanta to the 2 refineries in Romania, Petrobrazi and Lukoil);
3. Subsystem for rich gas and liquid ethane (920 km in length and a throughput of 0.23 million tons/year rich gas and 0.1 m tons/year for ethane, which connects the development fields to the 2 refineries of OMV – PETROM, only one of the being functional (Petrobrazi);
4. Subsystem for rail transport, with 40 rail tanks for crude oil, 29 for rich gas, 13 locomotives, 12 km railway, loading-unloading ramps, related infrastructure providing for transport services to the refineries OMV-PETROM and LUKOIL.

Legal Framework

The activity in the oil sector is being regulated by the National Agency for Mineral Resources (NAMR). The National Agency for Mineral Resources acts as Grantor of the goods belonging to the Public domain, concessioned to the operators in the oil sector, along with other state authorities, negotiates and concludes, on behalf of the Romanian State oil agreements, mining concession licenses and exploitation permits; issues regulation acts, norms, instructions, orders and rules; supervises the holders observance of the provisions, oil agreement, licenses or permits, manages the crude oil and natural gas Pipeline Transport National System and regulates the exploitation thereof by way of system concession agreements concluded with the national/commercial companies nominated by the Governments; annuls the concession/administration acts etc.

Where NAMR approves, by Order the tariffs for the transport service by the crude oil, rich gas, condensate and ethane National Transport System, the decisions made by NAMR may bear significant effects on the Company's business.

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

The transport tariff represents the counter value of the service for the transport of one ton of crude, rich gas or ethane between the take-over sites and handover thereof to the refineries. The instructions regarding the criteria, the methodology and the procedure of settling the tariffs regulated for the transport through the National Pipeline Transport System are being elaborated by NAMR, as competent authority, based on the attributions and competences conferred by Law no.238/2004, subsequent amendments and additions.

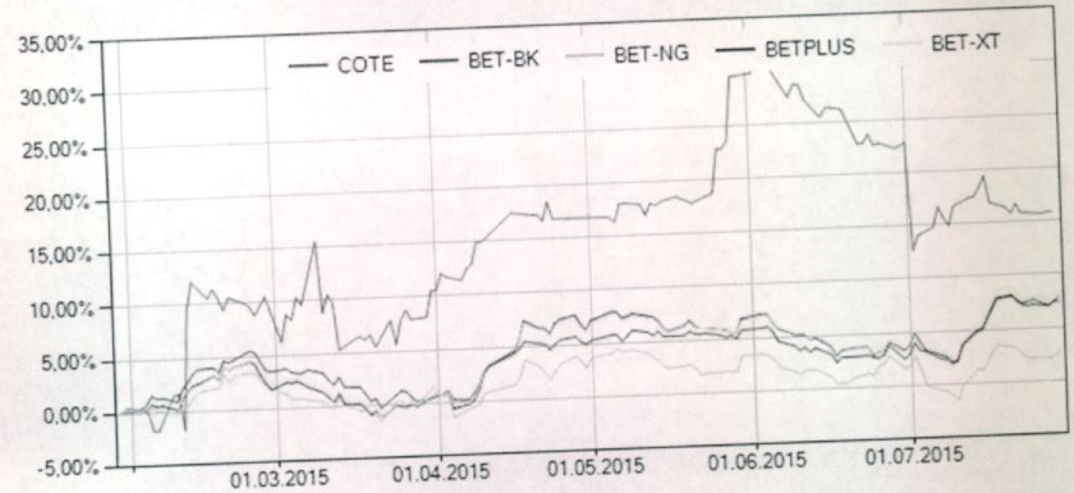
The transport tariffs are being distinctly substantiated and approved by NAMR for the two subsystems belonging to the National Transport System, respectively the subsystem for the transport of domestic crude oil, condensate, rich gas and ethane and the subsystem for the transport of imported crude oil. According to the technical features and operation regime of each subsystem, the tariffs determination is being performed by allocation of the value related to transport service to the crude oil quantities carried for beneficiaries on the corresponding distances, using the cost-plus gross profit margin methodology. The costs included in the transport tariffs are made up of:

- operation cost, including: materials expenses, personnel expenses, pipelines maintenance expenses, outside expenses with gas, energy and water, costs related to fixed assets depreciation, royalty and other fees incurred by the carrier, expenses related to pipelines security guard, the amounts due to the lands owners, other expenses;
- development and modernization quota;
- a reasonable profit rate.

Stock Indices

Along 2015, as of March 23 CONPET S.A. shares have been included in the following BSE indices: **BET-BK, BET-XT and BET-XT-TR.** Up to the respective date, CONPET used to be included only in BET Plus and BET-NG indices. CONPET S.A. is currently included in 5 BSE indices, of the total of 9.

Evolution of COTE shares VS BET-NG, BETPLUS, BET-BK,BET-XT



BET-BK has been built in order to be used as benchmark by the funds administrators, as well as other institutional investors, the calculation methodology reflecting the legal requirements and the funds investments limits and BET-TX reflects the prices evolution of the best traded 25 companies on BSE Regulated Market, here included the financial investment companies (SIFs).
BET-XT-TR is the total return type version of index BET-XT, including the best traded 25 Romanian companies listed on BSE. The index BET-XT-TR reflects both the price evolution of the component companies, as well as the dividends distributed thereby.
BET-NG is a sectorial index tracking the movement of the shares prices of the companies traded on BVB regulated market, whose core business is related to the economic energy sector and utilities in relation thereto. BETPlus reflects the evolution of the Romanian companies listed on BSE regulated market meeting minimum selection criteria regarding liquidity and value of the shares included in free float, except for the financial investment companies (SIFs).
At 30.06.2015 CONPET has a market capitalization of LEI 604 million LEI.

2. Draw up Basis

(a) Declaration of Compliance

These individual financial statements of the Company were prepared pursuant to the International Financial Reporting Standards (Rom."IFRS") adopted by the European Union and approved by Order of the Ministry of Public Finance no.1286/2012, subsequent amendments, applicable to the commercial companies whose securities are admitted to trading on a regulated market.
IFRS Standards represent the standards adopted according to the procedure provided by (CE) Rules no.1.606/2002 of the European Parliament and of the Council from July 19,2002 regarding the application of the International Accounting Standards and include standards and interpretations approved by the International Accounting Standards Board („IASB"), International Accounting Standards („IAS") and interpretations issued by the International Financial Reporting Interpretations Committee („IFRIC"),
The rules for IFRS first-time adoption are being presented in IFRS 1 *„First-time adoption of the International Financial Reporting Standards"*. IFRS 1provides that the companies make use of the same accounting policies in the preparation of the opening financial statement and for all the periods presented as comparative information in the first complete batch of financial statement drafted as per IFRS.

(b) Accounting Estimates and Professional Reasoning

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

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3. Relevant Accounting Policies

The accounting policies applied to these simplified financial statements are the same with the ones applied for the Company's annual financial statements, at the date and for the financial year ended at December 31, 2014.

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4. Tangible assets

In Semester I, 2015 the company's tangible assets have evolved as follows:

Stock value	Lands and Lands Improvements	Buildings and special installations	Operating oil products	Equipment and facilities	Measuring and control instruments	Vehicles	Other tangible assets	In-progress tangible assets and advances	Total tangibl assets
Balance at January 1, 2015	**22,474,438**	**226,973,816**	**42,865,714**	**58,400,083**	**51,353,896**	**22,012,765**	**3,549,930**	**18,946,663**	**446,577,3**
Aggregate depreciation at January 1, 2015				11,714,183	11,016,900	5,623,604	689,995		**29,044,6**
Write-downs for assets depreciation	(470,621)	(48,805)						(1,519,736)	**(2,039,1**
Net accounting value at January 1,2015	**22,003,817**	**226,925,011**	**42,865,714**	**46,685,900**	**40,336,996**	**16,389,161**	**2,859,934**	**17,426,927**	**415,493,**
Inputs		8,699,101		5,646,830	4,221,707	234,825	1,079,624	13,235,250	**33,117,**
Transfers from in progress tangible assets								(19,841,130)	**(19,841,1**
Outputs		(149,134)		(572,258)				(79,587)	**(800,**
Aggregate depreciations		(9,901,407)		(4,660,474)	(5,103,747)	(2,780,699)	(349,855)		**(22,796,**
Final net accounting value at June 30,2015	***22,003,817***	***225,573,571***	***42,865,714***	***47,099,988***	***39,454,956***	***13,843,287***	***3,589,703***	***10,741,461***	***405,172***

Final net accounting value at January 1,2015	22,003,817	226,925,011	42,865,714	46,685,900	40,336,996	16,389,161	2,859,934	17,426,927	415,493
Final net accounting value at June 30,2015	*22,003,817*	*225,573,571*	*42,865,714*	*47,099,988*	*39,454,956*	*13,843,287*	*3,589,703*	*10,741,461*	*405,172*
Difference	-	***(1,351,440)***	-	***414,098***	***(882,040)***	***(2,545,874)***	***729,769***	***(6,685,467)***	***(10,320***

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The decrease of the tangible assets net value at June 30, 2015 by the amount of 10,320,954 Lei, as compared to December 31, 2014 has been determined mainly by the registration of the depreciation thereof.

In the tangible assets structures are included, besides the operating oil product, the investments performed for the operator's domain, as well as the investments performed for the Public domain, as per the provisions of "The Oil Concession Agreement for the operation of the Crude Oil, Rich Gas, Condensate and Ethane National Transport System", including the major pipelines and installations, equipment and related facilities. At the end of the concession they fall under the goods return regime.

The oil operating product is being evaluated in the balance sheet at the cost determined from the revaluation performed as per GD no.26 from January 22, 1992, here included the effects of the restatements registered in the previous years, pursuant to the application of IAS 29 "Financial Reporting in the Hyperinflationary Economies. The current situation can be notices in the table below:

	June 30, 2015	December 31, 2014
Balance of Operating Oil Product	42,865,714	42,865,714

The operating oil product has no useful life, as it physically renews at each pumping process, that's why it doesn't bear a qualitative or moral degradation, thus it is not being depreciated.

5. Intangible assets

Stock value	Licenses and Soft	Other Intangible Assets	Intangible Assets in-Progress	Total Intangible Assets
Balance at January 1,2015	**2,404,995**	**3,041,006**	-	**5,446,001**
Aggregate depreciation at January 1, 2015	(1,021,038)	(1,262,659)	-	(2,283,697)
Net accounting value at January 1,2015	**1,383,957**	**1,778,374**	-	**3,162,304**
Inputs	337,720	-	106,949	444,669
Outputs	-	-	(3,720)	(3,720)
Aggregate depreciation removed from the gross value	(440,516)	(420,067)		(860,583)
Final net accounting value at June 30, 2015	**1,281**	**1,358,280**	**103,229**	**2,742,670**
Net accounting value at January 1,2015	1,383,957	1,778,347	-	3,162,304
Final net accounting value at June 30, 2015	1,281	1,358,280	103,229	2,742,670
Difference	**(102,769)**	**(420,067)**	**103,229**	**(419,634)**

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The life span used when calculating the depreciation of the intangible assets is on average 3-4 years. The method used is the linear one. The balance component is being constituted from IT programs, softs licenses, the book logging being performed at historical cost. The research and development expenses, as well as the set-up expenses are not being capitalized.

6. Financial Assets

Inventory value	Other asset securities	Long-term receivables	Total Financial Assets
Inventory value at January 1 , 2015	**177,400**	**400,941**	**578,341**
Right-downs for depreciation of financial assets	(50,826)	-	(50,826)
Net accounting value at January 1,2015	**126,574**	**400,941**	**527,515**
Inputs	-	158,018	158,018
Outputs	-	(237,619)	(237,619)
Final net accounting value at June 30, 2015	**126,574**	**321,340**	**447,914**

At the end of the reporting period the company holds shares at PEOP – Project Development Company PLC, a project development company regarding the construction of a major pipeline between Constanta and Trieste. The participation rate held by CONPET out of the subscribed share capital, at June 30, 2015 is of 16.6% (35,000 GBP).
On 02.09.2014, the CONPET' Extraordinary General Meeting of Shareholders approved the empowerment of the management to adopt the necessary measures provided by the applicable international legislation on PEOP-PDC liquidation.
Also, the Company holds equity interest at Registrul Independent Monitor, in amount of 5,000 Lei.
As regards long-term receivables, the company has registered several bonds posted to third-parties.

7. Inventories

	June 30, 2015	December 31, 2014
Raw materials and consumables	**9,352 ,275**	9,394,715
Goods	428	-
Write-downs for depreciation: depreciated and slow moving inventories	(1,403,915)	(1,685,411)
TOTAL	**7,948,788**	**7,709,304**

Inside the inventories the weight goes to the security and intervention inventory, in amount of 4,040,021LEI (43,20%) meant for the potential technical breakdowns provoked or due to natural disasters, followed by the inventory of materials recovered after the investment and repairs works, in amount of 2,380,249 Lei (25.45%) and for which the valorization documentation is under approval.

The inventories for which was approved the scrapping documentation in Semester 1 of 2015 amounts for 704,328 Lei (7.53%), of which 244,572 Lei were deleted from records.

8. Trade Receivables and Other Receivables

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

	June 30, 2015	December 31, 2014
Clients	38,235,319	31,387,166
Write-downs for receivables depreciation	(647,884)	(647,884)
Other trade receivables	212,665	1,404
Subtotal Trade Receivables (net value)	**37,800,100**	**30,740,686**
Other receivables	6,671,398	7,361,661
Write-downs for the depreciation of other receivables	(3,156,180)	(3,290,237)
Subtotal other receivables (net value)	**3,515,218**	**4,071,423**
Paid advances	**-**	**49**
Total short-term receivables	**41,315,318**	**34,812,159**
Other long-term receivables	**321,340**	**400,942**

<u>The clients structure on activities</u> <u>looks as follows:</u>

	June 31,2015	December 31, 2014
Clients –transport activity	37,053,766	30,276,781
Other clients – auxiliary activities	1,181,552	1,110,385
Total	**38,235,318**	**31,387,166**

The trade receivables are not interest bearer and have a turnover ratio of 33 days.
The main clients holding a significant share (99%) in the turnover at 30.06.2015 are: S.C. OMV PETROM S.A., S.C. Petrotel Lukoil S.a., S.C. Rompetrol Rafinarea S.A.. The main client of the company, OMV PETROM SA holds over 79% of the overall short-term receivables at June 30,2015.

Other receivables amounting 6,671,938 Lei mainly include amounts receivable from various natural and legal persons with litigations pending before the courts of law (3,181,083Lei, respectively 47.7% of the total), interest receivable related to the purchased government securities and under three months maturity deposits (1,247,857 Lei, respectively 18.7%), non-exigible VAT for unarrived invoices (833,442 Lei, respectively 12.5%), as well as holiday deductions and indemnities receivable from the national insurance fund (779,695 Lei, respectively 11.7%).

Write-downs for doubtful receivables and other doubtful receivables

At the end of S1, 2015 the level of *write-downs settled for the depreciation of the trade receivables* rested unamended as compared 31.12.2014, respectively in amount of 647,884 Lei, as, on the one

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hand, there were not registered voluntary payments from the debtors, and, on the other hand the litigations are still pending before the law courts.

The clients composing the above-mentioned debit are:

-SC Biodiesel SRL Comanesti (204,661 Lei);
- SC Nac Industrii SRL Bucuresti (340,938 Lei);
- CTF Bucuresti (50,512 Lei);
- SC Perfect Metal SRL (7,551 Lei);
- SC ICIM SA Ploiesti (33,598 Lei) ;
- Other clients (18,175 Lei)

The write-downs for the depreciation of other receivables (several debts related to the legal files pending before the law court, tax liabilities and fines paid and facing grievance procedure) are, at 30.06.2015 in amount of 3,156,180 Lei, registering an insignificant reduction as compared to 31.12.2014 (3,290,237 Lei), respectively 134,057 Lei, following the partial collection of the debit due by Monodrama company and registration on cost of several challenged environmental fines lied on CONPET by the courts of jurisdiction.

The Company's policy is to register a write-down related to a loss of value of 100% for the clients facing litigation, insolvency, bankruptcy and for other debts related to the constituted legal files or fines facing appeals procedure.

9. <u>Cash and Cash Equivalents</u>

At June 30, 2015 and December 31, 2013 cash and cash equivalents look as follows:

	June 30, 2015	**December 31, 2014**
Current bank accounts	1,352,697	7,385,575
≤ 3 months maturity bank deposits	87,812,896	327,928,312
>3 months maturity bank deposits	36,439,813	7,669,483
Petty cash	29,116	16,252
Total	**125,915,455**	**343,037,311**

The cash and cash equivalents at June 30, 2015 also contain the interest receivable related to the bank deposits with more than 3 months maturity date.

10. Short-Term Investments

The short-term financial investments are assets held by the company in view of reaching profit in less than one year. They comprise government securities as treasury bills and government bonds.

Short-term investments	**June30, 2015**	**December 31, 2014**
Government securities(treasury bills and government bonds)	253,338,555	-
Total	**253,338,55**	-

The company manages a quota related to modernization and related expenses meant for the financial support of the rehabilitation and modernization of the Crude Oil National Transport System through Pipelines, which it collects in distinct cash accounts and uses for the payment of the modernization works to the assets belonging to public domain, in view of creating new assets that are to be transferred to the public domain after the entire depreciation thereof.

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Thus, at 30.06.2015 the cash related to the modernization quota amount for 151,096,459 Lei.

11. Equities

Along the reporting period, the company's share capital has not been amended, resting at the value of 28,569.842 Lei and being divided in 8,657,528 ordinary shares with a nominal value of 3.3 Lei/share and corresponds to the one registered at the Trade Register Office.
In the share capital are not included the lands covering 554,537.62 sqm related to a number of 47 Land Ownership Certificates obtained during 2001 – 2005, which have been evaluated as per GD 834/1992 *regarding the settlement and assessment of certain fields held by the State owned trade companies* at the amount of 26,255,918 Lei that has been booked in the **reserves** accounts, without amending the share capital.
Subsequently, based on the revaluations performed in 2005, 2008, 2011, 2013 and 2014 the revaluation differences registered, as per the accounting regulations related to revaluation, based on capital accounts (reserves) or the global result.
At 31.1.2.2014 the value of the reserves maintained in the capital accounts is of 21,665,264 Lei and the fair value of lands registered based on revaluation amounts for 11,858,571 Lei, resulting a surplus outstanding in the capital accounts (reserves) in amount of 9,806,693 Lei.

Within the Extraordinary General Meeting of Shareholders dated 10.06.2015 was 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.

The shareholding structure in nominal values, as per the data submitted by the Central Depository (Rom. Depozitarul Central) is the following:

	30 June, 2015			31 December, 2014		
Shareholders	**No. of shares**	**Amount (RON)**	**(%)**	**No of shares**	**Amount (RON)**	**(%)**
The Romanian State	5,083,372	16,775,128	58,72%	5,083,372	16,775,128	58,72%
Other shareholders – natural and legal persons	3,574,156	11,794,714	41.28%	3,574,156	11,794,714%	41.28%
Total	**8,657,528**	**28,569,842**	**100.00%**	**8,657,528**	**28,569,842**	**100.00%**

Other reserves

At June 30, 2015 *Other Reserves* amount for 487,367,252 Lei (472,512,2015 Lei at December 31, 2014) and are made up of:

- 383,599,322 Lei (368,744,285 Lei at December 31, 2014) - Lei the modernization quota, calculated and collected as per the Government Decision no.168/1998
- 19,060,265 Lei (19,060,265 Lei at December 31, 2014) - the reserve related to the lands for which are being obtained land ownership certificates and for which the share capital was not increased

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- 81,468,379 Lei (82,587,270 Lei at December 31, 2014) – reserve related to profit allocation
- 3,239,277 Lei (3,239,379 Lei at December 31, 2014) – other reserves mainly generated by NAMR hand-over of the public patrimony to the Company.

Revaluation Reserves

At June 30, 2015 the revaluation reserves amount for 100,614,506 Lei, 7,031,670 Lei lower than the reserves on the balance sheet at 31 December, 2014, representing surplus realized out of revaluation reserves, which has been capitalized by the transfer in the retained earnings, in relation to the use thereof and on assets deregistration.

Retained Earnings

The retained earnings in amount of 66,472,353 Lei constituted from:

At June 30, 2014 the retained earnings, in amount of 42,501,804 Lei is constituted from:

- 10,273,023 Lei retained Earnings resulting from the correction of the accounting errors
- 4,000,546 Lei retained Earnings resulting from the application of IFRS, less IAS29
- 52,198,784 Lei, retained Earnings representing surplus achieved from revaluation reserves;

Year's Result

At 30.06.2015, the profit for the year is of 35,076,823, 13.36% higher than the same period of the previous year.

12. Deferred Income

The deferred income have increased by the amount of 323,214 Lei, as compared to the beginning of the reporting period, namely from 980,138 Lei as it was registered at the beginning of the year, up to 1,303,352 Lei at the end of Semester I, sold made up of:

- 1,283,878 Lei (958,088 Lei at December 31,2014), representing excess inventory fixed assets;
- 19,474 Lei (22,050 Lei at December 31,2014), representing deferred interest income related to home rates sold to the employees.

13. Obligations Regarding Employees Benefits and Bonuses, Wage System

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

The obligations regarding the employees' benefits are the followings:

	June 30, 2014	June 30, 2013
Quarterly premiums	551,149	399,921
Retirement support	79,128	123,825
Marriage indemnities	26,376	19,050
Employees share of profit	4,339,680	2,716,986

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Company's contribution to the facultative retirement schemes	1,565,220	-
Other benefits	79,253	-
TOTAL	**6,640,806**	**3,259,782**

The obligations regarding the employees' bonuses are followings:

	June 30, 2015	June 30, 2014
Holiday and treatment vouchers	123,188	116,366
Presents given to women employees and the employees minor children	43,650	117,525
Birth grant, funeral, serious diseases, humanitarian	331,822	267,385
Lunch vouchers	1,814,779	1,798,099
Other bonuses	20,313	20,417
TOTAL	**2,333,752**	**2,319,791**

Remuneration

The General Director and the members of the Board of Administration

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

	June 30, 2015	June 30, 2014
Indemnity related to the contract of mandate	606,566	162,141
Indemnities of the Board of Administration members	559,488	108,048
TOTAL	**1,166,054**	**270,189**

Employees

The average number of employees has evolved as follows:

	June 30, 2015	June 30, 2014
Management staff	85	146
Administrative staff	444	371
Production staff	1,187	1,232
Total	**1,716**	**1,749**

The salary expenses and related contributions registered at 30.06.2015, respectively 30.06.2014 are the followings:

	June 30, 2015	June 30, 2014
Salary expenses	33,757,738	32,148,126
Social security expenses	9,117,701	9,922,329
Total	**42,875,439**	**42,070,455**

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Note: The line "Salary expenses" does not include the employees benefits and bonuses, nor the indemnities of the General Director and the Board of Administration members.

14. Trade Liabilities and Other Liabilities

At December 31, 2014 and June 30, 2015 the trade liabilities and other liabilities reveal the followings:

Liabilities	December 31, 2014	June 30, 2015	Balance Maturity Date at June 30, 2015		
			Under 1 year	1-5 years	Over 5 years
Amounts due to credit institutions	-	-			
Received advances	-	-			
Trade liabilities	30,032,321	19,553,577	19,553,577		
Total trade liabilities	**30,032,321**	**19,553,577**	**19,553,577**	-	-
Other liabilities, including fiscal debts and liabilities regarding social securities	25,892,982	76,590,406	74,698,432	1,891,974	-
Total	**55,925,304**	**96,143,983**	**94,252,009**	**1,891,974**	-

The Company's suppliers related to the performance of the operation activity are being mainly represented by: SNTFM CFR Marfa, OMV Petrom S.A., FDEE Electirca AFEE Ploiesti, Edenred Romania S.R.L., Premier Energy S.R.L., Envirotech, GDF Energy, Tinmar Ind. S.A., NIMAR SRL, Coral 33 All etc. During 01.01.2015 – 30.06.2015, the share thereof in total operation suppliers is of 86.20 %.

In case of fixed assets suppliers the share is being held by the following suppliers: Talpac SRL, sycom 18 SRL, Gazpet Instal, Maguay Impex, RCA Retele telecomunicatii, Felix Telecom, Tangible, Eurosting AAW Industry, Corrocont, Drilling Swiss etc. (respectively 81.00 % in total assets suppliers in 2015, Semester I).

The situation of the personnel-related debts, the fiscal debts and other maturity date debts looks as follows:

Liabilities	December 31, 2014	June 30, 2015	Balance Maturity Date at June 30, 2015		
			Under 1 year	1-5 years	Over 5 years
Salaries and assimilated liabilities	3,481,478	3,398,892	3,398,892		
Contributions	3,341,934	2,538,663	2,538,663		
Income tax	4,665,944	4,505,852	2,613,878	1,891,974	
Oil royalty due to State Budget	7,123,636	6,926,161	6,926,161		
VAT payable	4,212,128	4,890,210	4,890,210		

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Other taxes and liabilities - State Budget	1,024,266	846,799	846,799		
Dividends payable	1,647,712	53,053,305	53,053,305		
Other liabilities	395,884	430,524	430,524		
Total	**25,892,982**	**76,590,406**	**26,152,400**	**1,891,974**	-

As compared to the end of 2014, at the chapter "other liabilities", in Semester I,2015 is being registered a material increase at position "Dividends payable", increase justified by the fact that the registration of profit on destinations (dividends) was performed in April 2015, following the approval of annual statement by OGMS Decision no.2 dated 28.04.2015, and, on the other hand the maturity date thereof was settled in Semester II, 2015 (starting 23.07.2015).

15. Provisions

	June 30, 2015	December 31, 2014
Provisions for litigations	8,937,366	8,937,366
Provisions for employees benefits	4,476,632	11,298,203
Other provisions for risks and expenses	4,389,509	4,389,509
Balance at the end of the period, of which:	**17,803,507**	**24,625,078**
Long-term provisions	*3,666,646*	***3,772,056***
Short-term provisions	*14,136,861*	***20,853,022***

The provisions for litigations have been settled following the Company's involvement in several litigations for compensations claimed by various owners, legal and natural persons. Besides compensations they require both the payment of an annual income following the Company's exercising the legal easement on the plaintiffs' lands, or pipelines decommissioning and installations situated on their lands.
Following the restitution of their land rights the owners brought the Company to trial, invoking the lands lack of use as they are being crossed by the crude oil transport pipelines belonging to the public domain.

Provisions for employees benefits

The company comprises at this chapter the retirement provision in amount of 3,866,646 Lei and a provision for non-taken annual leaves, in amount of 609,986 Lei.
The balance decrease of these provisions, by the amount of 6,821,671 Lei, at 30.06.2015 was mainly due to the annulment of the provision for the share of profit constituted at 31.12.2014, in amount of 5,335,168 Lei, which has been recognized as income following the payment of this obligation in June 2015.

Other provisions

At June 30, 2015 the balance sheet of position « other provisions » in amount of 4,389,509 Lei is constituted from:

- 2,409,317 Lei provisions regarding the environment-related expenses; and
- 1,980,192 Lei provisions regarding expenses related to the demolition of an asset (Breaza Cardiovascular Recovery Facility, for which there is the OGMS Decision no.1/14.03.2013).

16. The Income Tax

The current income tax and deferred income tax of the company at 30.06.2015 and 30.06.2014 is determined at a statutory rate of 16%.
The income tax related expense for Semester I 2015, as compared to Semester I 2014 was set out as follows: :

	June 30,2015	June 30,2014
Current income tax expense	6,605,761	6,415,599
Income tax expense	**6,605,761**	**6,415,599**

	June 30, 2015	June 30, 2014
Profit before taxation	**41,682,584**	**37,357,704**
Tax in compliance with the 16% statutory tax rate	6,669,213	5,977,233
Effect on the income tax of the:		
-Non-deductible expenses	124,225	199,640
-Non-taxable income	(1,157,940)	(770,839)
-Elements similar to revenues	1,124,956	1,337,118
-Elements similar to expenses	(1,440)	(1,533)
-Exemptions for sponsorship	(153,254)	(326,020)
Income tax	**6,605,761**	**6,415,599**

The deferred tax is recognized in correlation with the basic element in the global result statement or directly in the shareholders equities. At June 30, 2015, the deferred tax liability, recognized on account of shareholders equities is of 1,891,974 Lei.

17. Operating Income

	June 30, 2015	June 30, 2014
Sales turnover, out of which :	**188,476,046**	**186,173,019**
Transport revenues	187,366,939	185,214,579
- *Domestic crude oil transport*	156,868,209	158,985,648
- *Import crude oil transport*	30,498,730	26,228,932
Revenues from goods sale	48,296	-
Rental revenues	744,653	565,741
Revenues from other sales and services supply	316,157	392,699
Other operating revenues, of which:	**14,767,160**	**13,358,083**
Revenues from modernization quota consumption	14,152,833	12,342,549
Revenues from enforcement of guarantees	-	11,296
Revenues from assets sale	214,002	640,303
Revenues related to inventory surplus of assets nature	40,134	41,752

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Other revenues	360,191	322,183
Total operating revenues	**203,243,206**	**199,531,103**

Transport Revenues

The revenues achieved from the transport of crude oil, rich gas, condensate and ethane through the National Transport System were determined based on the quantity of crude oil, rich gas and condensate carried to the clients and the tariffs approved by Order of the President of the National Agency for Mineral Resources.

The transport tariff is being differentiated on the two transport subsystems, domestic and import subsystems. The tariffs approved by the National Agency for Mineral Resources for the supply of the domestic crude oil, rich gas and condensate transport system, related to period 2013-2014 reveal the followings:

Average tariff for the transport on the country subsystem	**-Lei/tone-**
Order no.199/2013 for the period 11.12.2013 - to date	78.64

The tariffs related to imported crude oil transport have been amended starting February, as per NAMR Order no.12/2015. The tariffs are being applied on refineries, on transported quantities intervals, being applied the tariff bracket system.

18. Other operating revenues

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

	June 30, 2015	**June 30, 2014**
Raw materials and consumables expenses	9,676,562	9,590,461
Personnel expenses	53,016,051	47,921,360
Outside services expenses	53,807,104	58,822,758
Other expenses	31,426,179	31,221,681

a) *Raw materials and consumables expenses*

	30 June, 2015	**30 June, 2014**
Consumables expenses	2,648,250	3,176,346
Other material expenses	1,391,213	672,562
Other energy and water expenses	5,645,334	6,081,238
Goods related expenses	3,506	0
Commercial reduction	(11,291)	(339,686)
Total	**9,676,562**	**9,590,461**

b) *Personnel Expenses*

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Personnel expenses	**30 June, 2014**	**30 June, 2013**
Salaries expenses	35,634,303	32,962,254
Expenses with granted food vouchers	1,814,779	1,798,099
Expenses with advantages in kind granted to the shareholders	25,395	-
Expenses related to the share of profit	4,339,680	2,716,986

Unit's contribution to facultative retirement schemes	1,565,220	-
Social protection expenses as per Collective Labour Agreement	518,973	521,692
Social insurance expenses	9,117,701	9,922,329
Total	**53,016,051**	**47,921,360**

c) The outside services expenses include:

	30 June, 2015	30 June, 2014
Repairs and maintenance expenses	1,197,208	1,238,615
Royalties, commercial leasing and rental expenses	15,000,877	14,692,360
Insurance premiums expenses	197,508	195,704
Expenses related to commissions and fees	261,874	184,625
Ceremonial, advertising and publicity expenses	172,751	152,293
Expenses related to goods transport and personnel	321,916	213,571
Travel expenses	429,488	302,451
Postal expenses and telecommunication charges	204,872	241,410
Bank services expenses and assimilated	18,491	16,823
Other expenses with third-parties services performance	36,002,118	41,584,906
Total	**53,807,104**	**58,822,758**

The royalties, commercial leasing and rental expenses include the oil royalty, calculated according to EGO 101/ 14 October, 2007 by application of a share of 10% of the gross income value achieved from oil transport and transit operations through the Oil National Transport System,

Other third-parties expenses include the expenses incurred by the Company for pumping the crude oil through pipelines, for the use of rail system related to transport services and for several environmental protection and decontamination activities.

d) Other expenses include :

	June 30, 2015	June 30, 2014
Other duties, taxes and similar levies	1,586,358	1,723,899
Compensations, fines and penalties expenses	135,444	23,536
Gifts granted (sponsorship)	153,254	326,020
Disposed assets and other capital transactions	273,028	161,305
Environmental protection expenses	33,887	103,589
Expenses related to revaluation of tangible assets	0	0
Expenses related to settlement of the modernization quota	29,007,880	28,766,054
Other operating expenses	236,328	117,279
Total	**31,426,179**	**31,221,681**

As for the expenses with other duties, taxes and similar levies the weight is being held by the local duties and taxes.

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19. Net Financial Result

	June 30, 2015	June 30, 2014
Interest income	2,322,681	4,735,928
Revenues related to exchange rate differences	4,932	57,417
Other financial revenues	975,577	22,973
Total financial revenues	**3,303,190**	**4,816,318**
Expenses on interests	-	-
Expenses on exchange rate differences	1,759	193,970
Other financial expenses	3	7,507
Total financial expenses	**1,762**	**201,477**
Net Financial result (profit)	**3,301,428**	**4,614,841**

In Semester I, 2015 was registered a decrease both of the financial revenues, as well as of the financial expenses, as compared to the same period of the previous year, the net financial result lowering mainly due to reduction of BNR base rate and implicitly of the interest negotiated for the maturity deposits constituted by the Company.

20. Transactions with State-Owned Companies

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

The value of these transactions is detailed below:

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

The balance sheets of the companies where State holds majority or integral stake presented at the end of the reporting periods in the Company's records are presented below:

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

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

General Director
Eng. Ilasi Liviu
S.s. Illegible

Economic Director
Econ. Toader Sanda
S.s. Illegible

Stamp

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