



CONPET S.A.

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



Simplified interim financial statements as at and for the 3 month period ended March 31/ 2015

Prepared in accordance with the International Accounting Standard 34 - "Financial
Interim Reporting "adopted by the European Union



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THE SIMPLIFIED STATEMENT OF THE FINANCIAL POSITION ON 31 March 2015

	Note	31 March 2015 (not audited)	31 December 2014 (audited)
ASSETS			
Fixed assets			
Tangible assets		410,063,217	415,493,461
Intangible assets		3,258,777	3,162,304
Financial investment		352,370	527,515
Total fixed assets	4	413,674,364	419,183,280
Current assets			
Stocks	5	7,716,232	7,709,304
Commercial debt and other debts	6	42,258,127	34,812,159
Short term investments	8	296,184,513	7,669,483
Cash and cash equivalent	7	68,193,216	335,367,828
Prepaid Expenses		190,992	213,560
TOTAL Current assets		414,543,079	385,772,333
TOTAL Assets		828,217,444	804,955,613
Shareholders' equity and debts			
Shareholders' Equity			
Share capital, of which:		28,569,842	28,569,842
<i>Subscribed share capital</i>	9	28,569,842	28,569,842
Revaluation reserves		104,135,171	107,646,176
Legal reserves		5,713,968	5,713,968
Other reserves		479,774,609	472,512,205
Retained earnings		114,385,881	59,440,683
Accounting period result		17,731,870	51,434,194
Other elements of shareholders' equity		(1,891,974)	(1,891,974)
Total shareholders' equity	9	748,419,368	723,425,094
Long term debts			
Debts regarding the deferred income tax	10	1,891,974	1,891,974
Provision for the employees benefits	11	3,752,056	3,772,056
Long term total debts		5,644,030	5,664,030
Commercial debts	10	26,638,200	30,032,321
Other debts	10	26,152,400	24,001,008
Short term provision	11	20,405,537	20,853,022



CONPET S.A. Company

Interim financial statements on 31 March 2015

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

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

General Director
eng. Liviu Ilasi
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Economical Director
ec.Toader Sanda
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SIMPLIFIED STATEMENT OF THE GLOBAL RESULT ON MARCH 31/ 2015

	Note	The three month period ended on 31 March 2015 (not audited)	The three month period ended on 31 March 2014 (not audited))
Revenues from turnover	13	96,085,194	91,794,025
Other revenues	13	7,142,307	6,767,748
Total operating revenues		103,227,501	98,561,773
Expenses for raw materials and consumables	14	5,601,618	5,500,804
Personnel expenses	14	23,753,287	21,778,950
Expenses regarding depreciation of fixed assets		12,091,466	12,162,665
Adjustments with current assets		(84,571)	(114,288)
Expenses with services provided by third parties	14	27,097,564	29,333,272
Other expenses	14	15,374,772	14,415,545
Adjustments regarding the provisions		(467,485)	(535,862)
Total operating expenses		83,366,651	82,541,087
Operational Profit		19,860,850	16,020,686
Financial incomes	15	1,863,517	2,468,799
Financial expenditures	15	613	106,140
Financial Profit		1,862,904	2,362,658
Profit before taxation		21,723,754	18,383,344
Expenditure with income tax	12	3,991,883	3,572,588
The profit of the accounting period		17,731,870	14,810,756
Other elements of the global result		-	-
TOTAL GLOBAL REZULT RELATED TO THE PERIOD		17,731,870	14,810,756

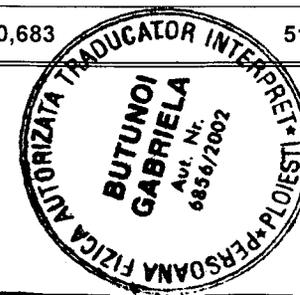
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SHAREHOLDERS'S EQUITY ADJUSTMENTS STATEMENTS FOR THE FISCAL YEAR ENDED ON 31 DECEMBER 2014

	Share capital	Share capital adjustments	Other elements for shareholders' equity	Legal reserves	Other Reserves	Reserves from revaluation	The carried forward result	Carried forward result derived from adopting for the first time of IAS 29	Profit or loss of the accounting period	Total shareholders' equity
Balance on 1 January 2014	28,569,842	117,224,543	-	5,713,968	441,436,160	112,473,352	34,119,404	(120,080,985)	31,297,556	650,753,840
The net result of the period							31,297,556			31,297,556
Fund increase for modernization share					64,455,055					64,455,055
Fund reduction for modernization share					(32,260,118)					(32,260,118)
Revaluation Increases						10,199,414				10,199,414
Resumption of revaluation surplus						(15,026,590)	15,026,590			-
Carried forward result from correction of accounting errors							10,294,689			10,294,689
Distribution of the profit of the previous year to cover the accounting losses							(21,666)			(21,666)
Previous accounting period result from reprocessing		(117,224,543)			(2,856,442)			120,080,985		-
Accounting period result									51,434,194	51,434,194
Distribution of profit for the previous year as dividends							(29,538,340)			(29,538,340)
Distribution of profit for the previous year in reserves					1,737,550		(1,737,550)		(31,297,556)	(31,297,556)
Current income tax and income tax postponed recognized upon the total equity			(1,891,974)							(1,891,974)
Balance on 31 December 2014	28,569,842	-	(1,891,974)	5,713,968	472,512,205	107,646,176	59,440,683		51,434,194	723,425,094



CONPET S.A. Company

Interim financial statements on 31 March 2015

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

SHAREHOLDERS'S EQUITY ADJUSTMENTS STATEMENTS FOR ON 31 MARCH 2015

	Share capital	Other elements for shareholders' equity	Legal reserves	Other Reserves	Reserves from revaluation	The carried forward result	Profit or loss of the accounting period	Total shareholders' equity
Balance on 1 January 2014	28,569,842	(1,891,974)	5,713,968	472,512,205	107,646,176	59,440,683	51,434,194	723,425,094
Net result of the previous period						51,434,194		51,434,194
Fund Increase for the modernization share				14,186,638				14,186,638
Fund reduction for the modernization share				(6,924,233)				(6,924,233)
Surplus resumption from revaluation					(3,511,005)	3,511,005		-
Carried forward result from correction of accounting errors								-
Accounting period result							17,731,870	17,731,870
Carried forward result representing the undistributed profit of the previous year							(51,434,194)	(51,434,194)
Current income tax and postponed income tax recognized upon the total equity								-
Balance on 31 March 2015	28,569,842	(1,891,974)	5,713,968	479,774,610	104,135,171	114,385,882	17,731,870	748,419,369

General Director
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CASH FLOW STATEMENT ON 31 MARCH 2015

	Element name	quarter I 2015	quarter I 2014
	Cash flow from operating activities:		
+	Cashing upon provided services	96,454,291	101,259,337
+	Other cashings	1,226,249	1,832,004
-	Payment to goods and services suppliers	35,072,489	28,912,839
-	Payments to and on behalf of employees	24,538,923	23,754,686
-	VAT payments	13,714,967	13,282,186
-	Income tax payments	2,773,970	2,057,695
-	Other payments regarding the operation activity	8,505,717	9,308,360
A	Net cash from operating activities	13,074,474	25,775,575
	Cash flow from investment activities:		
+	Cashing from tangible assets trade	75,467	0
+	Cashing from modernization share	14,186,638	13,966,832
-	Payments for tangible assets acquisitions	8,510,285	7,505,169
-	Payments regarding interests, commissions, credits, exchange rate differences	0	0
-	Repayments of borrowed amounts	0	0
B	Net cash from investment activities	5,751,820	6,461,663
	Cash flow from financing activities:		
+	Cashing from short term financial investments	7,600,000	7,002,238
+	Cashing from interests related to bank investments	2,596,659	2,233,069
+	Cashings from other financial incomes	3,697	832
-	Payments for short term financial investments	296,187,470	0
-	Paid dividends	13,792	9,462
C	Net cash from financing activities	-286,000,906	9,226,677
	Net increase of cash and cash equivalents =A+B+C=D2-D1	-267,174,612	41,463,915
D1	Cash and cash equivalents at the beginning of the fiscal year	335,367,828	249,494,539
D2	Cash and cash equivalents at the beginning of the fiscal year Cash and cash equivalents at the end of the fiscal year	68,193,216	290,958,454

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1. Activity description and general information

The company CONPET S. A. (the "Company") is the operator of the National Transport System of oil, as defined and regulated by no. 238 / 7 June 2004 Law - Petroleum Law and by the Methodological Norms for applying the Petroleum Law approved by no. 2075/2004 G.D.. CONPET provides transportation services for its customers, both through the oil National Transmission System leased upon the oil concession arrangement, and also by the railway from the loading ramps to the beneficiaries for the oil areas which are not connected to the main transportation pipelines.

The interim financial statements on 31 March 2015 prepared in accordance with the no. 1286/2012 Order for approving the Accounting Regulations compliant with the International Financial Reporting Standards, are not audited.

2. Basis of preparation

(a) Statement of Compliance

These simplified interim financial statements have been prepared in accordance with the International Accounting Standard 34 - "Interim Financial Reporting". They do not include all the necessary information for a complete set of financial statements in accordance with the International Financial Reporting Standards ("IFRS")

(e) Accounting estimates and professional judgments

Preparation of financial statements in accordance with the International Financial Reporting Standards ("IFRS") requires from the company management to use some estimates, professional judgments and assumptions that affect the application of the accounting policies and also the reported amounts of assets, liabilities, income and expenses. Estimates and assumptions associated with these estimates are based on historical experience and on other factors considered reasonable in light of these estimates. The results of these estimates form the basis of the professional judgments regarding the accounting values of the assets and liabilities that cannot be obtained from other sources of information. The effective results may be different from estimates values.

The professional judgments and assumptions underlying them are regularly reviewed by the Company. Revisions to the accounting estimates are recognized in the period in which the estimates are revised, if the revisions affect only that period or in the period in which the estimates are revised and the future periods if the revisions affect both the current period and the future periods.

3. Accounting Policies

The accounting policies applied by the company in preparing these interim financial statements are the same as those applied for the financial statements at and for the fiscal year ended 31 December 2014.

4. Tangible and intangible assets

During the period 01.01.2015 – 31.03.2015 net value of tangible and intangible assets decreased by the amount of 5,333,772 lei, difference consisting in:





- + 6,875,788 lei expenses with fixed assets in progress;
- - 239,113 lei fixed assets outputs;
- -11,970,447 lei depreciation related to 01.01.2015 – 31.03.2015 period

Commissionings were in the amount of 7,218,759 lei and do not influence the above difference.

Stocks

The comparative situation of stocks for the reporting period is relatively constant and is presented as follows:

	31 March 2015	31 December 2014
Raw materials and consumables	9,379,208	9,394,715
Adjustments for depreciation : depreciated stocks with slow motion	(1,663,340)	(1,685,411)
Products for canteen	364	0
TOTAL	7,716,232	7,709,304

1. Trade receivables and other receivables

The comparative statement of the receivables for the reporting period, depending on age and types of receivables is as follows:

	31 March 2015	31 March 2014
Clients	39,919,963	31,387,166
Adjustments for receivable depreciation	(647,884)	(647,884)
Other trade receivables	212,665	1,404
Subtotal trade receivables (net value)	39,484,744	30,740,686
Other receivables	5,999,021	7,361,661
Adjustments for depreciation of other receivables	(3,227,737)	(3,290,237)
Subtotal other receivables (net value)	2,771,284	4,071,423
Advance payments	2,100	49
Total short term receivable	42,258,128	34,812,159
Other long term receivables	225,797	400,942

Customers structure upon activities is shown below:

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

Trade receivables do not bear interest and have a rotation speed of 34 days.

The main clients holding a significant share (99%) in the turnover, on 31 March 2015 are: S.C. OMV PETROM S.A., S.C. Petrotel Lukoil S.A., S.C. Rompetrol Rafinare S.A. OMV PETROM S.A., the main company's client, holds over 78% of the total short term receivables on March 31th 2015.

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

Adjustment for depreciation of doubtful receivables and for other doubtful receivables

At the end of quarter I, 2015 the adjustments level made for depreciation of trade receivables remained unchanged compared to 31 December 2014, namely in the amount of 647,884 lei, due to the fact that on one hand there were no voluntary payments registered from borrowers, on the other hand there are still disputes before courts.

The customers which compose the above debit are as follows:

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

Adjustments of other receivables depreciation (miscellaneous debits related to various on-going legal cases pending before the court, tax liabilities and fines paid and under disproof procedure) are on the date of 31.03.2015 in the amount of 3,227,737 lei, registering an insignificant reduction compared to 31.12.2014 (3,290,237 lei), respectively of 62,500 lei as a result of the registration upon costs of some environmental fines contested, that were chargeable to Conpet by the courts.

The Company policy is to record an adjustment for impairment loss of 100% for clients in litigation, in insolvency, bankruptcy and for other debits related to the legal files constituted or fines under the disproof procedure.

Cash and cash equivalent

On the date of 31 March 2015 and 31 December 2014, cash and cash equivalents are shown as follows:

	31 March 2015	31 December 2014
Current bank accounts	1,320,752	7,385,575
Bank deposit with maturity ≤ 3 months	66,838,541	327,928,312
Cash in hand	20,695	16,252
Other cash equivalents	13,228	37,689
Total	68,193,216	335,367,828



8. Short term investments

The short-term financial investments are assets held by the Company in order to reach a profit in a period less than one year. They represent > 3 months maturity deposits and government bonds as cash certificates and as state bonds (with maturity of 1 year) and interest receivable at the end of period.

	31 March 2015	31 December 2014
Bank deposit with maturity > 3 months bonds	36,205,157	7,669,483
Government bonds	225,885,788	-
	34,093,567	
Total	296,184,513	7,669,483



The company manages a share of modernization and development expenses provided as financial support to the rehabilitation and modernization of the Crude Oil National Transport System Pipeline which is collected in available separate funds accounts and are used to pay modernization works at the assets belonging to the public domain in order to create new assets that will be transferred to the public domain after their full amortization.

Thus, on the date of 31 March 2015, the modernization share available funds existing in the company's accounts and as short-term of investment form, are in the amount of 148,297,251 lei.

9. Shareholders' equity

The shareholders' equity has not been changed during the reporting period, the final value on March 31, 2015 being of 28,569,842 lei, divided into 8,657,528 ordinary shares with a nominal value of 3.3 lei / share.

The shareholding structure in face amount as per the Consolidated Shareholders' Register on the reference date 08 April 2015 is the following:

Structure	No. of Shares	Shareholding	SHARE CAPITAL (LEI)
The Romanian State through the Ministry of Economy, Energy Department, Small and medium size companies and Business environment	5,083,372	58.7162 %	16,775,127.6
Legal persons	2,904,370	33.5473%	9,584,421.0
Natural persons	669,786	7.7365%	2,210,293.8
TOTAL	8,657,528	100 %	28,569,842.4

On 31 March 2015 shareholders' equity value is of 748,419,368 lei comparing to 723,425,094 lei on the date of 31 December 2014.

The increase in the amount of 24,994,275 lei consists of:

- 17,731,870 lei - the result of the reporting period;
- 14,186,638 lei - establishing the reserve fund for modernization share of the profit (based on no. 168/1998 G.D. on setting quotas expenditure necessary for development and modernization of the oil and natural gas production, refining, transport and distribution of oil as amended subsequently)

- 6,924,233 lei - reducing the reserve constituted on the share of modernization following the reversal at the incomes of the reserve to the amortization expenses level.

10. Trade liabilities and other liabilities

On the date of 31 December 2014 and 31 March 2015 the trade liabilities and other liabilities are shown as follows:

Liabilities	31 December 2014	31 March 2015	Exigibility term for the balance since 31 March 2015		
			under 1 year	1-5 years	More than 5 years
Sums due to credit Institutions	0	0			
Received advances	0	0			
Trade debts	30,032,321	26,638,200	26,638,200		
4, Total trade debts (1+2+3)	30,032,321	26,638,200	26,638,200	0	0
5. Other debts, including tax and social insurances debts	25,892,982	28,044,375	26,152,400	1,891,974	0
Total	55,925,304	54,682,575	52,790,600	1,891,974	0

The Companies suppliers corresponding to operating activities are represented mainly by: SNTFM CFR Marfă, OMV Petrom S. A., Tinmar Ind S. A., Edenred Romania S.R.L., Premier Energy S. R. L., Envirotech, GDF Energy, Coral 33 All, etc. During the period :01 January 2015- 31 March 2015, their share, in total operating providers, is of 85.79%.

Within the fixed assets suppliers the share is owned by the following suppliers: Syscom 18 SRL, Maguay Impex, Felix Telecom, Gazpet, Tangible, Talpac, Corrocont, etc. (i.e. 71.77% of total fixed assets suppliers, in the first quarter of 2015).

Debt Situation with the staff, tax and other debts for long exigibility terms are presented as follows:

Debts	31 December 2014	31 March 2015	Exigibility term for the balance since 31 March 2015		
			under 1 year	1-5 years	More than 5 years
Wages and assimilated debts	3,481,478	3,778,747	3,778,747		
Contributions	3,341,934	2,646,835	2,646,835		
Income tax	4,665,944	5,883,857	3,991,883	1,891,974	
Royalty due to State Budget	7,123,636	7,312,740	7,312,740		
VAT to pay	4,212,128	5,208,979	5,208,979		
Other taxes and debts – S.B.	1,024,266	1,356,874	1,356,874		
Dividends to pay	1,647,712	1,633,920	1,633,920		
Other debts	395,884	222,422	222,422		
Total	25,892,982	28,044,374	26,152,400	1,891,974	0





11. Provisions

	31 March 2015	31 December 2014
Balance at the beginning of period	24,625,078	22,713,279
Provisions established during the period	0	10,301,264
Provisions used during the period	467,485	8,389,466
Balance at the period end, of which:	24,157,593	24,625,078
Long term provisions	3,752,056	3,772,056
Short term provisions	20,405,537	20,853,022

	31 March 2015	31 December 2014
Provisions for litigations	8,937,366	8,937,366
Provisions for the employees benefits	10,830,718	11,298,203
Other provisions for risks and expenditures	4,389,509	4,389,509
Total	24,157,593	24,625,078

Litigations provisions

Detailing, provisions for litigations are:

	31 March 2015
Litigations for civil compensations	7,121,367
Litigation for infringement by third parties of certain contractual clauses	1,192,999
Labour litigations	623,000
Total	8,937,366

Provisions for litigation

The Company is involved in litigations with landowners crossed / undercrossed lands by pipelines belonging to the Oil National Transport System, state public property.

Under their ownership right, the landowners have been suing the Company, pending before the courts asking for compensation payment for the lack of land use and for being unable to realise some social or commercial buildings. The cases are pending before several instances in the country which have material and territorial competence to judge cases of this nature. During the 3 months of 2015, there were not registered other changes by opening new litigation so that on the date of 31.03.2015, the company recorded provisions for litigation amounting to 8,937,366 lei.

Provisions for employee benefits

On March 31/2015, the Company includes in this chapter, mainly the provision for profit sharing and the pension provision.

The provision for staff participation in profit, amounting to 5,335,167 lei, was constituted under the provisions of the income and expenses budget of the Company approved, in compliance with no. 64/2001 Ordinance and no. 144/2005 Public Finance Ministry Order, these obligations are to be paid after the approval of the financial statements of 2014.

The provision for pensions was calculated by actuarial methods upon estimating the average wage, the average number of salaries to be paid on retirement, of estimating the period when they will be paid and was brought to the present value using an updating factor based on the interest related to some maximum security degree investments (government bonds),

In the accounting evidence, on 31 March 2015, remained provisions for pensions in the amount of 3,884,819 lei, the difference of 32,237 lei being resumed at income following the retirements made during this period.

The Company has also recorded a provision for annual not taken leaves in the amount of 871,230 lei and a provision for bonuses to be awarded to the company administrators upon the management contracts /mandate in the amount of 739,502 lei.

On 31 March 2015, the position "Other provisions" in the amount of 4,389,509 consists of:

- 2,409,317 lei provisions on environmental expenditure,
- 1,980,192 lei provisions related to expenditure for an asset demolition (The base for cardiovascular recovery of Breaza, for which exists no. 1 / 14.03.2013 O.G.M.S. Decision).

12. Income tax

Income tax of the Company for the first quarter 2015 and 2014 is as follows:

	31 March 2015	31 March 2014
Current tax income expenditures	3,991,883	3,572,588
tax income expenditures	3,991,883	3,572,588

Reconciliation of effective tax rate:

	31 March 2015	31 March 2014
Profit before tax	21,723,754	18,383,344
Tax according to the statutory tax rate of 16%	3,475,801	2,941,335
Effect on income tax of:		
- not deductible expenses	55,709	54,708
- not taxable income	(88,329)	(104,024)
-Elements similar to incomes	561,754	693,358
- Elements similar to expenses	(1,052)	(789)
Exemptions for sponsorship	(12,000)	(12,000)
Income tax	3,991,883	3,572,588



13. Operating incomes

	31 March 2015	31 March 2014
Turnover income, of which:	96,085,194	91,794,025
Transporting revenues	95,470,169	91,368,448
- domestic transport subsystem	314,399,632	304,216,518
- imported transport subsystem	58,546,361	43,161,964
Incomes from sales of goods purchased for resale	24,219	0
rental income	414,354	219,195
Incomes from other performed services	176,452	206,382
Other incomes of which:	7,142,307	6,767,748
Incomes from modernization share consumption	6,924,233	6,101,110
Revenues from guarantees execution	0	11,255
incomes from assets sales	75,467	425,725
Incomes related to inventory pluses of fixed assets nature,	20,195	20,876
Other revenues	122,412	208,781
Total operation revenues	103,227,501	98,561,773

Incomes from transport

Income derived from the transportation of crude oil, gasoline, condensate and ethane through the National Transportation System were determined based on the amounts of crude, compression gasoline and condensate shipped to customers and of the tariffs approved by Order of the President of the National Agency for Mineral Resources.

The transportation tariff is differentiated on the two transport subsystems, domestic and import. The tariffs approved by the National Agency for Mineral Resources for providing the service of transportation of crude oil, compression gasoline and condensate in the country for the period 2013-2014 is as follows:

Medium tariff for transporting service for the domestic subsystem	-lei/ton-
no.199/2013 Order for the period 11.12.2013-03.02.2015	78.64

Tariffs for the transport activity of imported crude oil has been changed since February, according to no. 12/2015 NAMR Order. Tariffs are applied on refineries, for quantities intervals transported, practicing the stepped pricing model.



14. Other operating expenditures

In the table below there are detailed other operating expenses according their nature:

	31 March 2015	31 March 2014
Raw materials and consumables expenses	5,601,618	5,500,804
Personnel expenses	23,753,287	21,778,950
Expenses regarding external services provided	27,097,564	29,333,272
Other expenses	15,374,772	14,415,545

a) Raw materials and consumables expenses

	31 March 2015	31 March 2014
Consumable materials expense	1,287,544	1,519,375
Other material expenses	958,962	546,900
Other expenses with energy and water	3,358,972	3,749,198
Goods for resale	1,499	0
trade discounts	(5,359)	(314,669)
Total	5,601,618	5,500,804

a) *Personnel expenses*

	31 March 2015	31 March 2014
Salaries expenses	17,792,532	16,186,146
Employee luncheon vouchers	961,274	926,061
Expenses with bonuses for employees from profit	0	0
Company's contribution to optional pension plan	780,435	0
Company's contribution to health Insurance according Collective Work Contract	158,214	164,532
Company's contribution to social security	4,060,832	4,502,211
Total	23,753,287	21,778,950



b) *Expenses related to external provided services includes:*

	31 March 2015	31 March 2014
Maintenance and repairs expenses	478,475	388,412
Royalties and rental expenses	7,697,889	7,288,305
Insurance premiums expense	96,388	100,908
Commissions and fees expense	174,393	95,580
Entertaining, promotion and advertising expense	87,724	91,763
Transport of goods and personnel expense	102,287	89,441
Travel expenses	201,929	101,539
Postage and telecommunication fees expense	101,243	166,248
Bank commissions and similar charges	9,641	8,793
Other third party services	18,147,595	21,002,282
Total	27,097,564	29,333,272

Royalties and rental expenses include oil royalty, calculated according to no.101/14 October 2007 GEO, by applying a rate of 10% from the gross income from petroleum transport operations and transit of oil through the National Oil Transportation System.

Other third party services include the expenses performed by the Company in order to pump the oil through pipelines, for using the rail way for transport services and for various cleaning and environmental protection operations,

c) *Other expenses include:*

	31 March 2015	31 March 2014
Other taxes, duties and similar expenses	791,980	306,537
Compensations, fines and penalties expenses	123,256	5,432
Gifts and subsidies granted (sponsorship)	12,000	12,000
Net value of assets disposed of and other capital transactions	118,093	0
Expenses with the environment protection	6,081	54,619
Tangible assets revaluation expenses	0	0
Expenses for modernization share constitution	14,186,638	13,966,832
Other operation costs	136,724	70,126
Total	15,374,772	14,415,545

Regarding other taxes, duties and similar expenses the majority was spent on local taxes and fees.



15. **Net financial result**

	31 March 2015	31 March 2014
Interest income	1,796,678	2,404,222
Foreign exchange gains	3,721	52,212
Other financial revenues	63,118	12,365
Total financial revenues	1,863,517	2,468,799
Interest expense	0	0
Foreign exchange losses	611	99,720
Other financial expenses	3	6,420
Total financial expenses	613	106,140
Net financial result	1,862,904	2,362,658

In the first quarter of 2015 it was registered a decrease both of the financial income as well as of the financial expenses towards the same period of the previous year, the net financial result decreasing mainly due to reducing of the National Bank of Romania reference interest and implicitly of the negotiated interests for the term deposits established by the Company.

General Director
eng. Liviu Ilasi
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Economical Director
ec.Toader Sanda
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