

FINANCIAL STATEMENTS
at the date and for the period of six months ended
June 30th, 2020

**As per Order of the Ministry of Public Finances no.2844/2016 and the
International Accounting Standard 34 “Interim Financial Reporting”**

CONTENTS:

Interim financial statements

Statement of the Financial Standing	1– 2
The interim statement of the financial standing	3
Statement of changes in shareholders' equity	4 – 5
Interim statement of the cash flows	6-7
Explanatory notes to the financial statements	8 - 27

INTERIM STATEMENT OF THE FINANCIAL STANDING AT JUNE 30th, 2020

	Note:	June, 30 2020 (revised)	December, 31 2019 (audited)
ASSETS			
Fixed assets			
Tangible assets	4	485,252,000	463,635,969
Intangible assets	5	5,170,380	6,339,896
Financial Assets	6	1,316,431	810,598
Receivables related to the deferred corporate tax	13	5,791,554	5,422,459
Total non-current assets		497,530,365	476,208,922
Current assets			
Stocks	7	8,908,969	8,169,862
Trade receivables and other receivables	8	40,239,570	42,248,700
Cash and cash equivalents	9	194,708,316	238,576,951
Prepaid expenses		1,711,239	1,862,719
Total current assets		245,568,094	290,858,232
TOTAL ASSETS		743,098,459	767,067,154
Equities and liabilities			
Equities			
Subscribed and paid-up share capital	10	28,569,842	28,569,842
Legal reserves	10	5,713,968	5,713,968
Revaluation reserves	10	19,689,386	21,111,893
Other reserves	10	497,625,123	495,540,772
Retained earnings	10	43,240,804	43,997,162
Year's Result	10	31,781,915	58,876,719
Total Equities		626,621,038	653,810,356
Accrued revenues			
Investment Subsidies		1,010,955	1,065,921
Accrued revenues		7,111	8,171
Total Accrued Revenues		1,018,066	1,074,092
Long-term liabilities			
Long-term provisions	12	16,825,026	16,268,908
Other long-term liabilities	11	2,870,988	3,582,351
Total long-term liabilities		19,696,014	19,851,259

The Company CONPET S.A.

INTERIM STATEMENT OF THE FINANCIAL STANDING AT June 30, 2020

(All amounts are expressed in LEI, if not otherwise indicated)

Current debts			
Trade liabilities	11	30,893,319	27,179,134
Ordinary Corporate Tax	11	1,992,931	3,076,456
Other debts	11	39,914,412	38,838,402
Short-term provisions	12	22,962,679	23,237,455
Total current debts		95,763,341	92,331,447
Total debts		115,459,355	112,182,706
Total EQUITIES AND LIABILITIES		743,098,459	767,067,154

These interim financial statements and the related notes, from page 1 to page 27, have been authorized for issue and signed by the company's management at August 14, 2020.

**Director General
Timur-Vasile Chis**

**Economic Director,
Econ Sanda Toader**

The attached notes from 1 to 19 are constituent parts of these financial statements.

The Company CONPET S.A.

The interim Statement of the global result for the period of six months ended

June 30, 2020

*(All amounts are expressed in LEI, if not otherwise indicated)***INTERIM STATEMENT OF THE GLOBAL RESULT FOR THE SIX MONTHS PERIOD ENDED
JUNE 30, 2020**

		6 months ended June 30, 2020 (revised)	6 months ended June 30, 2019 (revised)
Operating Revenues	15		
Turnover		204,035,889	200,616,993
Other revenues		16,442,961	15,652,511
Earnings from disposal of assets		-	15,924
Total Operating Revenues		220,478,850	216,285,428
Operating Expenses	16		
Expenditure on stocks		2,303,677	3,403,834
Expenses with energy and water		6,935,393	6,582,865
Personnel expenses		79,705,004	79,244,144
Impairments of assets, less rights of use		23,673,522	22,834,354
Impairments related to rights of use		832,680	-
Impairments of current assets		(21,953)	(431,046)
Expenses related to external services		53,398,911	53,074,322
Impairments related to provisions		281,342	1,889,143
Other expenses		19,985,436	16,610,921
Total Operating Expenses		187,094,012	183,208,537
Operating profit		33,384,838	33,076,891
Financial Revenues		3,718,092	4,103,524
Expenses regarding interests related to leasing contracts		215,901	-
Other financial expenses		46,649	42,218
Financial Expenses		262,550	42,218
Financial profit	17	3,455,542	4,061,306
Profit before corporate tax		36,840,380	37,138,197
Expenses with ordinary income tax	13	5,427,560	6,420,613
Expenses with (revenues from) deferred corporate tax		(369,095)	(462,429)
Profit of the year		31,781,915	31,180,013
TOTAL GLOBAL RESULT		31,781,915	31,180,013
Result per share		3.67	3.60

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Director General
Timur-Vasile Chis

Economic Director,
Econ Sanda Toader

The attached notes from 1 to 19 are constituent parts of these financial statements.

STATE OF THE CHANGES IN EQUITIES AT JUNE 30, 2020 (revised)

	Share capital	Legal reserves	Revaluation reserves	Other reserves	Retained earnings	Year's profit or loss	Total Equities
Balance January 1, 2020	28,569,842	5,713,968	21,111,893	495,540,772	43,997,162	58,876,719	653,810,356
Net result of the period						31,781,915	31,781,915
Net variation of the reserve - the modernization quota	-	-	-	2,084,351	-	-	2,084,351
Surplus achieved from revaluation	-	-	(1,422,507)	-	1,422,507	-	-
Dividends due to shareholders	-	-	-	-	(3,298,140)	(57,757,444)	(61,055,584)
Allocation of profit provided by law - tax exemption of the reinvested profit					1,119,275	(1,119,275)	-
Balance at June 30, 2020	28,569,842	5,713,968	19,689,386	497,625,123	43,240,804	31,781,915	626,621,038

Note: The position „Other reserves” includes also the reserve representing the modernization quota in amount of 460,008,820 RON at 30.06.2020, namely 457,924,469 RON at 01.01.2020. This reserve has a special regime of use, provided by GD no. 168/1998, this being destined exclusively to the financing of the modernization and development of the goods belonging to the public domain. The modernization quota is being collected at the extent of capitalization and proceeds from the production and is being reflected in reserves accounts on the account of expenses. On a monthly basis, is being written back to revenues the modernization quota at the level of depreciation of the fix assets financed out of this source.

INTERIM STATEMENT OF THE CHANGES IN EQUITIES AT JUNE 30, 2019 (revised)

	Share capital	Legal reserves	Revaluation reserves	Other reserves	Retained earnings	Year's profit or loss	Total Equities
Balance at January 1, 2019	28,569,842	5,713,968	25,810,840	496,092,345	44,689,399	60,676,014	661,552,408
Net result of the period						31,180,013	31,180,013
Net variation of the reserve - modernization quota	-	-	-	(337,729)	-	-	(337,729)
Surplus achieved from revaluation	-	-	(2,257,869)	-	2,257,869	-	-
Reunification reserve from revaluation of the land plots not included in share capital	-	-	(342,634)	452,314	(109,680)	-	-
Deferred corporate tax recognized at the expense of equities	-	-	56,441	-	-	-	56,441
Dividends due to shareholders	-	-	-	(1,105,807)	(4,304,887)	(59,242,229)	(64,652,923)
Allocation of profit provided by law - tax exemption of the reinvested profit	-	-	-	-	1,433,785	(1,433,785)	-
Balance at June 30, 2019	28,569,842	5,713,968	23,266,778	495,101,123	43,966,486	31,180,013	627,798,210

Note: The position „Other reserves” includes also the reserves from the modernization quota in amount of 458,604,096 RON, namely 458,941,825 RON at 01.01.2019. These reserves are established on monthly basis based on the expenses, by application of the modernization quota coefficient provided in the tariff on the proceeds from transport services. The reserves from the modernization quota are being reduced monthly, by write-back to revenues of the depreciation of fixed-assets financed out of this source.

These financial statements from page 1 to page 27 have been authorized for issue and signed by the company's management at August 14, 2020.

**Director General,
Ph.D Engineer Timur-Vasile Chiş**

**Economic Director,
Econ. Sanda Toader**

**INTERIM STATEMENT OF CASH-FLOWS FOR THE PERIOD OF SIX MONTHS ENDED
JUNE 30, 2020**

		-RON-	
	Name of the Element	6 months 2020 (revised)	6 months 2019 (revised)
	Cash flows from operating activities:		
+	Proceeds from services supply	226,164,953	223,289,593
+	Proceeds from interests related to banking investments	4,353,576	4,229,974
+	Other proceeds	2,432,857	3,562,954
-	Payments to the suppliers of goods and services	56,634,519	53,075,352
-	Payments to and on behalf of the employees	80,808,524	74,939,500
-	VAT Payments	22,459,285	24,091,451
-	Income tax and specific tax payments	6,511,085	7,454,032
-	Other payments related to operating activities	19,400,636	19,206,000
A	Net cash from operating activity	47,137,337	52,316,186
	Cash flows from investment activities		
+	Proceeds from sale of tangible assets	-	29,520
+	Proceeds from modernization quota	18,278,152	15,175,542
-	Payments for procurement of tangible assets	50,500,027	31,371,385
B	Net cash from investment activities	(32,221,875)	(16,166,323)
	Cash flows from financing activities:		
+	Proceeds of dividends transferred to Depozitarul Central	-	2,786,508
-	Paid Dividends	58,474,434	60,787,524
-	Payments against the financial leasing-related debt	309,663	-
C	Net cash from operating activity	(58,784,097)	(58,001,016)
	Net increase of the cash and cash equivalents		
	cash=A+B+C=D2-D1	(43,868,635)	(21,851,153)
D1	Cash and cash equivalents the beginning of the period	238,576,951	259,682,354
D2	Cash and cash equivalents end of the period	194,708,316	237,831,201

The value of the net cash-flows from the operating activity register a decrease by approx. 5 mRON due to the higher payments to the suppliers of goods and services and to the employees.

Cash outflows for payment of assets generated a net negative cash flow from investing activities in amount of 32.2 mRON. As compared to the same period last year, the net cash flow recorded a negative value increasing by approximately 16 mRON generated by the higher payments to the investment suppliers in Half I, 2020, as compared to the same period of the previous year.

The net cash from the financing activity recorded in both periods compared negative amounts determined by the payment of dividends to shareholders.

Out of the total of 195 mRON availabilities in the balance at 30.06.2020, the part associated to the modernization quota is in amount of 133 mRON.

These preliminary financial statements and the related notes, from page 1 to page 27 have been authorized for issue and signed by the company management at August 14, 2020.

Director General
PhD. Eng. Timur-Vasile Chis

Economic Director,
Ec. Sanda Toader

The attached notes from 1 to 19 are constituent parts of these financial statements.

1. Business Description and General Information

The company "CONPET" S.A. ("The Company") is a joint-stock company, with a unitary system administration, as per Law no. 31/1990 on the companies, republished, subsequent amendments, is registered at the Prahova Trade Registry under no. J29/6/1991, and the Financial Supervisory Authority by the registration certificate no. 7227/1997.

Address of the registered offices is Ploiesti Municipality, No. 1-3, Anul 1848 Street, Prahova County.

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

The company's shares are traded at the Bucharest Stock Exchange (BVB) on September 5th, 2013, under the "COTE" symbol.

Currently, CONPET S.A. is included in 7 indexes of the total of 9, namely **BET, BET-TR, BET-XT, BET-XT-TR, BET-BK, BET-NG AND BET Plus**.

At 31.06.2020, CONPET S.A. had a market capitalization of 673.55 mRON (1,440.3 mRON), ranking 20 in "Top 25 of the issuers after capitalization".

Company Set-up

CONPET is set up based on GD 1213/20.11.1990 regarding the set-up of the joint stock commercial companies in the industry, pursuant to Law no.15/1990 regarding the reorganization of the public economic units as autonomous administrations and joint stock companies, by taking over all assets and liabilities of the former Crude Oil Pipeline Transport Enterprise (Rom.I.T.T.C.).

The shareholders structure and the number of voting rights at the date of 31.12.2019 are the followings:

- The Romanian State by the Ministry of Energy, holding 5,083,372 shares representing 58.72% of the share capital,
- legal persons, with 2,370,768 shares representing 27.38 % and
- natural persons, with 1,203,388 shares representing 13.90 %.

Company's Mission

CONPET mission is the operation of the National Transport System via Pipelines under safe and secure conditions, free access to the system's available capacity to all the inquirers, authorized legal persons, under equal conditions, on a non-discriminatory and transparent basis.

Other Information on the Company's Business

As per the Articles of Incorporation, the company's core business is the transport of crude oil, rich gas, ethane and condensate via pipelines aiming at supplying the refineries with crude oil and derivatives out of domestic production, as well as with imported crude oil (NACE code 4950- "transports via pipelines").

CONPET supplies transport services for its clients both via the National Transport System concessioned based on the oil concession agreement of the National Transport System of crude oil, gasoline, condensate and ethane, as well as by railway tanks, from the loading ramps to the refineries, for the oil areas not connected to the transport major pipelines.

The crude oil National Transport System represents the ensemble of the major interconnected pipelines ensuring the collection of the oil extracted from the exploitation areas or of the imported, from the delivery sites to the processing units.

CONPET, as concessionaire of the crude oil National Transport System entitles as common carrier and has the obligation to provide, as per the legal provisions, free access to the system's available capacity to all the inquirers, authorized legal persons, under equal conditions, on a non-discriminatory and transparent basis.

The crude oil National Transport System belongs to the Romanian State public domain and is being administered by NAMR. (as per the Oil Law provisions). It comprises a pipelines system of approximately 3,800 km and has a transport capacity of 18.5 million tons/year.

Legal Environment

The activities in the oil sector are being regulated by the Oil Law no.238/2004.

The National Agency for Mineral Resources (NAMR) represents the state's interests in oil resources and is the competent authority empowered to apply the provisions of Law no. 238/2001. As per the Oil Law, the National Agency for Mineral Resources entitles as Concession Provider of the goods belonging to the public domain, concessioned to the operators acting in the oil industry.

The main responsibilities of NAMR are the followings:

- negotiates and concludes oil agreements on behalf of the state;
- awards mining concession licenses and operating permits
- issues regulatory acts, norms, instructions, orders and regulations;
- controls the compliance, by the holders of the concession agreements with the concession licenses and exploitation permits conditions;
- manages the National Transport System via pipelines of the crude oil and natural gas and regulates its operating activities through concession agreements concluded;
- annuls the concession/administration acts;
- approves the tariffs and the frame-contract for the transport of crude oil, rich gas, condensate and ethane.

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

The transport tariff stands for the exchange value of the transport service supplied by the holder of the oil concession, as common carrier for the transport, via the crude oil National Transport System, of an oil ton along the oil take-over sites from the domestic producers or import and the delivery sites to the refineries.

The transport tariffs are being established in accordance with NAMR Order no.53/2008 for the approval of the guidelines regarding the criteria, methodology and settlement procedure of the regulated for the transport via the National Transport System and are being approved by NAMR as competent authority.

The company practices different transport tariffs for the two subsystems belonging to the National Transport System, namely the subsystem for the transport of crude oil, condensate, rich gas and ethane from the internal production and the subsystem for the transport of the imported crude oil. For the transport on the import subsystem are being settled tariffs per refineries and per transported quantity installments, being applied the bracket tariff model.

The transport tariffs are determined by the value of transmission allocation of the amount of oil transported to the beneficiaries, the appropriate distances, using a methodology based on the determination of the cost of service, defined as all the revenue required to cover the transportation system operations, including:

- the operating cost, including: material expenses, personnel expenses, pipeline maintenance expenses, expenses with energy, gas and water, costs related to the amortization of the fixed assets, the royalty and other taxes applicable to the transporter, expenses related to the provision of pipeline guard, decontamination expenses, other expenses;
- modernization and development quota;
- a reasonable rate of profit

2. Preparation Grounds

(a) Statement of Compliance

The interim financial statements have been prepared according to the Order of the Ministry of Public Finances no.2844/2016 for the approval of the accounting Regulations as per the International Financial Reporting Standards (“IFRS”) (“OMFP 2844/2016”) and IAS 34 - Interim financial reporting.

These preliminary financial statements do not include all the necessary information in order to provide a complete set of financial statements in compliance with the International Financial Reporting Standards and must be read together with the annual financial statements of the Company, prepared at December 31st, 2019. Nevertheless, certain explanatory notes selected are included in order to explain the events and transactions that are significant for understanding the amendments occurred in the financial standing and records of the company from the last annual financial statements drafted at the date and for the financial year ended December 31st, 2019.

The interim financial statements drafted at June 30th, 2020 are not audited but have been revised by the financial auditor.

These preliminary financial statements have been authorized for issue and signed by the company’s management at August 14th, 2020.

(B) Accounting Estimations and Professional Reasonings

The preparation of the financial statements implies the use, by the Company, of estimates, professional reasoning and hypotheses affecting the reported value related to assets, liabilities, revenues and expenses. Estimates and assumptions are continuously evaluated and are based on historical experience and other factors, including predictions of future events that are believed to be reasonable under certain circumstances. The results of these estimates set the grounds for the professional reasonings regarding the accounting value of the assets and liabilities that cannot be obtained from other information sources. The actual results may be different from the estimates values.

The significant reasoning used by the management for the application of the Company’s accounting policies and the main sources of uncertainty regarding the estimates have been the same with those applied to the financial statements related to 2019.

3. Accounting Policies

The accounting policies applied in these interim financial statements are the same with those applied in the financial statements of the Company at the date and for the financial year ended December 31st, 2019, except for the adoption of new standards effective from January 1st, 2020. The following amendments of the existing standards issued by the Committee for Accounting International Standards (IASB) and adopted by the European Union (EU) have entered into force during the financial reporting period ended June 30th, 2020, yet they don’t bear significant effect on the financial statements or are not applicable and were not presented in detail:

- Amendments to IAS 1 “Financial Statements” - the application of IAS 8 financial instruments with IFRS 4 Insurance Contracts (in force for annual periods starting or following the date of Wednesday, January 1st, 2020)
- Amendments of the references to the general conceptual framework in the IFRS standards (in force for the annual periods starting with or after the date of January 1st, 2020)
- Amendments to IFRS 9 “Financial instruments”, IAS 39 “Financial instruments: acknowledgment assessment”, IFRS 7 “Financial instruments: information to be supplied”.
- Amendments to IFRS 3 “Leasing Contracts” (in force for annual periods starting with or after January 1st, 2020)

Certain amendments to the existing standards will take effect subsequently to the date of 30.06.2020. The company has opted for not adopting the application thereof in the interim financial statements.

4. Tangible assets

In the first six months of the year 2020, the tangible assets have evolved as follows:

Name	Land plots and land improvements	Special installations and buildings	Operating oil products	Machineries and equipments	Control and measurement devices	Means of transport	Other tangible assets	Tangible assets in progress	Total intangible assets
Gross accounting value at January 1, 2020	22,584,099	298,859,495	42,072,846	105,048,289	80,836,708	33,978,495	6,916,493	58,153,146	648,449,571
Cumulated depreciation at January 1, 2020	-	(44,169,472)	-	(52,066,352)	(61,498,222)	(22,221,629)	(4,555,901)	-	(184,511,576)
Impairments for depreciation receivables	-	-	-	-	-	-	-	(302,026)	(302,026)
Net accounting value at January 1, 2020	22,584,099	254,690,023	42,072,846	52,981,937	19,338,486	11,756,866	2,360,592	57,851,120	463,635,969
Inputs of tangible assets	-	8,581,975	-	948,762	9,188,953	1,381,869	1,619,695	23,087,095	44,808,349
Depreciation registered during the year	-	(12,333,668)	-	(5,067,731)	(3,534,943)	(1,856,256)	(399,720)	-	(23,192,318)
Gross accounting value at June 30, 2020	22,584,099	307,441,470	42,072,846	105,997,051	90,025,661	35,360,364	8,536,188	81,240,241	693,257,920
Cumulated depreciation at June 30, 2020	-	(56,503,140)	-	(57,134,083)	(65,033,165)	(24,077,885)	(4,955,621)	-	(207,703,894)
Impairments for assets depreciation at June, 30	-	-	-	-	-	-	-	(302,026)	(302,026)
Net accounting value at June 30, 2020	22,584,099	250,938,330	42,072,846	48,862,968	24,992,496	11,282,479	3,580,567	80,938,215	485,252,000
Difference	-	(3,751,693)	-	(4,118,969)	5,654,010	(474,387)	1,219,975	23,087,095	21,616,031

*Element-row "Means of transport" includes the value of the rights of use of the assets purchased in December 2019, in financial leasing system, consisting of 30 vehicles necessary to the performance of the activity specific to the company. The net value of these fixed assets in the statements of the financial standing at 30.06.2020 is of 1,950,033RON and represents the gross value in amount of 2,228,610 RON, less the depreciation recorded in the first six months of 2020, in amount of 278,577 RON.

At 30.06.2020 the net value of the tangible assets has increased as compared to 01.01.2020 by the amount of 21,616,031 RON.

During the first Semester of the year there have been recorded inputs of tangible assets in amount of 44,808,349 RON and amortization in amount of 23,192,319 RON.

The tangible assets commissioned in the first semester of 2020 were of 21,721,254 RON.

In the tangible assets are being included also fixed assets held based on a financial leasing contract concluded in December, 2019, consisting of 30 means of transport necessary for the carry out of the company's specific activities. The duration of the financial leasing contract is of 4 years and the value of the rights of use of the assets taken by leasing, of 2,228,6120 RON is being included in the same element-row as the one to which are being presented the assets-support proper to the company, namely the "Means of transport".

The amortization of the assets in leasing, registered in the first Semester of the year 2020 is in amount of 278,577 RON. The outstanding value at 30.06.2020 of these assets is of 1,950,033 RON.

At 30.06.2020, CONPET has recorded in the company patrimony lands in surface of 733,649 sqm with an accounting value amounting to 22,584,099 RON, namely:

- 554,538 sqm represent lands with an accounting value of 12,348,115 RON, held under 48 Certificates of ownership obtained during 2001-2005, appraised on the date of acquiring the certificates, in accordance with GD 834/1991 on the establishment and appraisal of some lands owned by the state-owned companies, at the value of 26,708,233 RON. These lands have been obtained in the company patrimony on the expense of other equity reserves, without augmenting the share capital by the value thereof.
- 155,411 sqm represent lands with an accounting value of 3,144,984 RON held based on 14 Ownership Certificates obtained until 2001. The share capital of the company has been increased by the value of these lands.
- 23,700 sqm represent lands with an accounting value of acquired by the Company upon several sale-purchase contracts. A part of the procured lands are related to the corporate offices and on the other procured lands are placed telecommunication towers located in different sites over the country.

The lands held by the Company are located in Ploiesti at the company's administrative offices and in the 24 counties covered by the transport pipelines or where are being located the crude oil tanks loading ramps.

The tangible assets also include the oil operating product, assessed in the statement of the financial standing at the cost determined from the revaluation restated by the application of IAS 29 "Financial reporting in the hyperinflationary economies". During the first six months of 2020 there have not been registered movements of oil product, the value thereof at 30.06.2020 being of 42,072,846 RON.

Tangible assets in progress

At June 30th, 2020, the value of the assets in progress is of 80,938,215 RON and comprises investment objectives provided in "2020 Investments Program", mainly made up of: pipelines segments replacements on different lengths and routes, commissioning works of the crude oil pipelines to overcrossing or undercrossing of the rivers, tanks modernizations, modernizations of loading ramps, SCADA works and telecommunication works etc.

5. Intangible assets

The statement of the intangible assets in the first six months of the year 2020 reveals the followings:

Name	Rights of use related to the assets taken in leasing	Licenses and soft	Other intangible assets	Total intangible assets
Gross accounting value at January 1, 2020	4,963,226	5,645,183	910,983	11,519,392
Cumulated depreciation at January 1, 2020	(1,621,597)	(2,646,915)	(910,983)	(5,179,495)
Net accounting value at January 1, 2020	3,341,629	2,998,268	-	6,339,897
Intangible assets inputs	-	144,368	-	144,368
Depreciation registered during the year	(832,680)	(481,205)	-	(1,313,885)
Gross accounting value at June 30, 2020	4,963,226	5,789,551	910,983	11,663,760
Cumulated depreciation at June 30, 2020	(2,454,277)	(3,128,120)	(910,983)	(6,493,380)
Net accounting value at June 30, 2020	2,508,949	2,661,431	-	5,170,380
Difference	(832,680)	(336,837)	-	(1,169,517)

At 30.06.2020, the net value of the intangible assets has increased as compared to the end of 2019, by the amount of 1.169.517 RON.

In the first Semester of the year 2020 have been registered inputs of intangible assets in amount of 144,368 RON, and the amortization of the intangible assets registered in the first Semester of 2020 was in amount of 1,313,885 RON.

The depreciation method used is the linear one.

The intangible assets contain: computer programs, soft licenses, expenses borne by the company with the connection to the power energy network and the water network, recognized in intangible assets as right of use supply connection, as well as other rights of use recongnized as per IFRS 16.

The rights of use acknowledged within the intangible assets as per IFRS 16 have resulted form the lease and concession contracts concluded with various land owners, buildings and tank cars for the transport of oil products.

On the leased lands are being located telecommunications equipments and cathodic protection stations in various locations in the country and the buildings are used as working sites/command, for the gendarmes or for the performance of other administrative activities of the company.

The rights of use of the assets related to the lease and concession contracts have been initially evaluated at 01.01.2019, at the value of the leasing debt in amount of 4,963,226 RON. The leasing related debts have been determined as present value of the remaining leasing payments, applying a discount factor ("Discount rate") equal with the rate of interest for the lessee, at the date of application, for the first time, of IFRS 16.

In Half I, 2020, there have not been registered movements within these type of assets and the value of the depreciation was of 832,680 RON.

6. Financial Assets

In the first six months of the year 2020, financial assets reveal the followings:

Name	Other non-current securities	Non-current receivables	Total financial assets
Net accounting value at January 1, 2020	5,100	805,498	810,598
Inputs	-	505,854	505,854
Outputs	-	21	21
Net accounting value at June 30, 2020	5,100	1,311,331	1,316,431
Difference	-	505,833	505,833

At 30.06.2020, the value of the financial assets has increased as compared to January 1st,2020, by 505,833 RON, due to the increase of the fixed receivables.

The company holds contributions at the share capital of Independent register Monitor in amount of 5,000 RON and is associate member, along with other companies, in the Romanian National Committee for the Oil International Council (CNR-CMP), participating at the establishment of the patrimony, CNR-CMP, with contribution in amount of 100 RON.

The non-current receivables, in amount of 1,311,331 RON are made up, mainly, by non-refundable guarantees paid by the Company for leased lands.

7. Stocks

Name	Consumables	Services in progress	Waste products	Total stocks
Gross accounting value at January 1,2020	5,666,292	1,193,309	2,192,896	9,052,497
Impairment for stocks depreciation	(845,290)	-	(37,346)	(882,636)
Net accounting value at January 1, 2020	4,821,002	1,193,309	2,155,550	8,169,861
Stocks inputs during the period	3,324,253	527,504	616,928	4,468,685
Consumption/outputs of stocks during the period	(2,367,653)	(1,193,309)	(190,569)	(3,751,530)
Income from (Expense with) impairments for depreciation of stocks	20,279	-	1,675	21,953
Gross accounting value at June 30 ,2020	6,622,892	527,504	2,619,255	9,769,652
Impairment for stocks depreciation	(825,011)	-	(35,671)	(860,683)
Net accounting value at June 30, 2020	5,797,881	527,504	2,583,584	8,908,969
Difference	976,879	(665,805)	428,034	739,108

The stocks are made up of materials, spare parts and other materials that are to be used when performing the company's business, here included those composing the security and intervention stocks meant for the potential provoked technical accidents. In the stocks are also contained residual products (recoverable) occurred following the pipelines replacement works and fixed assets scrapping.

The company registers in the ongoing services the cost of the services non-received by the beneficiaries up to the end of the period, at the expense of the revenues related to services in progress.

8. Trade Receivables and other Receivables

At June 30th, 2020 and December 31st, 2019 the trade receivables and other receivables are the followings:

	June, 30 2020	December, 31 2019
Clients	37,609,790	39,276,991
Impairments for depreciation receivables	(341,524)	(341,524)
Other trade receivables	284,820	283,838
Subtotal trade receivables (net value)	37,553,086	39,219,305
Other receivables	6,081,218	6,424,129
Adjustments for the depreciation of other receivables	(3,394,734)	(3,394,734)
Subtotal other receivables (net value)	2,686,484	3,029,395
Total receivables	40,239,570	42,248,700

The structure of clients on activities reveals the followings:

	June, 30 2020	December, 31 2019
Clients - transport activities	36,995,868	38,623,179
Other clients - auxiliary activities	613,922	653,812
Total	37,609,790	39,276,991

The trade receivables are not interest bearer and have an average proceeds duration of 28 days. The main receivables in the balance sheet at June 30th, 2020 are due by: OMV PETROM S.A. - 31,570,686 RON (December 31, 2019: 34.405.183 RON) and Petrotel Lukoil S.A.- 5,392,724 RON (December 31, 2019; 4,170,733 RON)

The crude oil transport services delivered to the clients have a significant share in the Company's turnover (over 99%).

The main client of the Company, OMV PETROM S,A, holds around 79% of the total receivables on short-term at June 30th, 2020.

Other receivables in amount of 6,081,218 RON include mainly: amounts to be recovered from various natural and legal persons, the majority in litigation pending before the law courts (1,805,678 RON, namely 29.7%), VAT non-exigible related to the invoices unrarried up to 30.06.2020 (1,647,197 RON, namely 27.1%), interest to be received related to the deposits with maturity under three months (1,001,756 RON, namely 15.3%), as well as amounts to be recovered from the budget representing allowances for medical leaves representing allowances for medical leaves (576,932 RON, namely 9.5%).

Impairments for the depreciation of the trade receivables are being registered for uncertain clients, in litigation or insolvency, presenting non-collection risk. At June 30th, 2020 the value of these impairments rests at the level of the end of the previous year, namely 341,524 RON.

The impairments for the depreciation of other receivables are being registered for the debits related to the legal files pending before the law courts, fines paid and under appeal proceedings. At June 30th,2020 the value of these impairments is in amount of 3,394,734 RON, at the same level as compared to December 31st, 2019.

The Company registers impairments for loss of values in quantum of 100% of the value of the receivables for the clients in litigation or insolvency, in bankruptcy and for debts related to the established legal files or the fines facing appeal procedure.

Seniority-related statement of receivables

Trade receivables

	June, 30 2020	December, 31 2019
Clients, of which:	37,609,790	39,276,991
<i>Receivables not reaching maturity</i>	37,170,435	38,885,905
<i>Depreciated receivables</i>	341,524	341,524
<i>Outstanding and undepreciated receivables, out of which:</i>	97,831	49,562
- overdue less than 30 days	76,990	48,275
- overdue between 30 and 60 days	3,505	-
- overdue between 60 and 90 days	3,505	-
- overdue between 90 and 270 days	13,831	1,287
Other trade receivables	284,820	283,838

Other receivables

	June, 30 2020	December, 31 2019
<i>Non-depreciated receivables</i>	2,686,484	3,029,395
<i>Depreciated receivables</i>	3,394,734	3,394,734
Total	6,081,218	6,424,129

9. Cash and cash equivalents

At June 30th, 2020 and December 31st, 2019 the cash and cash equivalents reveal the followings:

	June, 30 2020	December, 31 2019
Current bank accounts	5,141,014	6,899,866
Bank deposits with maturity ≤ 3 months	189,554,125	231,666,573
Cash in the register	13,177	10,512
Total	194,708,316	238,576,951

The cash and cash equivalents have decreased by 18.4% at the date of June 30th, 2020 as compared to December 31st, 2019, due to the cash outputs for the payment of the dividends related to the financial year 2019 and assets procurement (investments) higher than the cash surplus from the operating activity related to Half I.

The cash in the accounts at the end of Half I include the cash representing the modernization quota, with special use regime provided by GD no.168/1998, in amount of 132,991,334 RON. This is exclusively destined to the financing of the modernization and development works of the good in public domain.

10. Equities

Share capital

During the reporting period, the share capital of the company has not changed, remaining at the value of 28,569,842 RON, being divided into 8,657,528 ordinary shares with a nominal value of 3.3 RON/share and corresponds to the one registered at the Trade Register Office.

The structure of the share capital and the shareholding structure of CONPET S.A. at June 30th, 2020 reveals the followings:

Shareholders	June 30, 2020			December 31, 2019		
	Number of shares	Amount (RON)	(%)	Number of shares	Amount (RON)	(%)
The Romanian State by the Ministry of Economy, Energy and Business Environment	5,083,372	16,775,128	58.7162	5,083,372	16,775,128	58.7162
Legal persons	2,370,768	7,823,534	27.3839	2,361,896	7,794,256	27.2814
Natural Persons	1,203,388	3,971,180	13.8999	1,212,260	4,000,458	14.0024
Total	8,657,528	28,569,842	100%	8,657,528	28,569,842	100%

Legal reserves

At June 30th, 2020 the value of the legal reserve is 5,713,968 RON (December 31st, 2019: 5,713,968 RON).

The reserve is being established at the level of 20% of the share capital, as per Law no.31/1990 and the Articles of Incorporation.

Other reserves

At June 30th, 2020, Other reserves are in amount of 497,625,123 RON, recording an increase by 2,084,351 RON as compared to the end of 2019, at reserves - modernization quota.

The reserve related to the modernization quota is in amount of 460,008,820 RON and holds the major part of share in total other reserves (92.4%).

Revaluation reserves

Based on the Order of the Ministry of Public Finances no.2844/2016 for approval of the accounting Regulations as per IFRS, corroborated with those in Art.201, Para (3) of Law no.31/1990 on companies, republished, the company recognized in the revaluation reserves the favorable difference from the reevaluation of tangible assets.

At June 30th, 2020 in the statement of the financial standing the reserves out of reevaluation are being presented at net value of 19,689,386 RON, resulting after the reduction of the gross value by the related deferred tax directly recognized in the equities, as per IAS 12.

Retained earnings

At June 30th, 2020, the retained earnings is in amount of 43,240,804 RON and comprises mainly the difference in value associated to the tangible assets - oil operating products resulting from the application, for the first time, of IAS 29 in amount of 41,818,297 RON.

Profit of the year

The profit of the year, achieved in the first six months of the year 2020 is of 31,781,915 RON, 1.9% higher than the one registered in the first six months of the year 2019.

11. Trade Liabilities and other Liabilities

At June 30th, 2020 and December 31st, 2019, the trade receivables and other receivables look as follows:

Liabilities	December 31, 2019	June, 30 2020	Maturity term for the balance at June 30, 2020		
			Under 1 year	1-5 years	Over 5 years
Trade liabilities	27,179,134	30,893,319	30,893,319	-	-
Other liabilities, here included fiscal debts and social insurances related debts	45,497,209	44,778,331	41,907,343	2,870,988	-
Total	72,676,343	75,671,650	72,800,662	2,870,988	-

The goods and services suppliers for the operation activity are being mainly represented by: SNTFM CFR Marfa, Cez Vanzare, OMV Petrom, Edenred Romania S.R.L, Tinmar Energy SA, OMV Petrom Marketing, Coral 33 All Prod SRL, Director Special Troops – DST SRL, ABB z.o.o., VTG Rail Europe GMBP, Orange Romania, Envirotech SRL, Termoklima SRL. The value of the goods and services suppliers destined to the operating activities, in the first Half of 2020 represents 56.2% of the total acquisitions.

The value of the assets procurement in the first Half of 2020 has a share of 43.8% in total procurement.

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

Debts	December 31, 2019	June, 30 2020	Maturity term for the balance at June 30, 2020		
			Under 1 year	Between 1-5 years	Over 5 years
Salaries and assimilated debts	5,897,321	5,556,785	5,556,785	-	-
Salaries contributions	5,360,849	4,293,201	4,293,201	-	-
Ordinary Corporate Tax	3,076,456	1,992,931	1,992,931	-	-
Royalty due to the State Budget	8,059,150	7,427,191	7,427,191	-	-
VAT payable	3,073,760	2,724,362	2,724,362	-	-
Other taxes and debts - State Budget	980,693	1,977,655	1,977,655	-	-
Dividends Payable	13,410,903	15,996,982	15,996,982	-	-
Leasing-related debts	5,469,234	4,404,598	1,533,610	2,870,988	-
Other debts	168,843	404,626	404,626	-	-
Total	45,497,209	44,778,331	41,907,343	2,870,988	-

12. Provisions

	June, 30 2020	December 31, 2019
Provisions for litigations	6,123,753	6,481,556
Provisions for employees' benefits	28,105,045	27,558,335
Other provisions for risks and expenses	5,558,907	5,466,472
Total	39,787,705	39,506,363
<i>Long-term provisions</i>	<i>16,825,026</i>	<i>16,268,908</i>
<i>Short-term provisions</i>	<i>22,962,679</i>	<i>23,237,455</i>

Provisions for litigations

In detail, the provisions for litigations are:

	June, 30 2020	December 31, 2019
Litigations for civil compensations	3,316,583	3,152,007
Litigations for the failure to respect, by third parties, of some contractual clauses	46,214	46,214
Other litigations	2,760,956	3,283,335
Total	6,123,753	6,481,556

In the first six months of the year 2020, the provisions for litigations have registered a decrease by 357,803 RON, following the update and reduction of the provisions recorded during the previous period, with a bigger amount than the one registered for the newly opened litigations during the reporting period.

The company is involved into various litigations for compensations claimed by various owners, natural and legal persons. Besides the compensations, they request either the payment of an annuity following the exercise, by the Company, of the legal easement right on the lands owned by the claimants, or by the retirement of the pipelines and installations to be found on lands thereof. Following the restitution of their property rights, they are bringing proceedings in Court against the Company, invoking the lack of land use due to the fact that the latter are being crossed by the crude oil transport pipelines belonging to the public domain.

Provisions for employees' benefits

The changes registered in the structure of the provisions for the employees benefits represented: reductions, mainly following the payments of benefits on retirement, of allowances representing the variable granted to the members of the Board of Administration and the directors for the year 2019, the partial payments of the benefit representing the employees share of profit for the year 2019 and increases representing untaken annual leaves, the variable allowance due to the members of the Board of Administration and directors, as per the contracts of mandate and employees share of profit, related to the first Semester of the year 2020.

The biggest share in the provisions for the employees benefits is being held by the *provisions for benefits granted upon retirement*, in amount of 17,355,047 RON, of which 16,825,026 RON representing long-term liabilities, and 530,021 RON represents short-term obligations.

At 30.06.2020, *the provision for employees share of profit*, is in amount of 5,647,563 RON, of which outstanding provision related to 2019, in amount of 2,440,927 RON, to which is added 54,921 RON precautionary contribution for work, and the amount of 3,151,805 RON represent provision for the services delivered by employees in the first six months of the year 2020, here included the precautionary contribution for work, established within the limits provided in BVC.

The provisions of untaken leaves have registered a net increase by 2,269,499 RON for the vacation days related to the first six months of the year 2020, not taken up to June 30th, 2020.

At June 30th, 2020 are being established provisions for the variable allowances granted to the members of the Board of Administration and the directors, as per the mandate contract and for annual leaves not taken by the directors with mandate contract, in total amount of 1,356,789 RON.

Other Provisions

At June 30th, 2020 the balance of the position "Other provisions" in amount of 5,558,907 RON is made up of: the provision established at the level of the earnings resulting from the capitalization of the pipelines recovered following the replacement works (repairs/modernization) performed on the National Transport System, in amount of 5,154,122 RON. The value of the provision was settled following the control performed by the Court of Accounts and the litigation pending before the court.

In *Other Provisions* are also being included provisions for environmental expenses in amount of 259,860 RON and other provisions in amount of 144,925 RON.

13. **Ordinary and Deferred Corporate Tax**

The expense related to the company's current and deferred corporate tax at June 30th, 2019 and June 30th, 2020 is being determined by a statutory rate of 16%.

	June,30 2020	June, 30 2019
Expenses with ordinary income tax	5,427,560	6,420,613
Expenditure with /(revenues from) deferred corporate tax	(369,095)	(462,429)
Total	5,058,465	5,958,184

Reconciliation of the Effective Tax Rate

	June, 30 2020	June, 30 2019
Profit before taxation	36,840,380	37,138,197
- Corporate tax at the statutory rate by 16%	5,894,461	5,942,112
The Effect on the Corporate Tax of:		
- Non-deductible expenses	1,574,643	1,518,761
- Non-taxable revenues	(1,435,654)	(1,248,420)
- Elements similar to revenues	271,797	430,952
- Elements similar to expenses	(418)	(418)
- Ordinary Corporate Tax	(59,554)	(106,665)
- The amounts representing sponsorship within the limit provided by the law	(440,000)	(137,752)
- Specific tax	22,043	22,043
- Bonus as per the emergency Ordinance no. 33/2020 regarding some fiscal measures and amendment of some normative acts, amended.	(399,758)	-
Expenses with ordinary corporate tax	5,427,560	6,420,613

Deferred Corporate Tax

The payment deferred and recoverable taxes were calculated based on the temporary taxable and/or deductible differences, determined for assets and liabilities as differences between the accounting value of the asset and/or liability and the amount awarded in fiscal purposes. The company recognizes the deferred taxes on the expense of an expense or an income except for the tax generated by an event directly accounted in the equities.

The Statement of movements regarding the receivable/debt with the deferred tax during the first six months of the year 2020 reveals the followings:

2020	Net value at January 1	Deferred corporate tax recognized in the profit and loss account	Net accounting value at June 30, 2020	
			Receivable related to the deferred corporate tax	Receivable related to the deferred corporate tax
Reevaluation of tangible assets	(421,193)	270,345	3,394,857	(3,545,705)
Provisions	5,283,969	102,263	5,386,232	-
Impairment of the current assets	559,683	(3,513)	556,170	-
Deferred corporate tax before compensation	5,422,459	369,095	9,337,259	(3,545,705)
Receivable/debt compensation			(3,545,705)	3,545,705
Net deferred corporate tax - recoverable				5,791,554

The debt representing the deferred tax, in the balance at 30.06.2020 is in amount of 3,545,705 RON and is recognized on account of the equities elements and the receivable related to deferred income, recognized in the statement of the global result, in the balance at the same date, is of 9,337,250 RON.

The net amount of the deferred tax represents deferred corporate tax recoverable in amount of 5,791,554 RON.

14. Result per share

The result per share in the first six months of the year 2020, as compared to the same period of the previous year, reveals the followings:

	June, 30 2020	June, 30 2019
Profit of the Financial Year	31,781,915	31,180,013
The cash from ordinary shares at the beginning and the end of the period	8,657,528	8,657,528
Basic earnings and diluted per share (RON/share)	3.67	3.60

15. Operating Revenues

a) Turnover

	June, 30 2020	June, 30 2019
Revenues from transport service, of which:	202,782,842	196,518,797
<i>Revenues from transport services on Domestic Subsystem</i>	153,481,728	146,933,571
<i>Revenues from transport services on Import Subsystem</i>	49,301,114	49,585,226
Revenues from rents	791,644	781,726
Other revenues included in the turnover	461,403	3,316,470
Total turnover revenues	204,035,889	200,616,993

The transport revenues are being achieved out of services supplied to the clients for the transport of the crude oil, rich gas and condensate quantities approved by Order of the President of the National Agency for Mineral Resources.

In the first six months of the year 2020, the quantities transported on subsystems, as compared to the same period of the previous year, are as follows:

	6 months ended June 30, 2020	6 months ended June 30, 2019
Domestic Subsystem	1,742,240	1,733,580
Import Subsystem	1,697,024	1,695,019
TOTAL quantities (tons)	3,439,264	3,428,599

The total quantity of transported products has increased by 0.3% in the first six months of the year 2020, as compared to the same period of the previous year, given the context of the increase, by 0.5% of the quantities transported on the domestic transport subsystem and by 0.1% of the quantity transported on the import subsystem.

The tariffs for the supply of crude oil, rich gas, condensate and ethane are regulated by the NAMR and are distinguished per each transport subsystem.

The tariffs applied for the import transport subsystem vary according to the installment of transported quantity, being practiced the bracketing tariff model and the refinery- the hand-over site.

Within the reporting period have been applied the following tariffs:

Tariffs for transport services on the Domestic Subsystem:

Period	Transport tariff (RON/ton)	Approved by NAMR Order No.
June 19 th , 2018 - December 30 th , 2019	84.37	117/2018
Starting December 31 st , 2019	87.53	427/2019

Tariffs for the transport services on the Import Subsystem:

Period	Installments	Arpechim Refinery	Ploiesti Basin (Petrobrazi and Petrotel Lukoil refineries)	Petromidia Refinery	Approved by NAMR Order No.
	thousand tons/month	RON/ton	RON/ton	RON/ton	
June 19 th , 2018 - December 30 th , 2019	< 120	38.85	38.00	27.00*	117/2018
	>120	16.60	16.00	24.74*	
Starting December 31 st , 2019	< 120	40.40	39.50	15.00	427/2019
	>120	17.25	17.00	12.85	

*) Starting the date of March 14, 2019 up to December 30, 2019, for the transport relation with Petromidia Refinery was applied a tariff of 14.00 RON/ton for the installment of up to 120 thousand tons and 12.00 RON/ton for the installment bigger than 120 thousand tons (approved by NAMR Order no.172/2019).

b) Other Operating Expenses

	June, 30 2020	June, 30 2019
Revenues from consumption modernization quota	16,193,801	15,513,271
Other revenues	249,160	139,240
Total other Operating Expenses	16,442,961	15,652,511

Other operating revenues have recorded an increase by 5.1% in the first six months of the year 2020 as compared to the same period of the previous year, from 15,652,511 RON to 16,442,961 RON.

Other operating revenues contain, mainly, the revenues from the reserve related to the modernization quota, at the level of the depreciation of the fixed assets financed out of this source. The revenues representing the modernization quota have recorded an increase by 4.4% in the first six months of the year 2020, as compared to the same period of the year 2019.

16. Operating Expenses

a) Stocks and Utilities Expenses

	June 30, 2020	June 30, 2019
Expenses with consumables	1,965,149	2,855,142
Other material expenses	318,122	495,877
Other with energy and water	6,935,393	6,582,865
Goods related Expenses	20,406	52,815
Total Expenses related Stocks and Utilities	9,239,070	9,986,699

b) Personnel Expenses

The personnel expenses include the expenses with the salaries, bonuses awarded to the employees, other personnel expenses, allowances related to the mandate contract of the members of the Board of Administration and the Directors with mandate and the expenditure with the contributions due by the employer.

	June 30, 2020	Sunday, June 30, 2019
Salaries expenses	63,440,499	61,616,358
Obligations related to Employees Bonuses	8,925,467	10,771,440
Other personnel expenses	64,180	1,514,390
Expenses with the remuneration of the directors with mandate contract and the administrators	3,555,917	1,541,122
Expenses with contributions due by the Employer	3,718,941	3,800,834
Total operating expenses	79,705,004	79,244,144

The personnel expenses are detailed as follows:

Salaries expenses

	June 30, 2020	June 30, 2019
Expenses with basic salaries and associated bonuses	63,164,774	60,350,064
Premiums	-	1,000,000
Aids for retirement	275,725	208,404
Aids for marriage	-	57,890
Total salary related expenses	63,440,499	61,616,358

The expenses with the basic salaries and related bonuses of the employees have increased in the first 6 months of 2020 as compared to the first six months of 2019, due to the increase of the salaries with 300 RON/employee at 01.10.2019.

As per the provisions of the Collective Labor Agreement in force, the Company has also granted the employees benefits consisting of retirement aids, as well as premiums, wedding aids (only in Half I of the year 2019).

Obligations related to Employees Bonuses

	June 30, 2020	June 30, 2019
Employees share of profit	4,001,145	5,083,747
Meal vouchers	2,554,140	2,642,475
Social expenses provided at Art.25 of Law no.227/2015 of the Fiscal Code, with	1,656,840	2,022,658

Ulterior amendments and completions		
Other expenses as per the the Collective Labor Agreement	713,342	1,022,560
Total	8,925,467	10,771,440

The value of the bonuses granted to the employees meets a decrease (1,845,973 RON) in the first six months of 2020, compared to the same period of 2019 due, mainly, to the partial payment, in 2020 of the benefit related to the employees share of profit, within the limit of the amount approved in the budget; the difference is to be given after Budget adjustment.

As per the provisions of the Collective Labor Agreement in force, the Company has granted the employees bonuses as social expenditure provided at Art.25 of Law no.227/2015 on the Fiscal Code, consisting of holiday tickets and treatment, here included the transport, presents offered to the employees, aids for birth, funeral, serious diseases, humanitarian and other social expenditure as per the Collective Labor Agreement (Ro.CCM).

The reduction of the value of bonuses granted as social expenses and other expenses as per CCM in the first six months of the year 2020, as compared to the same period of the previous year has been determined, mainly, by the new context of Coronavirus (Covid-19) pandemic. In view of protecting the employees health, where possible, the activity of the employees was carried out in telework context, determining a reduction of the expenses with employees transport to and from the work site. Also, given the traffic restrictions and termination of some activities during the state of emergency and alert conditions, there has been recorded a reduction of the expenses with the daily allowance, of the value of expenses with the holiday and treatment, here included the transport and expenses with kindergartens, nurseries, after-school, supported by the company for the employees children. On Easter feast, in 2020, the employees have not received gift vouchers.

Other personnel expenses

	June 30, 2020	June 30, 2019
Expenses with compensatory payments related to personnel lay-offs	62,160	1,514,390
The expenses with the rights of the personnel due based on a Corut order	2,020	-
Total	64,180	1,514,390

The position "Other personnel expenses" recorded in the first six months of the year 2020 includes, mainly, the expenses with compensatory payments, granted as per the Collective Labor Agreement, related to personnel lay-offs performed in the month of November 2019, outstanding in January, 2020, for which the company has established provision at the end of 2019.

The expenses with the remuneration of the directors with mandate contract and the administrators

	June 30, 2020	Sunday, June 30, 2019
Allowance of the directors with mandate	1,915,145	601,617
Allowances of the Board of Administration members	1,640,772	939,505
Total	3,555,917	1,541,122

The expenses with the allowances related to the mandate contracts of the directors and administrators register an increase as compared to the first six months of 2019. In 2019, the amount of the allowances was smaller, as the company has paid to the administrators and directors with mandate contract the variable allowance related to 2018 pro-rata, starting the date of appointment thereof in capacities.

Expenses with contributions due by the Employer

	June 30, 2020	Sunday, June 30, 2019
Company's contribution to the facultative pensions funds	1,398,788	1,455,831
Company's contribution to the health voluntary insurance	716,410	767,499
Precautionary labor contribution and other contributions	1,603,743	1,577,504
Total	3,718,941	3,800,834

Following the salary increase in October 2019, the precautionary labor contribution has proportionally increased, therefore in the first Semester of the year 2020, it is higher with 26,239 YoY.

c) Expenses related to external services

	June 30, 2020	June 30, 2019
Railway transport expenses	31,486,974	29,664,970
Rentals and royalties expenses	15,706,923	16,049,976
Third-parties pumping expenses	2,424,071	2,456,023
Expenses with maintenance and repairs	849,957	1,366,998
Decontamination works, monitoring environmental factors	281,391	234,842
Travel works, secondment and transfers	327,751	737,873
Expenses with goods and personnel transport	20,286	21,429
Postal expenses and telecommunication fees	260,992	260,916
Other services performed by third parties	2,040,566	2,281,295
Total Expenses related to external services	53,398,911	53,074,322

Expenses with *royalties and rents* contain mainly the oil royalty due by the company, as holder of the oil agreement, to the State budget, under the law, for the use of the goods public property of the State within the oil operations.

This is being calculated as per the provisions of the Oil Law no.238/2004, by applying a quota of 10% on the value of gross revenues achieved out of oil transport operations and oil transit via the oil national transport systems, as well as from the oil operations performed by the oil terminals in State's public property.

d) Other expenses

	June 30, 2020	June 30, 2019
Taxes, fees and similar levies related expenses	1,121,351	1,050,114
Expenses with compensations, fines and penalties	15,533	11,603
Granted donations (sponsorship)	440,000	137,752
Expenses with environmental protection	13,839	47,743
Modernization quota establishment - related expenses	18,278,152	15,175,542
Other operating expenses	116,561	188,167
Other expenses	19,985,436	16,610,921

In the first six months of 2020 the expenses registered with other taxes, fees and assimilated levies comprise, mainly, the expenses with local taxes and expenses with the contribution to the special fund, due based on Law no.448/2006 regarding the protection and promotion of the rights of people with disabilities.

The company constitutes reserves regarding the modernization quota through other operating expenses in compliance with the provisions of the GD no. 168/1998 further amendments and with the provisions of the Fiscal Code approved pursuant to Law no. 227/2015, further amendments and updates.

17. Net Financial Result

	June 30, 2020	Sunday, June 30, 2019
Interest revenues	3,713,157	4,087,732
Other financial revenues	4,935	15,792
Total financial revenues	3,718,092	4,103,524
Expenses regarding interests related to leasing contracts	215,901	-
Other financial revenues	46,649	42,218
Total financial expenses	262,550	42,218
Net Financial Result	3,455,542	4,061,306

The financial revenues have decreased by 9.4% in the first six months of the year 2020 compared to the same period of the year 2019. The financial expenses have increased due to the registration of some expenses with the interests related to the leasing contract, however maintaining at a very low level compared to the revenues.

The net financial result was reduced by 14.9%, in the first six months of the year 2020 YoY.

18. Related Parties

In Half I, 2020, the Company has carried out the following significant transactions with related parties:

Procurement from related parties

Partner	Unsettled amounts at December, 31 2019	Procurement during 01.01 -30.06.2020	Settlements during 01.01-30.06.2020	Unsettled amounts at June, 30 2020
SNTFM CFR Marfă S.A.	5,075,103	38,116,721	35,423,036	7,768,788

**The amounts are VAT exclusive*

Partner	Unsettled amounts at December, 31 2018	Procurement during 01.01-30.06.2019	Settlements during 01.01-30.06.2019	Unsettled amounts at June, 30 2019
SNTFM CFR Marfă SA	3,320,405	35,226,441	31,609,427	6,937,419

**Sumele includ TVA*

Given the context of Coronavirus (Covid-19) pandemic, although the evolution is unfavorable, being registered a massive increase of the Coronavirus confirmed cases, the number thereof being significantly growing from the date of completion of these interim financial statements up to the moment of release thereof, both at the global level, as well as in Romania, in what concerns the company's business there have not been recorded situations that could bear impact on business continuity.

Being extremely stable financially and having a good action capability, CONPET is able to rapidly and effectively implement all the emergency measures required for the protection of employees health, as well as for the preservation, under safety conditions, of the administration of the Crude Oil National Transport System. On a permanent basis, the company's management is monitoring the potential impact of Coronavirus pandemic and takes all possible measures for mitigation of all adverse effects on CONPET business.

The Company CONPET S.A.
Explanatory notes to the interim financial statement at Tuesday, June 30, 2020
(All amounts are expressed in RON, unless otherwise specified)

These preliminary financial statements and the related notes, from page 1 to page 27 have been authorized for issue and signed by the company management at August 14th, 2020.

Director General
PhD. Eng. Timur-Vasile Chis

Economic Director,
Econ. Sanda Toader