

FINANCIAL STATEMENTS
at the date and for the period of six months ended
June 30th, 2021

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



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INTERIM STATEMENT OF THE FINANCIAL STANDING AT JUNE 30, 2021

	Note:	June 30 2021 (revised)	December, 31 2020 (audited)
ASSETS			
Intangible assets			
Tangible assets	4	505,392,848	504,534,005
Intangible assets	5	3,942,952	4,313,253
Financial Assets	6	912,473	1,111,921
Receivables related to the deferred corporate tax	13	4,996,746	4,955,676
Non-current assets		515,245,019	514,914,855
Current assets			
Stocks	7	5,763,884	5,912,006
Trade liabilities and other liabilities	8	45,445,247	40,260,134
Cash and cash equivalents	9	159,333,748	198,257,333
Prepaid expenses		1,810,246	602,808
Total current assets		212,353,125	245,032,281
TOTAL ASSETS		727,598,144	759,947,136
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	19,582,337	20,931,765
Other reserves	10	504,316,034	500,269,257
Retained earnings	10	43,142,643	40,678,977
Year's Result	10	27,320,803	60,846,759
Total Equities		628,645,627	657,010,568
Long-term liabilities			
Liabilities to employees long-term	11	19,523,131	19,864,043
Other long-term liabilities	11	3,329,457	3,470,722
Total long-term liabilities		22,852,588	23,334,765
Current liabilities			
Trade liabilities	11	19,667,566	23,583,540
Ordinary Corporate Tax	11	2,010,028	738,139
Other liabilities	11	31,410,213	29,892,967
Debts to employees on short-term	11	13,433,848	14,127,500
Short-term provisions	12	9,578,274	11,259,657
Total current liabilities		76,099,929	79,601,803

The Company CONPET S.A

Interim Statement of the Financial Standing at June 30, 2021
(All amounts are expressed in RON, if not otherwise indicated)

Total liabilities	98,952,517	102,936,568
TOTAL EQUITIES AND LIABILITIES	727,598,144	759,947,136

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 12, 2021.

**Director General,
Eng. Dorin Tudora**

**Economic Director,
Econ. Sanda Toader**

The attached notes, from 1 to 19, are integral part of these financial statements.

The Company CONPET S.A.

Interim statement of profit or loss and other elements of the global result for the period of six months ended June 30, 2021

*(All amounts are expressed in RON, if not otherwise indicated)***INTERIM STATEMENT OF PROFIT AND LOSS AND OTHER ELEMENTS OF THE GLOBAL RESULT FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021**

		6 months ended June 30, 2021 (revised)	6 months ended June 30, 2020 (revised)
Operating Revenues	15		
Revenues from contracts		206,666,786	204,035,889
Earnings from disposal of assets		181,196	-
Other revenues		22,821,078	16,442,961
Total Operating Expenses		229,669,060	220,478,850
Operating Expenses	16		
Expenditure on stocks		2,431,965	2,303,677
Expenses with energy and water		6,935,348	6,935,393
Personnel expenses		87,138,453	79,705,004
Impairments related to property, less impairments related to rights of use resulting from leasing contracts		25,626,967	23,673,522
Impairments related to the rights of use resulting from leasing contracts		882,211	832,680
Impairments of current assets		(29,737)	(21,953)
Expenses related to external services		54,578,933	53,398,911
Impairments related to provisions		(2,587,378)	281,342
Other expenses		23,977,510	19,985,436
Total Operating Expenses		198,954,272	187,094,012
Operating Profit		30,714,788	33,384,838
Financial Revenues		1,570,122	3,718,092
Interest expenses related to leasing contracts		116,602	215,901
Other financial revenues		64,079	46,649
Financial Expenses		180,681	262,550
Financial profit	17	1,389,441	3,455,542
Profit before corporate tax		32,104,229	36,840,380
Expenses with current corporate tax	13	4,824,496	5,427,560
Expenses with (revenues coming from) deferred corporate tax		(41,070)	(369,095)
Profit of the period		27,320,803	31,781,915
TOTAL GLOBAL RESULT		27,320,803	31,781,915
Result per share	14	3.16	3.67

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**Director General,
Eng. Dorin Tudora**

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The attached notes, from 1 to 19, are integral part of these financial statements.

INTERIM STATEMENT OF CHANGES IN EQUITIES AT JUNE 30, 2021 (revised)

	Share capital	Legal reserves	Revaluation reserves	Other reserves	Retained Earnings	Year's profit or loss	Total Equities
Balance at January 1, 2021	28,569,842	5,713,968	20,931,765	500,269,257	40,678,977	60,846,759	657,010,568
Net result of the period	-	-	-	-	-	27,320,803	27,320,803
Surplus from revaluation	-	-	(1,349,428)	-	1,349,428	-	-
Total other global result elements	-	-	(1,349,428)	-	1,349,428	27,320,803	27,320,803
Net increase of the modernization quota reserve	-	-	-	4,046,777	-	-	4,046,777
Retained earnings from the correction of various elements that have affected the profit of the previous year	-	-	-	-	(25,082)	-	(25,082)
Dividends due to shareholders	-	-	-	-	(392,498)	(59,314,941)	(59,707,439)
Allocation of profit provided by law - exemption of reinvested profits	-	-	-	-	1,531,818	(1,531,818)	-
Balance at June 30, 2021	28,569,842	5,713,968	19,582,337	504,316,034	43,142,643	27,320,803	628,645,627

INTERIM STATEMENT OF 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 at 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 year						31,781,915	31,781,915
Surplus from revaluation	-	-	(1,422,507)	-	1,422,507	-	-
Total other global result elements	-	-	(1,422,507)	-	1,422,507	31,781,915	31,781,915
Net increase of the modernization quota reserve	-	-	-	2,084,351	-	-	2,084,351
Dividends due to shareholders	-	-	-	-	(3,298,140)	(57,757,444)	(61,055,584)
Allocation of profit provided by law - exemption of reinvested profits					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 from the modernization quota in amount of 465,167,913 RON at 30.06.2021, namely 461,121,136 RON at 01.01.2021. This reserve has a special regime, provided in GD no. 168/1998, being destined exclusively to the financing of the modernization and development works related to the goods belonging to the public domain. The modernization quota is being collected according to the proceeds of the transport services through the National Transport System and is reflected in the reserve accounts, on account of the expenses. On a monthly basis is being written back to the revenues the modernization quota at the level of depreciation of the fix assets financed out of this source.

These 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 11, 2021.

**Director General,
Eng. Dorin Tudora**

**Economic Director,
Econ. Sanda Toader**

INTERIM CASH-FLOW STATEMENT FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

- RON-

	Name of the Item	6 months, 2021 revised	6 months 2020 (revised)
	Cash flows from operating activities:		
+	Proceeds from services supply	221,395,523	226,164,953
+	Proceeds from interests related to banking placements	1,716,873	4,353,576
+	Other proceeds	3,103,789	2,432,857
-	Payments to the suppliers of goods and services	60,372,465	55,530,187
-	Payments to and on behalf of the employees	88,144,100	80,808,524
-	VAT Payments	24,176,690	22,459,285
-	Expenses with corporate tax and specific tax	3,577,689	6,511,085
-	Other payments regarding operating activities	19,700,304	19,400,635
A	Net cash from operating activity	30,244,937	48,241,670
	Cash flows from investment activities		
+	Proceeds from sale of tangible assets	189,590	-
+	Proceeds from modernization quota	22,485,399	18,278,152
-	Payments for purchase of tangible assets	33,374,918	50,500,027
B	Net cash from investment activity	(10,699,929)	(32,221,875)
	Cash-flows from financing activities		
-	Paid Dividends	57,171,156	58,474,434
-	Payments on the debt related to the leasing	1,180,723	1,250,115
-	Interest payments	116,714	163,881
C	Net cash from financing activities	(58,468,593)	(59,888,430)
	Net increase of the cash and cash equivalents cash=A+B+C=D2-D1	(38,923,585)	(43,868,635)
D1	Cash and cash equivalents at beginning of the period	198,257,333	238,576,951
D2	Cash and cash equivalents at end of the period	159,333,748	194,708,316

The cash and cash equivalents existing at 30.06.2021 have decreased by 18.17% compared to 31 December, 2020 (159.3 mRON compared to 198.3 mRON). The decrease has been determined by the payments of dividends and the assets procurements (investments), higher than the cash exceeds obtained from the operating activity.

Out of the total of 159.3 mRON availabilities in balance at 30.06.2021, the part related to the modernization quota is in amount of 119.5 mRON.

The effects of the three activity areas (operation, investment and financing) over the cash in the 6 months period of 2021 reveal the followings:

- the operating activity triggered a cash-flow in amount of 30 mRON;
- the investment activity ended with a negative cash flow in amount of 11 mRON;
- the financing activity has lowered the total cash flow by 58 mRON, due to the cash outputs mainly for the payment of dividends in amount of 57 mRON.

The operating activity registers a decrease of the cash by approximately 18 mRON, compared to the same period of the previous year, generated by the increase of the payments to the employees and suppliers (higher payments to the operator of the crude oil transport by railway due to the augmentation of the transport tariff).

The Company CONPET S.A.
Interim cash-flow statement for the 6 months period ended June 30, 2021
(All amounts are expressed in RON, if not otherwise indicated)

The net cash from investment activities registers a negative value, lower by approximately 22mRON compared to the level registered in 2020, due to the decrease of the investment volume, on the one hand, and also to the cash related to the modernization quota, on the other hand.

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Director General
Eng. Dorin Tudora

Economic Director,
Econ. Sanda Toader

The attached notes, from 1 to 19, are integral part 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.

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

CONPET S.A. is the concessionaire of the operating activity of the National Transport System of crude oil, rich gas, condensate and ethane, quality acquired in 2002, by conclusion, with the National Agency for Mineral Resources (NAMR), the competent authority representing the State interests in the oil resources domain, of the Oil Concession Agreement, approved by GD no. 793/25.07.2002.

As of September 5, 2013, CONPET shares are being traded on the Bucharest Stock Exchange (BVB) market, under "COTE" issuing symbol

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

At 30.06.2020, CONPET S.A. had a market capitalization of 741.1 million . RON (150.4 million . Euro), ranking 23 in "Top 25 issuers according to capitalization".

Company Establishment

CONPET is set up based on GD no. 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 synthetic structure of the shareholders and the rights of vote held, at the date of 30.06.2021, reveal 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 2,363,321 shares representing 27.30% and
- natural persons, with 1,210,835 shares representing 13.98% Share capital.

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, rich gas, condensate and ethane via pipelines, as well as by rail, from the loading ramps to the refineries, for the oil areas not connected to the major transport 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 pipeline system of approx. 3,800 km and a transport throughput of 18.5 million tons/year.

The Legal Environment

The activity in the oil sector is being regulated by the Oil Law no. 238/2004.

The National Agency for Mineral Resources (NAMR) represents the interests of the State in oil resources domain and is the competent authority authorized to apply the dispositions of Law 238/2004. 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, on behalf of the State, oil agreements;
- awards mining concession licenses and exploitation permits;
- issues regulating acts, norms, instructions, orders and rules;
- controls the compliance, by the holders of the concession agreements with the concession licenses and exploitation permits conditions;
- manages the Crude Oil and Natural Gas National Pipeline Transport Systems and regulates the exploitation activities thereof by the system's concession agreements concluded;
- annuls the concession acts/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 rates are 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 tariffs for the transport via the National Transport System are being prepared by NAMR, acting 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. The tariffs practiced for the transport on the import subsystem are being established on refineries, according to the transported quantities, and on the bracket tariff model.

The transport tariffs are being determined by allocation of the value of the transport service to oil quantities transported for the beneficiaries, on the corresponding distances, by using a methodology based on service cost determination, defined as the overall necessary revenues for covering the system transport operations, here included:

- the operating cost, including: material expenses, personnel expenses, pipeline maintenance expenses, expenses with energy, 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, expenses due to the landowners, other expenses;

- modernization and development quota;
- reasonable profit margin.

2. Preparation Grounds

(a) Declaration of Conformity

These interim financial statements have been prepared pursuant to the Order of the Minister of Public Finances no. 2844/2016, for the approval of the accounting regulations compliant with the International Financial Reporting Standards (IFRS) ("OMFP 2844/2016) and IAS 34 - Interim Financial Reporting.

These preliminary financial situations 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 Thursday, December 31, 2020. However, certain selected explanatory notes are included to explain the events and transactions that are significant for understanding the changes in the company's financial standing and performance since the last annual financial statements prepared on and for the financial year ended 31 December 2020.

These interim financial statements have not been audited and have not been revised by an independent auditor.

These preliminary financial statements have been authorized for issue and signed by the company management at Thursday, August 12, 2021.

(b) Accounting Estimates and Professional Reasoning

The preparation of the financial statements implies the use, by the Company management, of estimates, professional reasoning and hypotheses affecting the reported value related to assets, liabilities, revenues and expenses. The estimates and hypotheses are being permanently evaluated and are based on the past experience, as well as on other factors, here included predictions of future events considered to be reasonable in 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 2020.

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, 2020, except for the amendments brought to the accounting policies in the first Half of th year 2021, applicable as from January 1, 2021 and the adoption of new standards, in force starting January 1, 2021.

The amendments brought to the accounting policies refer to the accounting treatment of the operations determined by the connection of the users to the electric network, as per the amendments brought to the Order no.2844/2016, as of 2021 and to the accounting policy used for evaluation based on the initial intangible assets, namely, the passage from the revaluation model to the cost-based model. The passage to the cost-based model has not involved the restatement of the financial standing.

The following amendments of the existing standards issued by the Committee for International Accounting Standards (IASB) and adopted by the European Union (EU) entered into force as of January 1, 2021;

- Amendments to IFRS 4 “ Insurance Contracts” (in force for the annual periods starting January 1, 2021 or ulterior to this date). Amendments to IFRS 4 extend the expiry term of the temporary change of a rule from the application of IFRS 9, up to 2023, in order to align the enforcement date of IFRS 9 to the new IFRS 17. The adoption of the amendments to IFRS 4 had no impact on the individual financial statements, as this standard is not applicable at the date of preparation of these financial statements.
- The amendments to IAS 39 “financial Instruments: recognition and evaluation”, IFRS 4 “Insurance Contracts”, IFRS 7, “Financial Instruments: information to be supplied”, IFRS 9 “Financial Instruments” and IFRS 16 “Leasing contracts” (in force for the annual periods starting January , 2021 or ulterior to this date). The amendments provide a specific accounting treatment for timely scheduling the value of the financial instruments or the lease contracts occurring due to the replacement of the reference index of the interest rate, which impedes a sudden impact on the profit or loss and impedes the useless interruptions of the coverage relations against risks, due to the replacement of the reference index of the interest rate. The adoption of the amendments had no impact on the financial statements.

The Company CONPET S.A.
 Explanatory notes to the interim financial statement at June 30, 2021
 (All amounts are expressed in RON, if not otherwise indicated)

4. Tangible assets

In the first six months of the year 2021, the tangible assets have evolved as follows:

Name	Lands	Buildings and special installations	Operating oil products	Machinery and equipment	Measuring and control devices	Means of transport	Other tangible assets	Tangible assets in progress	Total tangible assets
Gross accounting value at January 1, 2021	26,456,788	257,455,571	42,072,846	124,057,805	95,122,213	40,004,324	8,721,520	75,166,282	669,057,349
Aggregate depreciation at January 1, 2021	(1,602,902)	(213,520)	-	(62,090,196)	(68,373,232)	(26,465,285)	(5,549,916)	-	(164,295,051)
Impairment Adjustments of assets	-	-	-	-	-	-	-	(228,293)	(228,293)
Net accounting value at January 1, 2021	24,853,886	257,242,051	42,072,846	61,967,609	26,748,981	13,539,039	3,171,604	74,937,989	504,534,005
Tangible inputs	758,204	16,843,267	-	653,699	483,782	5,984,112	454,218	1,348,214	26,525,496
Outputs of tangible assets to the gross value	(342,274)	(13,220)	-	-	(80,100)	(1,196,825)	-	-	(1,632,419)
Cumulated depreciation related to outputs	339,874	4,826	-	-	74,750	1,196,825	-	-	1,616,275
Depreciation registered during the period	(515,156)	(13,892,031)	-	(4,837,146)	(3,777,371)	(2,064,254)	(564,551)	-	(25,650,509)
Gross accounting value at Wednesday, June 30, 2021	26,872,718	274,285,618	42,072,846	124,711,504	95,525,895	44,791,611	9,175,738	76,514,496	693,950,426
Aggregate depreciation at June 30, 2021	(1,778,184)	(14,100,725)	-	(66,927,342)	(72,075,853)	(27,332,714)	(6,114,467)	-	(188,329,285)
Impairment Adjustments of assets at June 30, 2021	-	-	-	-	-	-	-	(228,293)	(228,293)
Net accounting value at Wednesday, June 30, 2021	25,094,534	260,184,893	42,072,846	57,784,162	23,450,042	17,458,897	3,061,271	76,286,203	505,392,848

At 30.06.2021, the net value of the tangible assets has increased as compared to the end of 2020, by the amount of 858.843 RON.

During the first Semester of the year 2021, there have been recorded movements of tangible assets made up of inputs amounting to 26,525,496 RON and output of net value of 16,144 RON. Depreciation of tangible assets for the first Semester of 2021 amounts to 25,650,509 RON.

The tangible assets put into use in the first six months of the year 2021 were of 24,019,162 RON. In the first Semester of 2021 there have been registered also increases to the assets related to the rights of use resulting from leasing contracts, in amount of 1,152,464 RON.

Within the tangible assets are being recognized, as per IFRS 16, the assets related to the rights of use resulting from the leasing contracts as such:

➤ At element-row "Lands" it is being included the value of the rights of use resulting from the lease contracts and concession contracts concluded with various land owners.

On the rented lands are located telecommunication equipment and cathodic protection stations in various locations in the country. At 30.06.2021, the gross value of these assets amounts for 4,013,818 RON, depreciation cumulated with 1,778,184 RON, resulting a net value of the rights of use related to these lands of 2,235,634 RON.

➤ At element-row "Buildings and special installations" is being included the values of the rights of use within the lease and concession contracts concluded with various owners for buildings that are leased in order to be made available for Gendarmerie, as per GD no.1486/2005 on the security and protection of the assets, goods and values, with gendarmes, and for the carry out of administrative activities. At 30.06.2021, the gross value of these assets is of 998,239 RON, depreciated cumulated is of 492,173 RON, resulting a net value

➤ At element-row "Means of transport" is being included the value of the rights of use of various assets purchased in a leasing system, in December 2019, consisting of 30 vehicles necessary for the performance of the company's specific activities. At 30.06.2021, the gross value of these assets is of 2,228,610 RON, the cumulated depreciation of 835,730 RON, resulting a net value of the rights of use related to the means of transport of 1,392,880 RON.

At 30.06.2021, CONPET registers in the company's patrimony lands in area of 733,637 Sq.m., with an accounting value of 22,858,900 RON, made of:

- 554,373 Sqm lands with an accounting value of 12,562,749 RON, held under 48 Certificates of ownership right 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.
- 155,433 Sq.m represent lands with an accounting value of 3,215,951 RON held based on 14 Land Ownership Certificates obtained until 2001. The share capital of the company was augmented by the amount of these lands;
- 23,831 Sqm represent lands with an accounting value of 7,080,200 RON, acquired by the Company based several sale-purchase contracts, on which there are being placed administrative buildings and a telecommunications tower.

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 the crude oil tanks loading ramps are being located.

The tangible assets also include the oil operating product, evaluated in the statement of the financial standing at the cost determined from revaluation, retreated by the application of IAS 29 "The financial reporting in Hyper inflationary Economies". Along the six months of the year 2021 there were not registered outputs of oil product, the value thereof at the date of 30.06.2021 being of 42,072,846 RON.

Tangible Assets in Progress

At, June 30, 2021 the value of the assets in progress is of 76,286,203 RON and includes investment project provided in "2021 Investment Program", which are mainly composed of: replacement of pipeline portions on various lengths and routes, tanks modernizations, loading ramps modernizations, telecommunication works, cathodic protection modernization systems, modernization of locomotives, modernization of buildings etc.

5. Intangible assets

Statement of intangible assets in the first three months of 2021 reveals the followings:

Name	Licenses and software	Other intangible assets	Total intangible assets
Gross accounting value at January 1, 2021	6,361,295	2,454,804	8,816,099
Aggregate depreciation at January 1, 2021	(3,591,863)	(910,983)	(4,502,846)
Net accounting value January 1, 2021	2,769,432	1,543,821	4,313,253
Input of intangible assets	493,718	-	493,718
Depreciation registered during the period	(606,715)	(257,304)	(864,019)
Gross accounting value at June 30, 2021	6,855,013	2,454,804	9,309,817
Aggregate depreciation at June 30, 2021	(4,198,578)	(1,168,287)	(5,366,865)
Net accounting value at June 30, 2021	2,656,435	1,286,517	3,942,952

At 30.06.2021 the net value of the intangible assets has decreased compared to the end of 2020, by the amount of 370, 301 RON.

In the first six months of 2021 there have been registered inputs of intangible assets in amount of 493,718 RON and depreciation in amount of 864,019 RON. The depreciation method used is the linear one.

The intangible assets comprise, mainly: IT programs, soft licenses, soft, vectorial map of Romania and the numeric attitudinal model of the land, the expenses borne by the company related to the connection to the electric power network and the water network, recognized in intangible assets as rights of use before January 01, 2021.

The intangible assets do not include development research expenses.

6. Financial Assets

Within the first six months of 2021 the financial assets have evolved as follows:

Name	Other long-term investments	Long-term receivables	Total intangible assets
Gross accounting value at January 1, 2021	5,100	1,427,010	1,432,110
Impairments for depreciation	-	(320,189)	(320,189)
Net accounting value at January 1, 2021	5,100	1,106,821	1,111,921
Inputs	-	36,600	36,600
Outputs	-	(236,048)	(236,048)
Gross accounting value at June 30, 2021	5,100	1,227,562	1,232,662
Impairments for depreciation	-	(320,189)	(320,189)
Net accounting value at June 30, 2021	5,100	907,373	912,473

At 30.06.2021, the value of the financial assets has decreased compared to January 1, 2021, by 199,448 RON due to the reduction, during the year, of the intangible assets.

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 net amount of 907,373 RON are made up, mainly, of refundable guarantees paid by the Company to the Ministry of Agriculture and Rural Development and the Ministry of Environment, Waters, Forests in view of temporary removal of the lands from agricultural use and forest fund for the fulfillment of various investment objectives, as well as from guarantees related to the lease contracts of lands and spaces in view of carry out of the production and administrative activities in different locations in the country, guarantees for telecommunication equipment, electric power guarantees related to certain cathodic protection stations.

7. Stocks

Name	Consumables	Services in progress	Waste products	Total stocks
Gross accounting value at January 1, 2021	6,135,908	769,477	11,163	6,916,548
Impairments for depreciation of inventories	(1,004,542)	-	-	(1,004,542)
Net accounting value at January 1, 2021	5,131,366	769,477	11,163	5,912,006
Stocks inputs during the period	2,336,549	4,838,821	33,384	7,208,754
Consumption/outputs of stocks during the period	(2,441,789)	(4,891,072)	(42,233)	(7,375,094)
Income from (Expense with) impairment for depreciation of stocks	18,218	-	-	18,218
Gross accounting value at June 30, 2021	6,030,668	717,226	2,314	6,750,208
Impairments for depreciation of inventories	(986,324)	-	-	(986,324)
Net accounting value at June 30, 2021	5,044,344	717,226	2,314	5,763,884

The stocks are mainly made up of: materials, spare parts and other materials that are to be used within the performance of the activity, here included those composing the security and intervention stocks destined to the potential technical and caused breakdowns.

The company registers in the services in progress the cost of the services supplied and not received by the beneficiary until the end of the period, on the account of the revenues related to services in progress.

8. Trade Receivables and other Receivables

At June 30, 2021 and December 31, 2020, the trade receivables and other receivables reveal the followings:

	June, 30 2021	December 31 st 2020
Clients	39,760,904	35,115,718
Impairments for depreciation of receivables	(339,307)	(339,307)
Other trade receivables	284,926	284,042
Impairments for the loss of value of other short-term intangible receivables	(282,466)	(282,466)
Subtotal trade receivables (net value)	39,424,057	34,777,987
Other receivables	8,335,119	7,807,594
Impairments for the depreciation of other receivables	(2,313,929)	(2,325,447)
Subtotal other receivables (net value)	6,021,190	5,482,147
Total receivables	45,445,247	40,260,134

Clients' structure per activities, is as follows:

	June, 30 2021	December 31 st 2020
Clients- transport activity	39,227,386	34,562,999
Other clients - auxiliary activities	533,518	552,718
Total	39,760,904	35,115,718

Trade receivables are no interest bearer and have an average day collection of 28 days.

The main trade receivables in balance at June 30, 2021 are to due by: OMV PETROM S.A. – 33,830,788 RON (December 31, 2020: 29,623,308 RON) and Petrotel Lukoil S.A.– 5,371,960 RON (December 31, 2020: 4,904,580 RON).

The transport services supplies performed to the clients hold a significant share (over 99%) in the Company's turnover.

The Company's client, OMV PETROM SA, holds approximately 75% of the total short-term receivables registered at June 30, 2021.

Other receivables in amount of 8,335,119 RON mainly include: the amount receivable from the State budget, following the settlement in court of the litigation with ANAF (2,718,892 RON, namely 32.6%), amounts recoverable from various natural and legal persons, the majority in dispute before the courts (1,792,403 RON, namely 21.5%), non-exigible VAT related to unarrived invoices up to the date of 30.06.2021 (1,112,226 RON, namely 13,3%), as well as amounts receivable from the budget representing allowances for medical leaves (1,044,898 RON, namely 12.5%).

Impairments for the depreciation of trade receivables are recorded for the doubtful clients, involved in litigation or insolvency, presenting default of collection thereof. At June 30, 2021 the value of these impairments amounts to 339,307 RON, similar with that at the end of the previous year.

Impairments for the depreciation of other receivables are recorded for debits related to the legal files pending before the Law, paid fines and facing dispute. At June 30, 2021 the value of the impairments amounts to 2,313,929 RON, decreasing by 11,518 RON as compared to December 31, 2020.

The company registers impairments for loss of value of 100% from the value of the receivables for the clients in dispute, insolvency and for other debits related to the established legal files or the fines facing appeal proceedings.

Seniority Statement of Accounts Receivable

Trade receivables

	June, 30 2021	December 31st 2020
Clients, o/w:	39,760,904	35,115,718
<i>Depreciated receivables</i>	339,307	339,307
<i>Non-depreciated receivables, o/w:</i>	39,421,597	34,776,411
- seniority less than 30 days	39,405,222	34,766,616
- seniority between 30 days and 60 days	10,762	3,439
- seniority between 60 days and 90 days	3,380	530
- seniority between 90 days and 270 days	2,165	5,154
- seniority between 270 days and 1 year	68	672
Other trade receivables, out of which:	284,926	284,042
<i>Depreciated receivables</i>	282,466	282,466
<i>Non-depreciated receivables</i>	2,460	1,576

Other receivables

	June, 30 2021	December 31st 2020
<i>Depreciated receivables</i>	2,313,929	2,325,447
<i>Non-depreciated receivables, o/w:</i>	6,021,190	5,482,147
- seniority less than 30 days	5,665,649	5,344,437
- seniority between 30 days and 60 days	146,364	137,710
- seniority between 60 days and 90 days	208,760	-
- seniority between 90 days and 270 days	-	-
- seniority between 270 days and 1 year	417	-
Total	8,335,119	7,807,594

9. Cash and Cash Equivalents

At June 30, 2021 and December 31, 2020 the cash and cash equivalents look as follows:

	June, 30 2021	December 31st 2020
Current bank accounts	3,452,045	5,796,960
Bank deposits with maturity ≤ 3 months	155,862,552	192,447,249
Cash on hand	18,001	11,974
Other cash equivalents	1,150	1,150
Total	159,333,748	198,257,333

The cash and cash equivalents existing at 30.06.2021 have decreased by 19.6% compared to December 31, 2020 (159.3 mRON compared to 198.3 mRON). The decrease has been determined by the payments of dividends and the procurement of assets (investments), higher than the cash surplus from the operating activity.

The cash accounts at 30.06.2021 also include the cash representing the modernization quota, with special use regime, provided by GD no.168/1998, in amount of 119,460,814 RON. This is intended exclusively for funding the modernization and development works of public property.

The company has not restricted number.

10. Equities

The Share capital

During the reporting period, the share capital of the company did not change, 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 CONPET S.A. share capital and shareholding at June 30, 2021 reveals the followings:

Shareholders	June 30, 2021			December 31, 2020		
	Number of shares	Amount (RON)	(%)	Number of shares	Amount (RON)	(%)
The Romanian State by the Ministry of Energy	5,083,372	16,775,128	58.7162	5,083,372	16,775,128	58.7162
Legal persons	2,363,321	7,798,959	27.2979	2,368,002	7,814,406	27.3519
Natural Persons	1,210,835	3,995,755	13.9859	1,206,154	3,980,308	13.9319
Total	8,657,528	28,569,842	100%	8,657,528	28,569,842	100%

Legal reserves

At June 30, 2021 the value of the legal reserve is 5,713,968 RON (December 31, 2020: 5,713,968 RON).

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

Other reserves

At June 30, 2021 "Other reserves" are in amount of 504,316,034 RON, 4,046.777 RON higher compared to December 31, 2020, determined by a net increase of the reserve representing the modernization quota.

The reserve related to the modernization quota is in amount of 465,167,913 RON and holds the highest share in total other reserves (92.24%).

Revaluation reserves

Based on the provisions of the Ministry of Public Finances Order no. 2,844/2016 for the approval of accounting Regulations compliant with IFRS in conjunction with the art. 210, paragraph (3) of Law no. 31/1990 on companies, republished, the company recognizes in the revaluation reserves favorable differences from revaluation of tangible assets.

At June 30, 2021, in the financial standing, the revaluation reserves are being presented at the net value of 19,582,337 RON, resulting after the diminution of the gross value by the related deferred tax recognized directly in the equities, as per IAS 12.

Retained earnings

At June 30, 2021 the retained earnings amounts to 43,142,643 RON and contains mainly the difference in value of fixed assets, operating oil product resulting from the application of IAS 29 for the first time, amounting to 41,818,297 RON.

Year's Profit

The year's profit realized in the first six months of the year 2021 is of 27,320,803 RON, decreasing by 14.04% compared to the profit registered in the first six months of the year 2020 (31,781,915 RON).

11. Trade Liabilities and Other Liabilities

At June 30, 2021 and December 31, 2020 the trade liabilities and other liabilities are the followings:

Liabilities	December, 31 2020	June 30th, 2021	Maturity date for the balance at June 30,2021		
			Under 1 year	1-5 years	Over 5 years
Trade liabilities	23,583,540	19,667,566	19,667,566	-	-
Liabilities to the employees	33,991,543	32,956,979	13,433,848	3,760,018	15,763,113
Other liabilities, here- included fiscal debts and social insurances related debts	34,101,828	36,749,698	33,420,241	1,920,186	1,409,271
Total	91,676,911	89,374,243	66,521,655	5,680,204	17,172,384

The goods and services suppliers for the operating activity are mainly represented by: NTFM CFR Marfă, CEZ Vânzare, Edenred Romania SRL, OMV Petrom S.A., Tinmar Energy SA, Signal Iduna Asigurare Reasigurare S.A., OMV Petrom Marketing, Director Special TROOPS-DST SRL, Prodiat Tour SRL, Con Metal CF SRL, Envirotech SRL, Orange Romania, Afer București, Oil Depol Service SRL, Mol Romania Petroleum Products SRL, Termoklima SRL, Invest General Construct SRL, Autogas Impex SRL, Asigurarea Românească-Asirom S.A., CNAIR S.A.

The value of the assets destined to the operating activities, in the first Semester of 2021 holds a share of 70.47% in total procurements, the difference of 29.53% representing assets procurement.

The debts to employees, in amount of 33,991,543 RON include the current debts, as well as the future debts for the benefits granted to the employees on retirement and the employees share of profit, recognized as provisions.

The statement of other liabilities, the fiscal liabilities and social insurances debts, on maturity terms debts, look as follows:

Liabilities	December, 31 2020	June, 30 2021	Maturity date for the balance at June 30, 2021		
			Under 1 year	Over 1 year	Over 5 years
Salaries contributions	5,427,408	4,215,522	4,215,522	-	-
Current corporate tax	738,139	2,010,028	2,010,028	-	-
Royalty due to the State Budget	7,864,678	8,005,071	8,005,071	-	-
VAT payable	3,022,250	4,966,433	4,966,433	-	-
Other interests and debts - State Budget	1,014,565	1,959,717	1,959,717	-	-
Dividends Payable	10,277,535	9,801,377	9,801,377	-	-
Leasing related liabilities	4,277,338	4,293,318	1,829,995	1,459,539	1,003,784
Accrued revenues	963,552	908,221	92,976	409,758	405,487
Other liabilities	516,363	590,011	539,122	50,889	-
Total	34,101,828	36,749,698	33,420,241	1,920,186	1,409,271

At 30.06.2021, the leasing related liabilities comprise the future payment obligations related to the leasing contract for 30 vehicles and liabilities related to the rights of use resulting from the lease and concession contracts of lands and buildings (Note 4).

The liabilities related to the rights of use recognized for the lease and concession contracts of some lands and buildings have been assessed at the value of rent fees/royalties along the remaining contractual period, discounted with the borrowing rate for real estate loans.

The statement of debts to employees on maturity terms reveals the followings:

Liabilities	December, 31 2020	June, 30 2021	Maturity date for the balance at June 30, 2021		
			Under 1 year	Over 1 year	Over 5 years
Salaries and assimilated debts	5,975,076	5,846,507	5,846,507	-	-
Liabilities for benefits granted on retirement	20,351,577	19,746,123	222,992	3,760,018	15,763,113
Debts for employees share of profit	6,806,162	2,808,786	2,808,786	-	-
Debts for untaken leaves	858,728	4,555,563	4,555,563	-	-
Total	33,991,543	32,956,979	13,433,848	3,760,018	15,763,113

Within the debts to employees there are being included the payment salaries and other salary-assimilated debts, as well as future debts consisting of: benefits granted on retirement, employees share of profit fund and amounts related to the untaken annual leave, recognized as provisions.

The highest share in the provisions for the employees benefits is being held by the Provisions for the benefits granted upon retirement, in amount of 19,746,123 RON, of which 19,523,131 RON stand for long-term liabilities and 222,992 RON stand for short-term liabilities.

At 30.06.2021, the debt related to the employees share of profit associated to the service supplied by the employees in the first six months of the year 2021 amounts for 2,808,786 RON, here included the employment insurance contribution, constituted within the limit of the amount provided in the Budget.

The amount due for the untaken annual leaves, at 30.06.2021, amounts for 4,555,563 RON.

12. Provisions

	June, 30 2021	December, 31 2020
Provisions for litigations	7,108,608	6,962,547
Provisions related to mandate contracts	1,222,017	2,506,709
Other provisions for risks and expenses	1,247,649	1,790,401
Total provisions	9,578,274	11,259,657

Provisions for litigations

In detail, the provisions for litigations are:

	June, 30 2021	31.12.2020
Litigations for civil compensations	3,854,325	3,843,938
Litigations for third parties failure to respect certain contractual clauses	93,919	185,943
Other litigations	3,160,364	2,932,666
Total	7,108,608	6,962,547

The company is involved in several litigations for damages required by several owners, natural and legal persons. Besides indemnifications, they request the payment of an annuity due to the

exercising, by the company, of the legal easement right on the plaintiff's lands, or the decommission of the pipelines and installations located on their fields.

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 they are being crossed by the crude oil transport pipelines belonging to the public domain.

At 30.06.2021 there are being registered provision related to litigations for civil compensations in amount of 3,854,325 RON, decreasing by 10,387 RON compared to the value thereof at the date of 31.12.2020, following the updating of the necessary amounts for the settlement of the potential obligations related to litigations opened during the previous years.

At 30.06.2021, the position "Litigation for third parties failure to respect certain contractual clauses" is in amount of 93,919 RON, decreasing by 92,024 RON compared to 31.12.2020, following the completion of a litigation in the first Quarter of 2021 and the position "Other litigations" is in amount of 3,160,364 RON, increasing by 227.698 RON compared to 31.12.2020, following the updating of the amounts necessary for the settlement of potential obligations related to litigations opened during the previous years.

Provisions related to the Contract of Mandate

At June 30, 2021 there are being constituted provisions for the allowances granted to the members of the Board of Directors and the directors, as per the mandate contracts and EGO 109/2011 on corporate governance, here included the related contributions, as follows:

- 559,230 RON representing provision for the variable component related to the first Semester of the year 2021 due to the Members of the Board of Directors.
- 572,692 RON representing provision for the variable component due to the directors with mandate contract, related to the first Semester of the year 2021.
- 90,095 RON represents provision for untaken annual leaves by the directors with contract of mandate, of which 30,929 RON provisions related to 2020 and 59.166 RON provision related to the first Semester of 2021.

Other provisions

At June 30, 2021 the balance of the position "Other provisions" in amount of 1,247,649 RON is composed of:

- 1,123,000 RON, provision for environment-related expenses;
- 124,649 RON representing other provisions.

13. Current and Deferred Corporate Tax

The expense with the current and deferred corporate tax of the company at June 30, 2020 and June 30, 2021 is being determined at a statutory rate of 16%.

	June, 30 2021	June, 30 2020
Expenses with the ordinary corporate tax	4,824,496	5,427,560
Expense with /(revenues from) deferred corporate tax	(41,070)	(369,095)
Total	4,783,426	5,058,465

Reconciliation of the effective rate of taxation:

	June 30, 2021	30.06.2020
Profit before tax	32,104,229	36,840,380
- Corporate tax at a statutory rate of 16%	5,136,677	5,894,461
Effect on the corporate tax of:		
- Non-deductible expenses	1,881,326	1,574,643
- Non-taxable revenues	(2,100,441)	(1,435,654)
- Elements similar to the revenues	257,944	271,797
- Elements similar to the expenses	(153,337)	(418)
- Spared corporate tax	(24,444)	(59,554)
- Amounts representing sponsorship falling under the limits provided by law	(173,350)	(440,000)
- Specific tax	121	22,043
- Bonus rate corporate tax as per . EGO 33/2020	-	(399,758)
Expenses with the ordinary corporate tax	4,824,496	5,427,560

The deferred corporate tax

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

Statement of movements regarding the receivable/debt with the deferred income during the first six months of the year 2021, reveals the followings:

2021	Net value at 1 st of January	Deferred corporate tax recognized in the profit and loss account	Deferred corporate tax recognized at the expense equity	Net value at June 30, 2021	
				Receivable related to the deferred corporate tax	Liability related to the deferred corporate tax
Revaluation of tangible assets	(427,532)	256,425	-	3,352,734	(3,523,841)
Provisions	4,924,028	(211,150)	-	4,712,878	-
Impairments of current assets	459,179	(4,205)	-	454,974	-
Deferred corporate tax before offsetting	4,955,675	41,070	-	8,520,587	(3,523,841)
Receivable/debt offsetting				(3,523,841)	3,523,841
Deferred corporate tax - recoverable					4,996,746

Deferred tax payable, recognized on account of equity items on 30.06.2021 amounts for 3,523,841 RON and the deferred corporate tax to be recovered at 30.06.2021 in the statement of global result is of 8,520,587 RON.

In conclusion, at 30.06.2021, the company has a net receivable related to the deferred corporate tax reaching 4,996,746 RON.

14. Result per Share

The result per share in the first six months of the year 2021 , as compared to the same period of the previous year is the following:

	June, 30 2021	June, 30 2020
Profit of the Financial Year	27,320,803	31,781,915
Number of ordinary shares at the beginning and the end of the period	8,657,528	8,657,528
Basic and diluted earnings per share (RON/share)	3.16	3.67

15. Operating Revenues

a) Revenues from contracts

	June, 30 2021	June, 30 2020
Revenues from transport service, of which:	205,507,288	202,782,842
<i>Revenues from transport services domestic subsystem</i>	148,780,690	153,481,728
<i>Revenues from transport services import subsystem</i>	56,726,598	49,301,114
Revenues from rents	804,576	791,644
Other operating revenues	354,922	461,403
Total transport revenues	206,666,786	204,035,889

Transport revenues are achieved out of the services supplied to clients for the transport of the crude oil, rich gas and condensate volumes at the tariffs approved by Order of the President of The National Agency for Mineral Resources (NAMR).

OMV Petrom is the client with the highest share in the transport revenues of the company (81.3%).

In the first six months of 2021, the quantities transported on subsystems, as compared to the same period of the previous year are the followings:

	June, 30 2021	June, 30 2020
Domestic Subsystem	1,632,781	1,742,240
Import Subsystem	1,686,442	1,697,024
Total quantities (tons)	3,319,223	3,439,264

The total quantity of transported quantities has decreased by 3.5 % in the first six years of the year 2021, compared to the same period of the previous year, given the 6.3% decrease of the quantity transported on the domestic transport subsystem and 0.6% of the quantity transported on the import transport subsystem.

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

In the reporting period, the following tariffs were applied:

Tariffs from transport services on domestic subsystem:

Period	Transport tariff (RON/ton)	Approved by NAMR Order no.
December 30, 2019 - February 7, 2021	87.53	427/2019
Starting February 8, 2021	91.03	19/2021

Tariffs for transport services on the import subsystem:

Period	Batches	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	
December 30, 2019 - February 7, 2021	<120	40.40	39.50	15.00	427/2019
	> 120	17.25	17.00	12.85	
Starting February 8, 2021	< 120	42.00	40.90	16.50	19/2021
	> 120	17.90	17.60	14.40	

b) Other operating revenues

	June, 30 2021	June, 30 2020
Revenues out of modernization quota consumption	18,438,622	16,193,801
Earnings from disposal of assets	181,196	-
Other revenues	4,382,456	249,160
Total other operating expenses	23,002,274	16,442,961

Other operating revenues have registered an increase by 39.9% in the first six months of the year 2021, as compared to the same period of the previous year, from 16,442,961 RON to 23,002,274 RON.

Other operating revenues comprise, mainly, the revenues from the reserve related to the modernization quota, at the level of depreciation of fixed assets financed out of this source. The revenues representing modernization quota have registered an increase by 13.9% in the first six months of 2021, compared to the same period of 2020.

16. Operating Expenses

a) Stocks and Utilities Expenses

	June 30, 2021	June 30, 2020
Expenses with consumables	2,141,905	1,965,149
Other material expenses	290,060	318,122
Other Expenses with Energy and Water	6,935,348	6,935,393
Merchandise expenses	-	20,406
Total Stocks and Utilities related Expenses	9,367,313	9,239,070

b) Personnel expenses

Personnel expenses include expenses with salaries, bonuses for employees, other personnel expenses, allowances related to the contracts of mandate of the members of the Board of Directors and Directors with mandate and expenses related to contributions due by the employer.

	June 30, 2021	June 30, 2020
Salary expenses	66,275,387	63,440,499
Liabilities regarding employees' bonuses	12,930,817	8,925,467
Other personnel expenses	1,798,440	64,180

The Company CONPET S.A.
 Explanatory notes to the interim financial statement at June 30, 2021
 (All amounts are expressed in RON, if not otherwise indicated)

Expenditure on the remuneration of directors with mandate		
and of the administrators	3,613,186	3,555,917
Expenses with contributions due by the employer	2,520,623	3,718,941
Total personnel expenses	87,138,453	79,705,004

The personnel expenses are detailed as follows:

Salary expenses

	June 30, 2021	Tuesday, June 30, 2020
Salary and related contributions expenses	65,634,929	63,164,774
Retirement support	619,344	275,725
Marriage support	21,114	-
Salary related expenses	66,275,387	63,440,499

The expenses with the basic salaries of the personnel and the related bonuses have increased in the first six months of the year 2021, compared to the same period of the year 2020, mainly following the indexation of the salaries by 5% starting the date of 01.10.2020.

As per the provisions of the Collective Labor Agreement in force, the Company has also granted the employees benefits as retirement and marriage support.

Liabilities regarding the employees' bonuses

	June 30, 2021	June 30, 2020
Employees share of profit	6,655,473	4,001,145
Meal vouchers	3,470,560	2,554,140
Social expenditures under art. 25 of Law no. 227/2015 on the Fiscal Code, further amendments and completions	1,929,998	1,656,840
Other expenses as per the Collective Labor Agreement	874,786	713,342
Total	12,930,817	8,925,467

The value of the bonuses granted to the employees meets an increase of 4,005,350 RON in the first six months of 2021, compared to the same period of 2020, mainly due to the awarding of meal vouchers at nominal value of 20 RON/day, starting December, 2020 and the integral award, in Semester I, 2021 of the benefit related to the employees share of profit, compared to the previous year, when this benefit was awarded partially in the first Semester, the rest being paid in Quarter III. As per the provisions of the Collective Labor Agreement (Ro.CCM) in force, the Company has awarded the employees bonuses as social expenses provided at Art.25 of Law no.227/2015 on the Fiscal Code, consisting of holiday and treatment tickets, here included the transport, the gifts offered to the employees and their children, support for birth, funeral, serious disease, humanitarian and other social expenses as per CCM.

The value of bonuses granted as social expenses and other expenses as per CCM in year 2021, as compared to the same period of 2020 has increased mainly due to wage indexation, which has led to a higher average earnings per company, according to which it is being calculated the value of the supports granted.

Following the relaxation of the measures of protection of employees health, given the Coronavirus pandemic (Covid-19), in the first 6 months of the year 2021 the expenses with the transport of employees to and from the work place have increased, and also the expenses with daily allowance, nurse, after-school supported by the company for the employees children, as compared to Semester I of the year 2020.

Other Personnel Expenses

	June 30, 2021	June 30, 2020
Expenses with severance payments related to personnel layoffs	1,798,440	62,160
Expenses with the right of the personnel due under court order		2,020
Total	1,798,440	64,180

The position "Other personnel expenses" includes expenses with severance payments granted, as per the Collective Labor Agreement, related to personnel lay-offs performed in the month of March 2021, compared to October and November, 2020.

Expenses on Remuneration of Directors and Administrators

	June 30, 2021	June 30, 2020
Allowance of the directors with mandate	1,972,414	1,915,145
Allowances of the members of the Board of Directors	1,640,772	1,640,772
Total	3,613,186	3,555,917

Expenses with contributions due by the Employer

	June 30, 2021	June 30, 2020
The company's contribution to voluntary pension funds	-	1,398,788
Company's contribution to voluntary health insurance	753,155	716,410
Labor Insurance contribution and other contributions	1,767,468	1,603,743
Total	2,520,623	3,718,941

In 2021, the expense with the voluntary pension, Pillar III has not been comprised in the Budget, therefore in the first Semester were not registered expenses with the voluntary pension.

Due to the wage indexation in October 2020, the insured contribution for work has proportionally increased in the first six months of 2021, compared to the same period of 2020.

c) Expenses related to External Services

	June 30, 2021	June 30, 2020
Rail transport expenses	32,020,790	31,486,974
Expenses with royalties and rentals	15,957,229	15,706,923
Third-party pumping expenses	2,294,662	2,424,071
Maintenance and repair expenses	1,328,921	849,957
Expenses with the decontamination, monitoring of the environmental factors	250,104	281,391
Travel, secondment and transfer expenses	244,837	327,751
Expenses related to the transport of goods and personnel	18,000	20,286
Postal and telecommunication expenses	288,958	260,992
Other expenses with services performed by third parties	2,175,432	2,040,566
Total expenses related to external services	54,578,933	53,398,911

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

This is being calculated according to the Oil Law no. 238/2004, by application of a quota of 10% of the value of gross income achieved out of oil transport and transit operations through the oil national transport systems, as well as related to the oil operations performed by oil terminals publicly owned.

d) Other Expenses

	June 30, 2021	June 30, 2020
Taxes, fees and similar levies related expenses	1,150,645	1,121,351
Compensations, fines and penalties expenses	11,773	15,533
Donations granted (Sponsorship)	173,350	440,000
Environmental protection expenses	22,558	13,839
Expenses with the establishment of the modernization quota	22,485,399	18,278,152
Other operating expenses	133,785	116,561
Other expenses	23,977,510	19,985,436

Within the first six months of 2021, the expenses recorded with other taxes, fees and similar levies mainly include the expenses with the local taxes and with the contribution to the special fund, due under the Law no. 448/2006 regarding the protection and promotion of the disabled persons. The company constitutes reserves regarding the modernization quota through other operating expenses in compliance with the provisions of GD no. 168/1998 further amendments and with the provisions of the Fiscal Code approved pursuant to Law no. 227/2015, further amendments and subsequent updates.

17. Net Financial Result

	June, 30 2021	June, 30 2020
Revenues from interests	1,551,082	3,713,157
Other financial revenues	19,040	4,935
Total financial revenues	1,570,122	3,718,092
Interest expenses related to leasing contracts	116,602	215,901
Other financial revenues	64,079	46,649
Total financial expenses	180,681	262,550
Net Financial Result	1,389,441	3,455,542

The financial revenues have decreased by 57.8% in the first six months of the year 2021, as compared to the same period of the year 2020, due to the decrease of the interests offered to banks for fixed-term deposits. The financial expenses have decreased by 57.8% in the first six months of the year 2021, as compared to the same period of the previous year, yet they remained at a reduced level compared to the revenues. Based on this evolution, the net financial result has been reduced by 59.8% in the first six months of the year 2021 YoY.

18. Related Parties

In Half I, 2021 the Company has carried out the following acquisitions from related parties

Partner	Unsettled amounts at December, 31 2020	Procurement During 01.01.2021 - 30.06.2021	Settlements Period 01.01.2020- 6/30/2021	Unsettled amounts at Wednesday, June 30, 2021
SNTFM CFR Marfa S.A.	6,709,061	38,633,410	38,500,614	6,841,857

*The amounts are in RON and VAT inclusive.

The Company CONPET S.A.
Explanatory notes to the interim financial statement at June 30, 2021
(All amounts are expressed in RON, if not otherwise indicated)

19. Subsequent Events

There have not been registered significant events ulterior to the reporting period.

These financial statements from page 1 to 27 were authorized for issue and signed by the company's management at August 12, 2021.

**Director General
Eng. Dorin Tudora**

**Economic Director,
Econ. Sanda Toader**