CONPET S.A., Romania
1-3 Anul 1848 Street, Ploieşti 100559, Prahova
Tel: +40-244-401360; fax: +40-244-516451
TIN: RO 1350020; NACE Code 4950; CRN J29/6/22.01.1991
Subscribed and paid-up share capital 28 569 842.40 RON

BIANNUAL REPORT

REGARDING THE ECONOMIC FINANCIAL-ACTIVITY OF CONPET S.A.

January – June 2017

In compliance with Art. 55 of EGO 109/2011 regarding the Corporate Governance of the Public Enterprises

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REPORT AND ISSUER IDENTIFICATION DATA

Quarterly report concluded in compliance with:	Provisions of Article 65 of law no. 24/2017 regarding financial instruments issuers and market operations and Annex 31 of CNVM Regulation no.1/2006 regarding issuers and securities operations; EGO 109/2011 regarding the corporate governance of the public enterprises (amended pursuant to Law no. 111/2016)
Report Date	10.08.2017
Issuer's Name	CONPET S.A.
Registered offices	No, 1-3, Anul 1848 Street, Ploieşti, Prahova County, Zip Code 100559
Telephone/facsimile	0244 401360 / 0244 516451
E-mail / Internet	conpet@conpet.ro / www.conpet.ro
TIN at the Trade Register Office,	1350020
Trade Registry Number	J29/6/22.01.1991
The regulated market trading the issued securities	Bucharest Stock Exchange, Premium
Subscribed and paid-up share capital	28,569,842.40 RON
Main features of the issued securities	8,657,528 shares with a nominal value of 3.3 RON/share,
Total market value	824,196,666 RON (95.2 RON/share at 30.06.2017)
Accounting standard applied	International Accounting Standard no. 34 - „Interim Financial Reporting"
Auditing	The Simplified Interim Financial Statements concluded at 30.06.2017 are being revised

THE BOARD OF ADMINISTRATION

CONPET S.A. is a joint stock company which is organized and functioning according to Romanian laws, being administered in a unitary system by a Board of Administration with 7 members.

The composition of the Board of Administration all along 2017 and up to the date of this report is as follows:

Dan Weiler – Chairman of the Board of Adminstration, has over 37 years of professional experience. Besides the capacity of Chairman of the Board of Administration of CONPET, Mr. Dan Weiler is currently occupying the position of member in the Board of Administration of SIF Banat – Crișana and Napomar S.A. Cluj. Moreover. Mr. Dan Weiler is an independent adviser involved in several M&A, Capital Markets and Restructuring projects for Romanian and foreign clients. Previously, he was Executive Director – Corporate Finance & Investment Banking in BCR (June 2009 – September 2012), Executive Director at Allegiance Capital SUA (October 2007- October 2008), Vice-president Mergers and Acquisitions (Corporate Development) in HVHC USA (May 2005-May 2007), Head of the Strategy and Marketing Department of Schott Corporation USA (1993-1994) and General Manager at Schott Zwiesel Germany (1991-1993). Mr. Dan Weiler graduated from Diplom-Kaufmann Programme (MBA equivalent) at Koeln University, Germany (1979), as well as the MBA Programme within IMD Business School,Lausanne, Switzerland (1984).

Liviu Ilași – Board of Administration member, has over 27 years of professional experience. Besides the capacity of CONPET Board of Administration member, Mr. Liviu Ilaşi is also Director General since December 2012. Previoulsy, Mr. Ilaşi held the Executive Director position at Electrica S.A. (March 2010 - December 2012) and director general / Chairman of the Board of Administration of CONPET (February 2005 - March 2009). During 1989 - 2005, he occupied various positions in CONPET. Mr. Liviu Ilași is graduate of Ploieşti Oil&Gas University, as of 2005 and graduated from the Romanian-French MBA Programme at Bucharest Academy of Economic Studies in collaboration with CNAM Paris (2006).

Cristiana Chiriac – Board of Administration member, has over 39 years of professional experience and is currently occupying the legal adviser position in the Ministry of Energy. Since 1995 to date she occupied various positions in the Ministry of Energy, where she reviewed and endorsed draft normative acts promoted by the specialty directions. Ms. Cristiana Chiriac is graduate of Transilvania University of Brasov, the Faculty of Law and Sociology (2004) and graduate of Bucharest Institute of Polytechnics (1977).

Darius Dumitru Meșca - Board of Administration member, has over 20 years of professional experience in the energy sector. Also, his professional experience includes various positions in the Government of Romania and Prahova County Council (September 2005 – to date), as well as the Director General capacity in Terqua Ploieşti (Aprilie 2001-September 2005), Director General of Industrial Park Dacia Ploiesti (2001), Director General of Dacia S.A. Ploieşti (1998-2001). During 2005 - 2009, Mr. Darius Dumitru Meșca had the capacity of member in the Board of Administrations of FDFEE Electrica Muntenia Nord SA, Distrigaz- Sud SA and CONPET. During December 2012 - March 2015 had the capacity of Board of Administration member in FDFEE Electrica Muntenia Nord S.A. Mr. Darius Dumitru Meșca is graduate of Ploiești Oil&Gas University (1997) and is PhD Engineer since 2011.

Radu Bugică – membru în Consiliul de Administrație, has over 25 years of professional experience. Besides the capacity of CONPET Board of Administration member, is currently member of the Supervisory Board in Transelectrica (since November 2012) and representative in the Boards of Administrations of the companies Covalact S.A. and Lactate Harghita SA, companies controlled by the investment fund SigmaBleyzer SouthEast Europe Fund IV (since June 2008). During September 1996 - June 2004, Mr. Radu Bugică worked for Global Valori Mobiliare, subsidiary of Global Securities, where he was appointed director general. Prior to 1996 he worked in Bancpost, where he occupied various positions. Mr. Radu Bugică is Bachelor of Bucharest University of Polytechnics, Faculty of de Machine manufacturing Technology (1990) and Bucharest Academy of Economic Studies – Finance, Banks and Stock Markets (1997).

Roxana Elena Gheorghe – Board of Administration member, has over 19 years of professional experience. Besides the capacity of CONPET Board of Administration member, Ms. Roxana Elena Gheorghe is commercial operations director of Electrica Furnizare S.A. Bucharest, since 2015. Her professional experience includes positions such as Chairman of the Board of Administration of Neptun S.A., Deputy Director General at Paltinu S.A., administrator and Director General at Neptun Trading, Chairman of the Board of Administration of Soceram S.A., Hidrotehnica Galati S.A., Medimfarm S.A., Director General of Metaleuroest. Ms. Roxana Elena Gheorghe is Bachelor of Bucharest Academy of Economic Studies, Faculty of Commerce, since 1997.

Răzvan Ștefan Lefter – Board of Administration member, has over 13 years of professional experience. Besides the capacity of CONPET Board of Administration member, Mr. Răzvan Ștefan Lefter is, starting 2016, representative of RSL Capital Advisors in the Board of Administration of Cemacon Zalău, member of the Board of Administration of Teraplast S.A., managing partner at RSL Capital Advisors. Starting 2015 is member of the Supervisory Board of Eurohold AD Bulgaria, and starting 2016, member of the Supervisory Board of Mundus Services AD Bulgaria. During 2007-2015 he occupied the Equity Sales Trader, Research Analyst EFG position, Eurobank Securities (January 2007 - November 2011), Sr. Equity Sales Trader Swiss Capital SA (November 2011 - June 2014), member of the Shareholders' Representatives Committee of SIF Muntenia (July 2012 - April 2013), Board of Administration member of Condmag S.A. (April 2014 - September 2015). Prior to 2007, he worked for ING Bank as analyst and Relationship Manager International Clients. Mr. Răzvan Ștefan Lefter has graduated from Bucharest Academy of Economic Studies, Department of Finance, Insurance, Banking and Stock Exchanges in 2003 and is holder of Chartered Financial Analyst (CFA) awarded by the CFA Institute (SUA).

Mr. Weiler Dan holds a number of 120 shares issued by the company, Mr Ilasi Liviu holds a number of 40 shares issued by the company, the other administrations not holding any participation to the share capital of CONPET.

ECONOMIC – FINANCIAL STATEMENT

The evolution of the main performance indicators related to the first six months of 2017, as compared to the budget and the same period last year, is as follows:

Achieved 6 months 2017	Budget. 6 months 2017	Variation Achieved 6 months 2017/ BUDGET [▲/▼%]	Indicators	Achieved 6 months 2017	Achieved 6 months 2016	Variation Achieved 6 months 2017/2016 [▲/▼%]
			PERFORMANCE INDICATORS BoA/ Director General			
68.22	59.92	▲13.9%	EBITDA (million RON)	68.22	63.13	▲8.1%
84.09%	88.61%	▼4.5pp	Operating Expenses (%Turnover)	84.09%	85.05%	▼0.9pp
121	118	▲2.6%	Productivity (RON/employee)	121	121	
20	13	▲53.8	Number of technical breakage	20	12	▲66.7%
3	2	-	Number of broker's reports	3	6	-
16	25	-	BSE position - capitalization	16	15	-
			OPERATIONAL INDICATORS			
3,211.45	3.088,25	▲4.0%	Total transported quantities (thousand tons	3,211.45	3.457.91	▼7.1%
48.78	51.90	▼6.0%	Operating costs/ton (RON/ton)	48.78	46.11	▲5.8%
			OTHER FINANCIAL INDICATORS			
202.60	197.79	▲2.4%	Total operating Revenues (million RON)	202.60	202.25	▲0.2%
156.67	160.27	▼2.2%	Operating Expenses (million RON)	156.67	159.45	▼1.7%
22.68%	19.0%	▲3.7 p.p.	Operating profit margin (% Operating Revenue)	22.68%	21.17%	▲1.5 p.p.
19.75%	16.67%	▲3.1 p.p.	Net profit margin (% total revenues)	19.75%	18.15%	▲1.6 p.p.
45.94	37.51	▲22.5%	EBIT (million RON)	45.94	42.80	▲7.3%
40.39	33.18	▲21.7%	EPS (net profit/share)	40.39	37.04	▲9.0%
4.67	3.84	▲21.6%	**INVESTMENT ACHIEVEMENT INDICATORS**	4.67	4.28	▲9.1%
			Investments - total, out of which: (mRON)			
			Investments – public domain (million RON)			
14.72	19.11	▼22.9%	Investments - operating area (million RON)	14.72	20.28	▼27.4%
11.70	*16.84*	▼30.5%	**PERFORMANCE INDICATORS BoA/ Director General**	*11.70*	*19.01*	▼38.4%
3.02	*2.27*	▲33.0%	EBITDA (million RON)	*3.02*	*1.27*	▲137.8%
1671	1675	▼0,2%	Operating Expenses (%Turnover)	1671	1668	▲0.2%

Company's Results

- **Financial**

The financial results of the company in 2017 H1 YoY is as follows:

- EBITDA achieved in 2017 H1 (68.22 million RON recorded 8.1% increase as compared to 2016 (63.13 million RON).
- The Operating Profit (EBIT) grew by 7.3%, from 42.80 million RON in 2016 H1 to 45.94 million RON in 2017;

- Turnover in 2017 H1 was 186.31 million RON, 0.6% lower than 2016 H1 (187.48 million RON).
- The operating revenues registered a slight increase (0.2%) from 202.25 million RON in 2016 to 202.60 million RON in 2017.

- **Operational**
  - The transport activity volume , by transport sub-systems, is exposed in the table below:

Transport subsystem	Achieved 2017 H1	Budget 2017 H1	Achieved 2016 H1
Domestic (thousand tons)	1,784.87	1,763.16	1,854.59
Import (thousand tons)	1,426.58	1,325.09	1,603.32
Total (thousand tons**)**	**3,211.45**	**3,088.25**	**3,457.91**

- **Investments**

2017 investments programme includes both investment objectives in progress as well as new investment programs regarding the modernization of installation, equipments and ancillary facilities belonging to the Crude oil National Transport System, but also pipeline rehabilitations and safe disposal works.

During 01.01.2017-30.06.2017, CONPET made investments in amount of 14,72 million RON, as compared to 20.28 million RON declared in 2016 H1.

- **The company's shares**

The market capitalization amounted to 824.20 million RON (95.20 RON/share) at 30.06.2017, as compared to 682.21 million RON (78.80 RON/share) at 31.12.2016.
The net profit per share related to 2017 H1 amounts to 4.67 RON/share, registering 9.1% increase versus 4.28 RON/share recorded in 2016 H1.

- **Dividends**

At 26.04.2017, the ordinary General meeting of Shareholders approved the annual financial statements for 2016 financial year and the distribution of the amount 143,562,274 Ron as dividends due to shareholders out of the net profit related to 2016 financial year and the retained earnings.

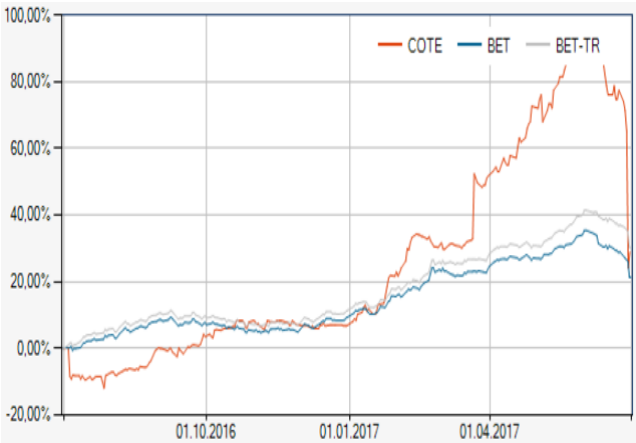
The aggregate value of the gross dividend is 16.58236321 RON/share.

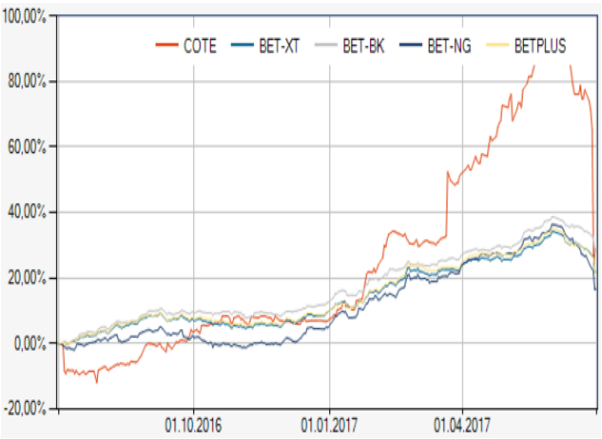
Evolution of COTE share

Average Trading Volume	
Last month	1,109,077
Last 3 months	796,728
Last 6 months	628,559
Last 12 months	375,390

Issue Info	
Total no. of shares	8,657,528
Nominal value	3.30
Share capital	28,569,842.40
Total 52 weeks	
No.of trades	14,044
Volume	903,710
Value	93,847,609.50
52 weeks high	143.00
52 weeks low	64.80
Stock Market indicators	
Capitalization	824,196,665.60
PER	11.52
P/BV	1.04
EPS	8.26
DIVY	17.42
Dividend (2016)	16.58

The evolution of COTE share versus the stock market indices BET, BET-TR, BET-XT, BET-BK, BET-NG and BETPLUS where it is included (%)





Price Statistics	
% 1 month	-32.96%
% 3 months	-15.75%
% 6 months	19.30%
% vs BET 1 month	-32.96%
% vs BET 3 months	-15.75%
% vs BET 6 months	14.71%
% YDT	20.81%
% YOY	29.00%

Within the first 6 months of 2017 have been recorded 10,907 stock market tranzactions, with a trading volume amounting to 676,717 shares, the total value of the trades being of 77,312,733 RON. All along this time, the minimum trading price amounted to 78.80 RON/share, and the maximum price of 143 RON/share. On average, have been traded 5,502

shares/day, the average value of a trading day amounting to 628,559 RON.

The price series of the shares issued by the company CONPET S.A. followed an ascending trend within the first five months of the year, as compared to the month of June, when COTE shares decreased to 91.60 RON/share at June 30, due to the ex-dividend correction after the date of June 29, 2017. The minimum trading price was reached within the first day of the analyzed period, while the maximum trading price was recorded within the last week of May, while the price of COTE shares reached a historical high of 143 RON/share.

In 2017 H1 were registered 3 trades on the DEAL type auxiliary market, respectively: on 28.02.2017- 23,757 COTE shares amounting to 2,304,429 RON (an average price of 97 RON/share) : in 16.03.2017 - 7,500 shares amounting to 723,000 RON (an average price of 96.40 RON/share) and on 04.05.2017- 4,000 shares amounting to 520,000 RON (average price of 130 RON/share).

During H1, the trading price of one share increased by 19.30%.

The positive evolution of CONPET on the capital market and the fulfillment of the conditions provided by the qualitative and quantitative standards imposed by the market, determined the Index Committee to decide upon the inclusion of the COmpany CONPET S.A., starting 20.03.2017, in the BET and BET TR indices next to other 11 companies. Consequently, CONPET S.A. is included in 7 out of the 9 indices of Bucharest Stock Exchange: BET, BET-TR, BET-XT, BET-XT-TR, BET-BK, BET-NG, BET Plus.

During January - June 2017 have been issued 3 analyses reports by brokerage companies: Swiss Capital S.A. - un raport în data de 23.01.2017 și WOOD&Company – două rapoarte în data de 08.02.2017 și 29.06.2017.

At the end of june 2017, the company CONPET S.A. had a market capitalization of 824,196,666 RON, ranking 16 in “Top 25 issuers according to capitalization” .

The Financial-Accounting Statements

The simplified interim financial statements at 30.06.2017and for the period January-June 2017 were prepared in compliance with IAS 34 - Interim Financial Reporting.

Statement of the Financial Standing at June 30, 2017

Thousand RON	**June 30, 2017 (revised)**	**December 31, 2016 (audited)**

Non-current assets		
Tangible assets	395,853	403,469
Intangible assets	1,494	1,971
Financial investments	856	657
Total	**398,203**	**406,097**
Current assets		
Inventories	7,979	8,548
Trade receivables and other receivables	35,611	42,356
Short-term investments	19,095	163,054
Cash and cash equivalents	442,025	244,598
Prepaid expenditure	774	256
Total	**505,484**	**458,812**
TOTAL ASSETS	**903,687**	**864,909**
Shareholders' Equity	**702,148**	**795,713**
Deferred income	**1,415**	**1,484**
Long-term liabilities	5,894	5,214
Short-term liabilities	194,230	62,498
Total debts	**200,124**	**67,712**
SHAREHOLDERS' EQUITY AND DEBTS	**903,687**	**864,909**

The total assets of the company grew by 38.8 million RON as compared to December 31, 2016.
It has been registered a slight decrease of the non-current asssets (1.9%) due to a lower level of investments-inputs (14.72 million RON) as compared to the amortization of the non-current assets (22.28 million RON)

The current assets grew by 46.67 million RON (10.2%), from 458.81 million RON at 31.12.2016 to 505.48 million RON at 30.06.2017. The increase was mainly determined, by the increase in availabilities (cash and short-term investments) (53.47 million RON). The available money include the cash representing modernization quota notused, in amount of 202.46 million RON, higher by 14,98 million RON as compared to the quota existing at the end of 2016 (187.48 million RON).

The receivables lowered by 6.75 million RON (15.9%), from 42.36 million to 35.61 million RON, due to the diminution of the amounts to be collected from the transport activity by 3.86 million RON and other debits by 2.89 million RON.

The shareholders' equity at 30.06.2017, lowered by 93.56 million RON (11.2%) as

compared to the value recorded at 31.12.2016, determined by the following amendments to the capital elements:

- the diminution of the result of the period by 29.45 million RON, generated by: the decrease of the net profit related to 2016 (69.84 million RON), due to the distribution thereof as dividends and at the reserves – own financicng sources and due to the augmentation by the net profit related to 2017 H1 (40.39 milioane lei);
- the increase of other reserves by 10.85 million RON modernization quota, which grew from 423.57 million RON at 31.12. 2016 to 434.42 million RON at 30.06.2017 ;
- the decrease of the retained earnings by 72.26 million, generated by the distribution, as dividends, of the amount of 73.73 million RON and by the transfer of the surplus achieved from the reserves for the revaluation of the fixed assets, in amount of 1.47 million RON;
- the diminution of other capital elements by 2.71 million RON.

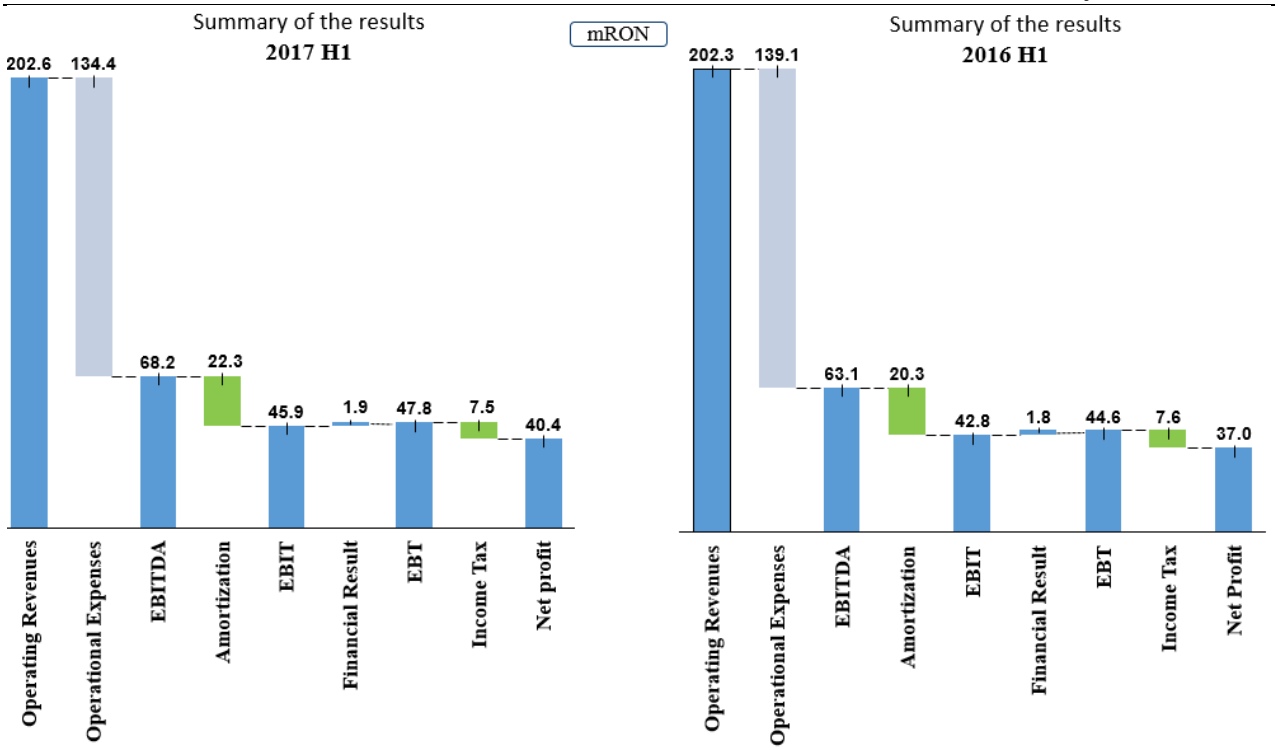
At 30.06.2017, the long-term liabilities register a slight increase, 0.7 million RON higher than 31.12.2016 out of the deferred profit tax related to the reversal of certain provisions.

The current debts in amount of 194.2 million RON are higher by 131.73 million RON as compared to 31.12.2016.
The increase was mainly generated by the distribution, as dividends due to shareholders, of the amount of 143.56 million RON.

The total value of short and long-term debts, grew by 132.4 million RON.

Financial Results - 2017 H1

Within the first six months of 2017, CONPET recorded an increase in profitability, reaching a net profit of 40.39 million RON, higher by 3.35 million RON as compared to six months 2016 (37.04 million RON).
The evolution of the financial standing in 2017 H1, as compared to 2016 H1, in synthesis, is exposed in the graphs below.



The level of the indicators in the profit and loss account, achieved during January-June 2017 YoY, shows an increase of the financial performance, as follows:

- The profit from operating activity registered 3.14 million RON increase, despite the transport volume which decreased by 2.44 million RON. The profit increase was possible due to the decrease of the operating costs by 4.74 million RON and increase of other operating revenues by 2.79 million RON;
- EBITDA grew from 63.13 million RON to 68.22 million RON;
- The net profit grew by 3.35 million RON, the increase being triggered, 91% by the result from operating activity.

The Operating Revenues

As compared to the approved budget and preceding period, the total revenues of the operating activity in 2017 H1 is as follows:

Achieved 2017 H1	Budget 2017 H1	Variation Achieved 2017 H1/Budget [▲/▼%]	Indicators Thousand RON	Achieved 2017 H1	Achieved 2016 H1	Variation Achieved H1 2017/2016 [▲/▼%]
			Revenues from transport services Domestic Subsystem			
1,784.87	*1,763.16*	*▲1.2%*	*Thousand tons*	*1,784.87*	*1,854.59*	*▼3.8%*
143,378	*141,441*	*▲1.4%*	*Thousand RON*	*143,378*	*149,265*	*▼3.9%*
			Revenues from transport services Import Subsystem			
1,426.58	*1,325.09*	*▲7.7%*	*Thousand tons*	*1,426.58*	*1,603.32*	*▼11.0%*
40,.748	*37,701*	*▲8.1%*	*Thousand RON*	*40,748*	*37,297*	*▲9.30%*

Achieved 2017 H1	Budget 2017 H1	Variation Achieved 2017 H1/Budget [▲/▼%]	Indicators Thousand RON	Achieved 2017 H1	Achieved 2016 H1	Variation Achieved H1 2017/2016 [▲/▼%]
			Total revenues from transport services			
3,211.45	**3,088.25**	**▲4.0%**	***Thousand Tons***	**3,211.45**	**3,457.91**	**▼7.1%**
184,126	**179,142**	**▲2.9%**	***Thousand RON***	**184,126**	**186,562**	**▼1.3%**
695	*622*	*▲11.7%*	Revenues from rents	*695*	*594*	***▲17.0%***
1,493	*1,106*	*▲35.0%*	Other revenues	*1,493*	*525*	*▲184.4%*
186,314	**180,870**	**▲3.0%**	***Turnover***	**186,314**	**187,481**	**▼0.6%**
900	**588**	**▲53.1%**	**Earnings from disposal of assets**	**900**	**-**	**n/a**
15,105	*15,799*	***▼4.4%***	*Write-back of reserve constituted based on the expenses with the modernization quota*	*15,105*	*13,451*	***▲12.3%***
284	*529*	*▼46.3%*	*Other revenues*	*284*	*1.323*	*▼78.5%*
15,389	**16,328**	**▼5.8%**	**Other operating revenues**	**15,389**	**14,774**	**▲4.2%**
202,603	**197,786**	**▲2.4%**	**Total operating revenues**	**202,603**	**202,255**	**▲0.2%**

At 30.06.2017 the operating revenues grew by 2.4% as compared to the budget provisions and by 0.2% YoY.

The transport Activity

Transport Tariffs

In 2017 H1, the tariffs practiced for the transport of crude oil, rich gas, condensate and ethane are those approved by NAMR pursuant to Order no. 32/2016 , as follows:

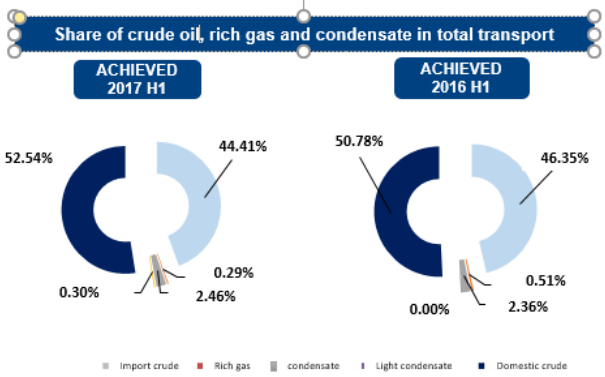
- for the transport supply of crude oil, rich gas, and condensate on the domestic subsystem (79.75 lei/tonă);
- for the transport on the import subsystems, the tariffs are applied per refineries, according to the transported quantities, as follows:

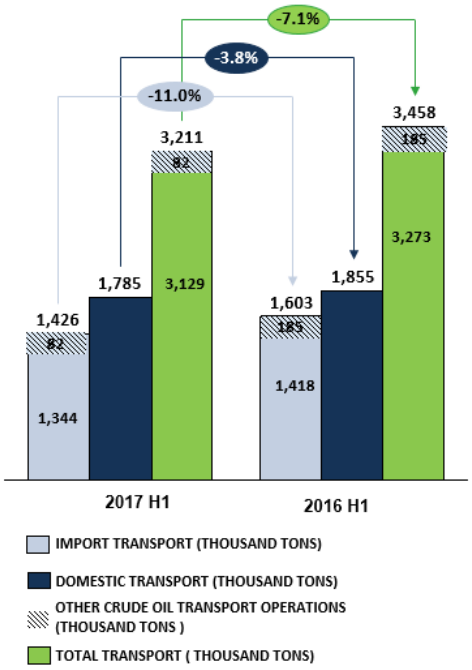
Period	Arpechim		Ploiesti basin		Petromidia	
	thousand tons/months	RON/ton	thousand tons/months	RON/ton	thousand tons/months	RON/ton
February 9, 2016 – to date	< 100	38.85	< 100	38.00	< 100	8.00
	> 100	16.60	> 100	16.00	> 100	7.33

Transported Quantities Evolution

QUANTITIES TRANSPORTED ON THE DOMESTIC AND IMPORT SUBSYSTEMS
2017 H1 / 2016 H1

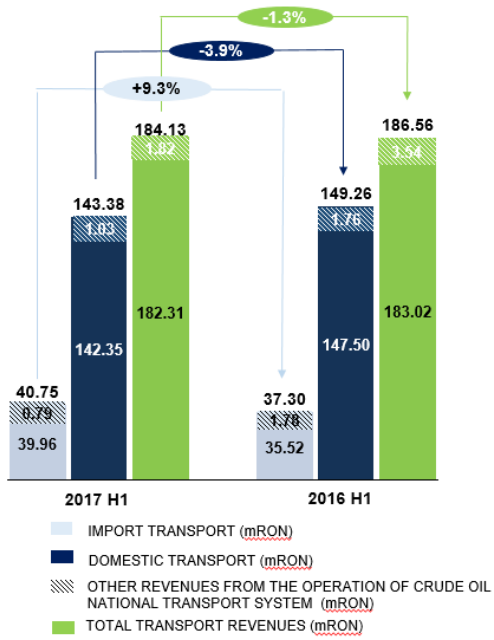
- **TOTAL TRANSPORTED QUANTITIES** ▼ 4.4%
  3,129 thousand tons 2017 H1, o/w:
  - **Domestic Subsystem** ▼ 3.8%
    1,785 thousand tons 2017 H1
  - **IMPORT Subsystem** ▼ 5.2%
    1,344 thousand tons 2017 H1
- **Other Transport Operations** ▼ 55.7%
  82 thousand tons 2017 H1





REVENUES ACHIEVED FROM THE TRANSPORT ON THE DOMESTIC AND IMPORT SUBSYSTEMS
2017 H1 / 2016 H1

- **TOTAL REVENUES FROM TRANSPORT TO THE REFINERIES** ▼ 0.4%
  182.31 mRON 2017 H1, o/w:
  - **DOMESTIC SUBSYSTEM** ▼ 3.5%
    142.35 mRON 2017 H1
  - **IMPORT SUBSYSTEM** ▲ 12.5%
    39.96 mRON 2017 H1
- **OTHER TRANSPORT OPERATIONS** ▼ 48.59%
  1.82 mRON 2017 H1



The diminution of the total transport revenues in 2017 H1, by the amount of 2.43 milion RON (1.3%), as compared to 2016, was generated by the decrease of the transported quantities by 246 thousand tons. This decrease was mainly due to the close down of the refinery Lukoil Ploiesti due to the technological overhaul performed during 25.02.2017-05.04.2017, on the one hand and to less quantities transported for OMV Petrom on the domestic subsystem.

As compared to the budget provisions, the transport revenues record an increase by 4.98 million RON (2.9%) due to exceeding the budgeted quantities by 123 thousand tons.

The revenues from the crude oil, rich gas and condensate transport services account for 90.9% in total operating revenues.

The company achieved revenues from other activities, different from the transport service, amounting 2.2 million RON representing revenues from lands and telecommunication equipment rental, tanks manoeuvre, pipe sale etc.

During January- June 2017, the company recorded other operating revenues in amount of 15.39 million RON representing, mainly, the amortization of fixed assets financed from the write-down of the modernization quota (98%) and the gain obtained from the sale of operating product – rich gas evacuated from from Ticleni- Petrobrazi transport pipeline.

Operating Expenses

The expenses achieved in 2017 H1, as compared to 2016 H1 and the budget provisions are as follows:

Achieved 2017 H1	**Budget 2017 H1**	**Variation Achieved 2017 H1/Budget [▲/▼%]**	**Indicators Thousand RON**	**Achieved 2017 H1**	**Achieved 2016 H1**	**Variation Achieved H1 2017/2016 [▲/▼%]**
3,230	**3,412**	**▼5.3%**	**Material expenses, of which:**	**3,230**	**3,145**	**▲2.7%**
1,733	*1,642*	*▲5.5%*	*-expenses with consumables*	*1,733*	*1,556*	*▲11.40%*
823	*856*	*▼3.9%*	*-fuel expenses*	*823*	*825*	*▲0.2%*
5,172	**5,191**	**▼0.4%**	**Other external expenses (with energy and water)**	**5,172**	**4,940**	**▲4.7%**
57,563	**58,407**	**▼1.4%**	**Personnel expenses, of which:**	**57,563**	**55,912**	**▲3.0%**
37,313	*37,922*	*▼1.6%*	*-salaries expenses*	*37,313*	*36,394*	*▲2.5%*
11,361	*11,395*	*▼0.3%*	*- expenses related to insurances, social protection and other legal obligations*	*11,361*	*11,122*	*▲2.2%*
8,889	*9,091*	*▼2.2%*	*-other personnel expenses*	*8,889*	*8,396*	*▲5.9%*
22,280	***22,404***	**▼0.6%**	**Expenses with the amortization of tangible and intangible assets and value adjustments**	**22,280**	**20,323**	**▲9.6%**
49,366	***50,870***	**▼2.9%**	**Expenses with external services,** of which:	**49,366**	**51,725**	**▼4.6%**
700	*1,625*	*▼56.9%*	*-maintenance (maintenance and repairs)*	*700*	*1,117*	*▼37.3%*
28,104	*27,146*	*▲3.5%*	*- expenses with the crude oil transport by rail*	*28,104*	*29,471*	*▼4.6%*
221	*800*	*▼72.4%*	*-expenses with decontamination works*	*221*	*480*	*▼53.9%*
14,147	*13,690*	*▲3.3%*	*-oil royalty*	*14,147*	*14,273*	*▼0.9%*

Achieved 2017 H1	Budget 2017 H1	Variation Achieved 2017 H1/Budget [▲/▼%]	Indicators Thousand RON	Achieved 2017 H1	Achieved 2016 H1	Variation Achieved H1 2017/2016 [▲/▼%]
6,194	*7,609*	▼*18.6%*	*-other services performed by third parties*	*6,194*	*6,382*	▼*2.9%*
(1,063)	**-**	**-**	**Value adjustments regarding the current assets**	**(1,063)**	**(50)**	
(7,700)	**(6,597)**	▼16.7%	***Provisions-related adjustments***	**(7,700)**	**(9,065)**	▼15.1%
-	**-**		**Loss from assignment of assets**	**-**	**3,501**	
27,819	**26,587**	▲4.6**%**	**Other operating expenses, out of which:**	**27,819**	**29,019**	**▼4.1%**
25,963	*25,162*	▲3.2%	*-modernization quota expenses*	25,963	*27,395*	▼**5.2**%
156,667	**160,274**	**▼2.2%**	**Total operating expenses**	**156,667**	**159,450**	**▼1.7%**

The operating expenses achieved during January- June 2017 decreased by 1.7% YoY, from de la 159.45 million RON to 156.67 million RON and are 2.2% below the Budget (3.61 million RON).

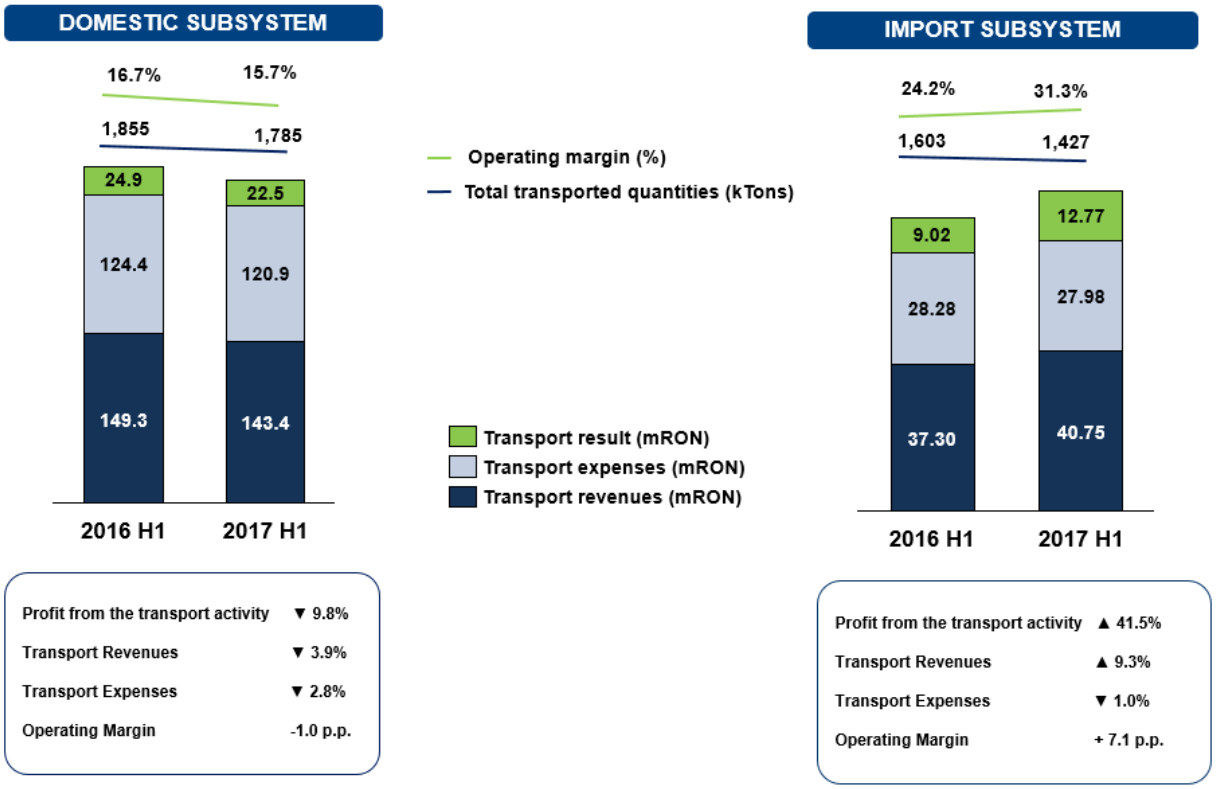
The operating costs triggered by the operation of the two transport sub-systems (domestic and import) were 2.5% lower in 2017 H1 than 2016 H1.

In exchange, The cost per transported ton grew by 5.0% (from 44.14 RON/ton in 2016 to 46.36 RON/ton in 2017), due to the decrease of the total transported quantity.

In structure, the cost/ton evolution is as follows:

- the domestic subsystem generated in 2017 a cost/ton higher by 1.0%, from 67.06 RON/ton to 67.74 RON/ton, generated by the decrease of the transported volumes by 70 thousand tons (3.8%);
- the import subsystem records an increase of the cost/ton by 11.2%, from 17.63 RON/ton to19.61 RON/ton, due to the decrease of the transported quantities by 177 thousand tons, following the close-down of Petrotel-Lukoil Ploiesti Refinery for 40 days.

The profitability of the transport subsystems is as follows:



The Operating Profit

Within the first 6 months of 2017, EBITDA increased by 8.1% (5.09 million RON) YoY. EBITDA evolution was mainly sustained by the improvement of the operating costs control, which led to economies in amount of 4.74 million RON YoY, but also by an increased amortization by approximately 2 million RON.

As compared to the Budget provisions, EBITDA level is 13.9% higher (8.3 million RON), being influenced by the 2.9% increase of the transport revenues, but also from the economies achieved at costs in amount of 4.18 million RON as compared to the Budget provisions.

The decrease of the transported quantities on the domestic transport subsystem had a negative impact on profitability, being recorded a profit which is 9.8% lower than the similar period last year (22.46 million RON 6 months 2017 as compared to 24.89 million RON 6 months preceding period).

In exchange, on the import transport subsystem the situation is backwards, registering an increase in profitability by 3.75 million RON, due to the increase of the transported quantities by 342 thousand tons in relation to OMV Petrom, as well as by the diminution of the costs by 1.04%, thus offseting the adverse impact of the decrease of the transported quantities to Lukoil refinery.

Operating Profit (EBIT)

EBIT has registered an increase 7% higher as compared to 6 months 2016 (45.94 million RON from 42.80 million RON).
As compared to the Budget, EBIT grew to 22.5% (8.43 million RON).

Gross Profit
The profit before taxation has registered an increase by 7.2% as compared to 6 months 2016 (47.84 million RON from 44.63 million RON).

Financial Result
The financial result registered in 2017 H1 was positive (1.90 million RON).

Net Profit
The profit after tax has registered an increase by 9 **%** as compared to 6 months 2016 (40.39 million RON from 37.05 million RON).

As compared to the budget provisions, the net profit increased by 21.7% (7.21 million RON).

Cash-flow Statement during 01.01.2017 - 30.06.2017 vs. the period 01.01.2016 - 30.06.2016

(DIRECT METHOD) **Lei**

	Name of the Element	January-June 2017	January - June 2016
	Cash flows from operating activities:		
+	Proceeds from services supply	199,692,134	198,599,686
+	Proceeds from interests related to banking investments	1,221,583	805,293
+	Other proceeds	2,401,295	748,138
-	Payments to the suppliers of goods and services	(55,285,084)	(56,891,663)
-	Payments to and on behalf of the employees	(56,188,567)	(54,937,366)
-	VAT payments	(24,969,109)	(24,465,356)
-	Corporate tax payments	(7,743,195)	(7,169,662)
-	Other payments regarding operating activities	(17,699,616)	(16,148,793)
A	***Net cash from operating activities***	***41,429,441***	***40,540,277***
	Cash flows from investment activities:		
+	Proceeds from sale of tangible assets	1,424,124	-
+	Proceeds from modernization quota	25,963,435	27,395,011
+	Proceeds from short-term financial investments	142,959,952	262,480,756
+	Proceeds from interests related to government securities	1,622,248	3,460,844
-	Payments for purchase of tangible assets	(19,110,522)	(24,861,451)
-	Payments for short-term financial investments	-	(172,095,327)
B	***Net cash from investment activities***	***152,859,237***	***96,379,833***
	Cash flows from financing activities:		
+	Proceeds dividends transferred to Depozitarul Central	2,709,838	2,044,338
-	Paid dividends	(143,058)	(78,247)
C	***Net cash from financing activities***	***2,566,780***	***1,966,091***
	Net increase of the cash and cash equivalents=A+B+C=D2-D1	***196,855,458***	***138,886,201***
D1	***Cash and cash equivalents at the begining of the period***	***244,597,901***	***124,120,815***
D2	***Cash and cash equivalents at the end of the period***	***441,453,359***	***263,007,016***
	To which is being added:		
	Government securities as government bonds and treasury bills	*18,928,815*	*162,953,127*
	Total availabilities at the end of the period	***460,382,174***	***425,960,143***

Capital Expenditure (Investments)

The investment projects within CONPET targets, mainly, enhancing efficiency of the transport activity under operation, under safe conditions, the National Transport System (NTS).

The investments are being financed out of own sources made up of: the modernization quota targeting exclusively the financing of works evecuted at the assets belonging to the public domain as well as for the financing of new investment related to the public domain and other own sources.

The synthesis of the investments achieved in the first 6 months of 2017, on types of assets' membership, as compared to the program for the same period is being presented as follows:

Thousand RON

Name	Cummulate 6 months 2017		
	Program	**Achieved**	**%**
TOTAL, of which:	**19,108**	**14,719**	**77%**
Public Domain	16,834	11,695	69%
Operating Domain	2,274	3,024	133%

The investments achieved within the first six months of 2017 amounted to 14,719 thousand RON, out of which, per financing sources:

- modernization quota – 11,531 thousand RON ;
- own sources (profit) – 3,188 thousand RON.

The investment program targeted:

- the continuation of the works for the rehabilitation of the major pipelines for the transport of crude oil and rich gas ;
- investment works on the installations of the equipment and correspondent endowments related to the national transport system, of which the most important:
    - modernization of the monitoring system vibrations and temperatures to the pumping equipment implemented in the crude oil domestic system ;
    - modernization of the external lightening installations by using the sources in LED technology West Division and Import Division;
    - modernization of Independenta crude oil loading ramp.

The main investment objectives commissioned in the first 6 months of the year 2017 were:

- modernization LED lightening installation in the worksites: Băicoi and Bărbătești pumping station;
- modernization telephone offices PABX within the locations Ploiești – Anul 1848 Street, Ploiești Second Headquarter, Poiana Lacului, Bărăganu and Moinești;
- optimization access network Ethernet multiplexers;
- fencing Marghita ramp;
- climatization and monitoring locations telecommunications system;
- modernization of the integrated application system rail wagons weighing in Bărbătești, Biled, Pecica, Marghita and Petrobrazi ramps;
- modernization of the tank leak automation in Călărești A and B stations;
- independent endowments and equipment.

The total value of these investment objectives represented 4,592.64 thousand RON and the financing thereof was performed from the modernization quota (2,313.40 thousand RON), and from other own sources (2,279.24 thousand RON).

Procurement

The procurement activity was performed based on the annual procurement program approved also according to the Internal Procedural Procurement Norms.
The statements of the service procurement contracts with values higher than 100,000 Euro and of the works procurement contracts with values higher than 500,000 Euro are presented in Annexes 8 și 9 to this report.

Economic – financial Indicators

Indicator	Calculation Formula	January-June 2017	January-June 2016
1. Current liquidity indicator	Current assets/Current Debts	2.66	8.98
2. Customer debit speed of rotation (days)	Customers average balance/ Turnover (inclusive of VAT) x 180 days	29	28
3. Fixed assets speed of rotation (no. of times)	Turnover/fixed assets	0.47	0.46
4. Rotation speed of trade liabilities	Suppliers average balance / procurement of goods and services (inclusive of TVA) x 180 days	41	41

Current liquidity indicator measures the company's ability to perform its short-term obligations. The obtained value of 2.66 is above the recommended value, it is acceptable and is 2. The indicator's evolution reflects a good company's ability to cover the current liabilities on account of current assets.
The significant decrease of the current liquidity indicator (from 8.98 to 2.66) was due to the increase of the current debts following the distribution, out of the retained earnings at 31.12.2016, of the amount of 73.73 million RON, as dividends due to shareholders.

Customer debit speed of rotation expresses the effectiveness of the company in collecting its receivables. The indicator registers an ascending level, resulted in the collection of receivables at 29 days.

Rotation speed of liabilities expresses the number of credit days the company obtains from its suppliers.The indicator records a constant level of 41 days, 12 days higher than the duration of collection of receivables.

Fixed assets speed of rotation evaluates the efficiency of the fixed assets activity by examining the turnover value generated by a certain amount of assets. The level of this indicator is 0.47 rotations related to the year 2017 H1.

Other Aspects

Litigations
The most important litigations in which the company is involved are presented below**:**

- **File no. 5555/2/2014* – Bucharest Court of Appeal (on the merits, pending before Bucharest Court with initial no. 33317/3/2007)**

Parties: Authority for State Assets Recovery, Ministry of Economy, Commerce and Business Environment (Office for State Ownership and Privatization in Industry) - Plaintiff
CONPET S.A., Fondul Proprietatea S.A., Registrului Independent Regisco S.A., National Securities Commission - Defendants
Object of application: Action for the recovery of possession of immovable property of a number of 524.366 shares from the share capital of CONPET S.A and the obligation to provide services.
Mentions: By decision no. 118/30.01.2015, Bucharest Court of Appeal grants the appeal declared by the plaintiffs in appeal Energy Department within the Ministry of Economy and the Ministry of Economy as successor in title of the Ministry of Economy, Commerce and Business Environment. It grants the motion filed by the plaintiffs in appeal Energy Department within the Ministry of Economy and the Ministry of Economy as successor in title of the Ministry of Economy, Commerce and Business Environment against the defendant Fondul Proprietatea SA. It admits the ownership right of the plaintiff Ministry of

Economy on 524.366 shares of CONPET SA. It compels the defendants to take the necessary actions for registration in the register of shareholders. The Energy Department within the Ministry of Economy and Fondul Proprietatea SA filed the second appeal.

By decision no. 802/19.04.2016, the High Court of Cassation and Justice admits the second appeals declared by appellant-plaintiff the Ministry of Energy and the appellant-defendant Fondul Proprietatea SA against the civil decision no. 118/A from January 30th 2015, delivered by Bucharest Court of Appeal – Division V of Civil Court. It invalidates the appealed decision and remands the case for retrial to the same court. It rejects the second appeal declared by the appellant-plaintiff the Ministry of Energy against the court resolution from April 3rd 2015, delivered by the same court.

By the application of second appeal, Fondul Proprietatea S.A. requested:

-the second appeal admission as it was filed;

-the complete modification of the Civil decision no. 118/A from 30.01.2015, delivered by Bucharest Court of Appeal, Division V of Civil Court

-and, consequently, the dismissal as ungrounded of the action for the recovery of possession of movable property filed initially by A.V.A.S. (currently, the Ministry of Energy, Small and Medium Enterprises and Business Environment and the Ministry of Economy, Commerce and Tourism) and

-court charges.

The Ministry of Energy, Small and Medium Enterprises and Business Environment (successor in title and obligation of the Energy Department) filed the second appeal against the Court resolution delivered by Bucharest Court of Appeal, Division V of Civil Court, in the session of the Council Chamber from April 3rd 2015, requesting:

Pursuant to the provisions of art. 281 ind. 3 from the Civil procedure code and art.304 items 7, 8 and 9 from the Civil procedure code, the admission of the second appeal, modification of the appealed Court resolution in the sense of clarifying the meaning of operative part of Civil decision no. 118/A/ 30.01.2015 and establishing the ownership right on the shares of CONPET SA as belonging to the Ministry of Energy, Small and Medium Enterprises and not to the Ministry of Economy, Commerce and Tourism.

Also, the Ministry of Energy, Small and Medium Enterprises and Business Environment (successor in title and obligation of the Energy Department) filed the second appeal against the Civil decision no. 118/A/ 30.01.2015 delivered by Bucharest Court of Appeal, Division V of Civil Court, requesting:

The admission of the second appeal, the partial modification of the appealed decision, in the sense of establishing the ownership right of the plaintiff Ministry of Energy, Small and Medium Enterprises and Business Environment (and not of the Ministry of Economy, Commerce and Tourism) on 524.366 shares of CONPET SA.

By Decision no. 932/19.05.2017, Bucharest Court of Appeal admits the lack of active capacity to stand trial of the appellant Ministry of Economy. It dismisses the appeal of the Ministry of Economy as being filed by a person without active capacity to stand trial. It

dismisses the lack of active capacity to stand trial of the appellant Ministry of Energy as ungrounded. It dismisses the appeal declared by the appellant-plaintiff Ministry of Energy as ungrounded. It partially admits the motion of court charges filed by the intimate Fondul Proprietatea. It compels the appellant Ministry of Energy to pay to the intimate the court charges of 10.708 lei as legal stamp duty and 150.000 lei as attorney fee.
The decision can be object to second appeal after communication.
Procedural status: --
Trial date: --

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

Parties: Cojocaru Irinel - plaintiff
CONPET S.A. – defendant
Object: Recovery of possession of movable property of 2.500 square meters, located in Ploiești, Rezervoarelor Street.

Mentions: By the court resolution from 24.05.2011, the court suspended the case pursuant to art. 244 par. 1 from the Civil procedure code. On 22.10.2014, the file was re-docketed.
Procedural status: Merits
Trial date: 03.08.2017

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

Parties: CONPET S.A. - defendant

ICIM S.A. - defendant
E.T.H. Arhitectural Systeme S.R.L. by legal liquidator Societatea Dăscalescu & Co – plaintiff
Object: CLAIMS [litigation amount: 1.146.784,7 lei to which are added damages (penalties/interests)
Mentions: By the court resolution from 11.04.2017, Prahova Court, based on the provisions of art. 262 par. 4 from Law no. 85/2014 suspends the trial. The Court resolution was object to second appeal. It is the object of file no. 6544/105/2011/a1 pending before Ploiești Court of Appeal.
Procedural status: Merits - suspended
Trial date: 28.09.2017 – for judging the second appeal filed by E.T.H. Arhitectural Systeme S.R.L. against the Court resolution which ruled the suspension.

- **File no. 2549/270/2015 – Bacău Court**

Parties: CONPET SA – defendant
Societatea Națională de Transport Gaze Naturale Transgaz SA- defendant
Moraru Daniel – plaintiff
Moraru Nicoleta Valentina – plaintiff
Object: Moraru Daniel and Moraru Nicoleta Valentina filed the arraignment requesting the court to rule, by the decision to be delivered:

- the obligation of the defendants to demolish the buildings erected without right on the land of plaintiffs, located inside the built-up area of Tg. Ocna locality, 7 Magura Street, with land survey number 2165, and in case of refusing our authority (n.ns. of plaintifss) to demolish them at their expense (n.ns. of defendants);
- the obligation of the defendants to pay the court charges for the trial herein

Mentions: On 01.03.2016, the court dismisses the arraignment as ungrounded. The decision was appealed by the plaintiffs.

The Court resolution from 13.03.2017 admits the lack of functional jurisdiction of Division I of the Civil court and consequently: Declines the case jurisdiction to Division II of Civil court of Bacau Court for competent jurisdiction.
Procedural status: Appeal
Trial date: 26.09.2017

- **File no. 8425/281/2015 – Ploiești District Court**

Parties: CONPET SA – counterclaim defendant
Panaitescu Mircea – counter-defendant
Object: Claims. Panaitescu Mircea filed the arraignment requesting the obligation of Conpet to pay the amount of 5.000 lei as lack of use and annual rent of 12.000 lei. CONPET filed the counterclaim by which it requested the institution of the right of legal easement and determination of annual rent.
Procedural status: Merits
Trial date: 14.09.2017

- **File no. 16082/281/2015 – Ploiești District Court**

Parties: CONPET SA - defendant
Ovidenie Dumitru - plaintiff
Object: Recovery of possession of movable property. Ovidenie Dumitru formulates the arraignment requesting the obligation of CONPET to surrender the land of 335 square meters located in Brazi Commune, T 31, PLOT 178/19; restoring the land to its initial state; payment of lack of use for the last 3 years. CONPET filed the motion for establishing the proprietor of the right in rem.
Procedural status: Merits
Trial date: Delivery postponed on 12.07.2017

- **File no. 14960/280/2015 - Pitești District Court**

Parties: CONPET SA – defendant
Cirstea Stelian and Cirstea Gherghina – plaintiffs
Object: Cirstea Stelian and Cirstea Gherghina filed the arraignment requesting the court to compel the defendant CONPET to:

1. pay the lack of use from the date of acquiring ownership of the land – more precisely from October 6th 2014, the lack of use which is temporarily evaluated to the amount of 1.000 lei – the number of the arraignment following to be increased after the submitting the evidence.
2. collect its pipes and related installations from the land owned by the plaintiff and to the extent to which this is possible, to pay the monthly amount equivalent to the counter-value of the rent for the land occupied and affected by the pipes and installations on it – at the level of rents practiced on the free market.

Procedural status: Merits
Trial date: 05.09.2017

- **File no. 21382/281/2015 - Ploiești District Court**

Parties: CONPET- defendant
Iordache Margareta - plaintiff
Object: Iordache Margareta formulates the arraignment requesting to compel the defendant CONPET to pay the counter-value of the lack of use of the real estate owned by the plaintiff, land located in Blejoi Commune, Ploieștori village, strip field 24, plot 187/15, for the last three years prior to filing the action.
Mentions: By the court resolution from 02.05.2017, Ploiești District Court suspends the case to the judged pursuant to art.242 par. 1 from the Civil procedure code. The court resolution can be object to second appeal on the period of the suspension of trial to be judged.
Procedural status: Merits - suspended
Trial date: --

- **File no. 3451/108/2016* – Arad Court**

Parties: CONPET SA – defendant
Administrative territorial unit of Pecica City - plaintiff
Object: The Administrative territorial unit of Pecica City filed the arraignment requesting: Mainly: - to compel the defendant CONPET S.A. to deviate the oil pipe which crosses a number of 22 land plots inside built-up area, for building households, in our property, with total area of 20.287 square meters.
- to compel the defendant CONPET S.A. to pay the amount of Euro 65.000 representing the counter-value of the house located on the plot no. A141.7760/5/174, registered in the Land Register no. 306869 because it cannot be capitalized by the undersigned.
Subsidiarily:
- to compel the defendant CONPET S.A. to pay the annual rent, during the period of pipe existence, following the encumbering of above-mentioned areas by the right of legal easement exercised by CONPET SA;
- to compel the defendant CONPET S.A. to give compensations for the period 31.10.2014-31.05.2016 following the limitation of ownership right attributes of the 22 land plots inside the built-up area and the decrease of real estate average price of the land on the real estate

market due to restrictions imposed by the Order 196/2006 of the National Agency for Mineral Resources concerning the buildings;

- to compel the defendant SC CONPET S.A. to adapt the amount of compensations every three years at the real estate average price from that moment of similar lands and future ordinary provisions of National Agency for Mineral Resources;

-to establish the annual due date until when the compensations will be paid, the non-payment on the due date following to entail the payment of legal interest related to the amount received as compensation for the delay period;

- to grant the court charges in the case, in case of opposition.

Mentions: By sentence no. 336/18.05.2017, Arad Court dismisses the civil action filed by plaintiff Administrative Territorial Unit of Pecica City having as object the obligation to provide services and claims. The decision can be appealed after communication.

Procedural status: Merits

Trial date: --

- **File no. 7558/270/2016 – Onești District Court**

Parties: CONPET SA – defendant

Urechești Commune – plaintiff

Object: Urechești Commune formulates the arraignment requesting the court to:

1. compel the defendant-debtor to pay the amount of 9.088 lei, representing the rent not paid to Urechești Commune, Bacău County, for the land occupied by the oil pipe, for the years 2015 and 2016;
2. compel the defendant to pay the accessory fiscal obligations in the amount of 1.318 lei;
3. pay the property owner's tax for the years 2015 and 2016, in the amount of 32 lei;
4. compel the defendant to pay the court charges.

Procedural status: Merits

Trial date: 20.09.2017

CORPORATE GOVERNANCE

At CONPET level, the corporate governance structures are:

- The General meeting of Shareholders;
- The Board of Adminstration;
- The Director General.

The General Meeting of Shareholders

At reference date 30.06.2017, the total number of the shares was 8,657,528. The company's shareholding structure, in compliance with the consolidated synthetic shareholding structure at the same date, was the following:

Shareholders	No. of shares	%
ROMANIAN STATE REPRESENTED BY THE MINISTRY OF ENERGY	5,083,372	58.7162
Legal persons	2,734,435	31.5845
Natural persons	839,721	9.6993
TOTAL	**8,657,528**	**100%**

The Board of Administration

The company is administered by the Board of Administration consisting of 7 administrators/members, have been elected by the Ordinary General Meeting of Shareholders over a period of 4 years.

At reference date 30.06.2017, the Board of Administration has the following structure, presented in detail and posted on the company's website.

Non – executive administrators:

- Mr. Dan Weiler - Chairman of the Board of Adminstration;
- Mrs. Roxana Elena Gheorghe - Board of Administration member;
- Mrs. Cristiana Chiriac - Board of Administration member;
- Mr. Radu Bugică - Board of Administration member;
- Mr. Darius Dumitru Meșca - Board of Administration member
- Mr. Răzvan Ștefan Lefter - Board of Administration member

Executive administrator:

- Mr. Liviu Ilaşi – Board of Administration member and Director General

At the date of this report, at the Board of Administration level work five consultative committees:

- The Audit Committee;
- The Nomination and Remuneration Committee;
- The Finance and Investor Relations Committee;
- The Committee for Relations with Regulatory and Energy Authorities;
- The Development Committee.

The composition of the consultative committees can be seen at the following addresses:

- http://www.conpet.ro/en/corporate-governance/board-of-administration/consultative-committees/

The Consultative Committees of the Board of Administration

At reference date 30.06.2017, the consultative committees of the Board of Administration have been established the following responsibilities:

The Audit Committee

The Audit Committee was set-up pursuant ot the BOA Decision no. 16/28.11.2013 and maintained (reconfirmed) by the BOA Decision no. 15/ 17.12.2015.
The Audit Committee members are: Gheorghe Roxana-Elena, Meșca Darius-Dumitru and Bugică Radu.
The Audit Committee is made out of 3 (three) non-executive, independent administrators.

The main duties of the Audit Committee are:

- to make recommendations to the Board of Administration with regard to the Company's strategy and policy in the area of internal control, internal audit and financial audit;
- to monitor the financial reporting process, being notified by the external auditor with regard to any major deficiencies of the internal control for this area;
- to submit for approval to the Board of Administration, its proposals on the selection, appointment, reappointment and rescission of the external financial auditor;
- to monitor the efficiency of the internal control, internal audit, and, as the case may be, of the risk management systems of the trading company;
- to discuss and approve the annual and multi-annual plan of public internal audit;
- to approve the Charter of Public Internal Audit;
- to monitor the activity of internal auditors and financial auditors;
- to review and issue an opinion on the recommendations made by internal auditors;
- to review, together with the financial auditors, the draft financial statements;
- to regularly review and endorse the internal audit's findings and recommendations, as well as the plans for implementation thereof;

- to review and endorse the Annual Report of Public Internal Audit;
- to support the Board of Administration in classifying the Company's specific risks and in implementing a risk management system;
- to review regularly the efficiency of the financial reporting, internal control and risk management system adopted by the Company;
- to assess the efficiency level of the risk management system, in terms of ensuring a correct identification, management and reporting of main risks (including those related to fraud and legislation compliance and connected regulations), are correctly identifies, managed and reported, consistently with the audit plan.

The Nomination and Remuneration Committee

The Nomination and Remuneration Committee was set-up pursuant ot the BOA Decision no. 16/28.11.2013, the composition thereof being updated pursuant to the BOA Decision no. 15/ 17.12.2015.

Members of the Committee are: Weiler Dan, Chiriac Cristiana and Lefter Răzvan Ștefan.

The Nomination and Remuneration Committee is made up of 3 (three) independent, non-executive administrators.

The main duties of the Nomination and Remuneration Committee are:

- to coordinate the process of selecting/choosing the Board of Administration members;
- to recommend to the Board of Administration, proposals of candidates for the position of administrators and/or for the Board of Administration vacancies;
- to propose to the Board of Administration, the procedure for selecting the Director General candidates and to recommend the Director General's appointment:
- to evaluate overall professional skills, knowledge and experience at the Board of Administration level;
- to establish the requirements for occupying certain positions in the Company's executive management;
- to draw up proposals concerning the remuneration policy applicable to the administrators and Director General;
-to identify performance based criteria and objectives of any remuneration schemes (other financial benefits);
- to review, assess and propose to the Board of Administration, any payment commitment or indemnity to be specified in the Management Contract signed with the administrators or in the Director General's Contract of Mandate;
- to monitor the implementation of principles included in the Director General' and administrators' remuneration policy and informs the Board of Administration in connection therewith, ensuring that the monthly remuneration is justifiably granted in relation to the level of fulfilment of the specified responsibilities;
- submits to the OGMS, a Yearly Report on the remuneration and other advantages granted to the administrators and Director General along the previous financial year.

The Finance and Investor Relations Committee

The Finance and Investors Relations Committee was set-up pursuant to the BoA Decision no. 17/06.12.2013 and maintained (reconfirmed) by the BoA Decision no. 15/17.12.2015.
The members of the Committee are: Bugică Radu, Ilași Liviu și Gheorghe Roxana-Elena.
The Finance and Investor Relations Committe is made up of 3 (three) administrators, out of which 2 (two) are non-executive, independent administrators.

The main duties of the Finance and Investor Relations Committee are:

-to monitor the economic and financial situation of the Company;
-to increase the transparency and predictability of financial reportings;
-to recommend the financial structure and mobilisation of resources in an efficient manner and consistent with the management plan;
-to promote and increase the Company's visibility on the capital market;
-to submit regularly economic and financial reports;
-to decide, organise and attend the events aiming at promoting and increasing the Company's visibility on the capital market;
-to advise the Board of Administration' members and the Director General with regard to aspects connected to the management and preparation of revenue and expenditure budget, annual financial statements and biannual accounting reporting, as well as with regard to the aspects connected to the multi-annual financial planning;
-to notify the Board of Administration with regard to the financial facets concerning the Company's leadership and management;
-to submit proposals with regard to the strategy and path to follow when approaching the relation with investors.

The Committee for Relations with Regulatory and Energy Authorities

The Committee for Relations with Regulatory and Energy Authorities was set-up pursuant to the BOA Decision no. 17/ 06.12.2013 and maintained (reconfirmed) pursuant to the BoA Decision no.15/ 17.12.2015.
The members of this Committee are: Chiriac Cristiana, Weiler Dan, Ilași Liviu, Meșca Darius-Dumitru.
The Committee for Relations with Regulatory and Energy Authorities is made up of 4 administrators, out of which 3 are non-executive.

The main duties of the Committee for Relations with Regulatory and Energy Authorities are:
- monitor the Company's intercessions with the regulatory and energy authorities, related to technical, legislative, etc. aspects of its activity;
- monitor the fulfilment of the obligations established by the regulations applicable to the Company's activity;
- review all proposals related to the regulatory framework and submits these to the Board of Administration;

- monitor the collaboration relations with public authorities and supports the Board of Administration in the management of the collaboration policy;
- review regularly the list of CONPET critical infrastructure objectives and the security measures established;
- ensure the conditions required to implement protection measures for all critical infrastructure objectives owned by the Company or from the operative field;
- monitor its own programmes of prevention and fight against terrorism by optimum physical protection and organisational measures, issuing relevant recommendations to the Board of Administration;
- may represent the Company before the regulatory and energy authorities.

The Development Committee

The Development Committee was set-up pursuant to the BOA Decision no. 17/ 06.12.2013 and the composition thereof was updated pursuant to the BOA Decision no. 15/ 17.12.2015. This Committee has the following composition: Ilași Liviu, Weiler Dan, Gheorghe Roxana-Elena, Meșca Darius-Dumitru și Lefter Răzvan Ștefan.

The Development Committee is made up of 5 administrators, out of which 4 are non-executive.

The Committee has the following attributions:

- supports the Board of Administration in achieving its responsibilities in the area of drafting and updating the Company's development strategy;
- issues recommendations concerning the Company's development strategies and paths on medium and long term;
- identifies the major development paths on national and international level and issues recommendations concerning the major subjects to be taken into account and with strategic impact on the Company's development;
- drafts proposals to increase the efficiency of Company's development activities;
- reviews the opportunities identified for the Company's development;
- reviews the achievement of the Company's strategic programmes;
- notifies the Board of Administration with regard to the strategic programmes' efficiency;
- reviews regularly the achievement level of the Current and Capital Repair investment programmes and monitors the maintenance and modernization works performed to the national Transport System;
- reviews regularly the compliance with the annual procurement programme implemented by the Company.

The documents regarding the organization and activity performance of the BOA and related consultative committees can be analysed on the web address: http://www.conpet.ro/wp-content/uploads/2015/11/Organizational-and-Operational-Rules-and-Regulations-of-the-BoA.pdf, respectively http://www.conpet.ro/wp-content/uploads/2015/11/Internal-Rules-

and-Regulations-on-the-Organization-and-Functioning-of-the-Consultative-Committees-21.12.2015.pdf .

The Audit Committee and the Nomination and Remuneration Committee are binding, as per the legal provisions in force.

The consultative committees meet whenever necessary, at the President call, and the proposals/recommendations formulated by the Board of Administration (for the substantiation of the resolutions made thereby) are being adopted with majority of exercised votes. The attributions and responsibilities of the consultative committees are being established by the Board of Administration.

The Board of Administration may set up as well, by resolution, other consultative committees, in different areas of activity, pursuant to the company's necessities and the management strategy thereof.

At least one member of each consultative committee should be non-executive independent administrator. The audit and remuneration committees are made up exclusively of non-executive administrators. At least one member of the audit committee must have expertise in the application of the accounting policies or financial audit.

The number of BoA and Consultative Committees meetings, Attendance and Summary of the Activities is the following:

Administrator	BOA	Audit Comittee	Nomination and Remuneration Committee	Finance and Investors Relations Committee	Relations with Regulatory and Energy Authorities	Development Committee
Number of meetings	**9**	**6**	**6**	**6**	**6**	**6**
Weiler Dan	9	-	6	-	6	6
Chiriac Cristiana	9 - present	-	6	-	6	-
Bugică Radu	6 - present 2 - votes by proxy 1 - did not give a vote	6	-	6	-	-
Gheorghe Roxana-Elena	5 - present 3 - votes by proxy 1 - did not give a vote	6	-	6	-	6
Meşca Darius-Dumitru	8 - present 1vote by proxy	6	-	-	6	6
Ilaşi Liviu	8 - present 1 vote by proxy	-	-	6	6	6

Lefter Răzvan Ştefan	9 present	-	6	-	-	6

Summary of activities

The meetings of the Board of Administration took place according to the agenda transmitted to the administrators, the main decisions made having as object the following:

- Endorsement of the income and expenditure budget for 2017 – Annex 1 and its substantiation note to the Ordinary General Meeting;
- Approval of Annexes no. 2 - 5 of the income and expenditure budget for 2017;
- Endorsement of the Investment program for 2017 (with the structural breakdown of investment objectives and list of independent equipment and machinery) – Annex no. 1 and approval of annexes no. 2 and 3 of the investment program;
- Competence delegation to the General Director for the periodical revision of the Investment program for 2017 without exceeding the total value of investment expenditure;
- Approval of the report of the Nomination and Remuneration Committee regarding the proposal to conclude an Addendum to the Adminstration/Mandate Contracts of the non-executive/executive administrators, having as scope the performance indicators and objectives of the administrators corresponding to the administration/mandate contract duration and to year 2017;
- Endorsing the value update in relation to the performance objectives and indicators for non-executive administrators and executive administrator – General Director, calculated in correlation with the data from the income and expenditure budget for 2017;
- Periodical monitoring of the mode of physical and value performance of the Investment program for 2017;
- Approval of the Annual procurement program for 2017 and of its final form and the competence delegation to the General Director for his periodical revision within the limits delegated by the Board of Administration;
- Periodical monitoring of the ongoing procurement stage which value exceeds 100.000 lei, of the situation of contracts concluded/completed with value exceeding 100.000 lei, situation of contracts completed with value exceeding 100.000 lei, situation of ongoing contracts of utilities in 2017;
- Approval of Monthly reports of Consultative committees;
- Approval of the Convening Notice of the General Meeting of Shareholders and of the materials related to their agenda;
- Periodical information concerning the fulfilment stage of measures decided by the Board of Administration and concerning the current activity of the company and performance problems by technical, economical, legal and other components;
- Approval of preliminary financial statements on the date and for the financial year ended on December 31st 2016, accompanied by the list of contracts, the value of

exceeds Euro 500.000 / acquisition (for goods and works), namely Euro 100.000 / acquisition (for services);

- Approval of the Report of the nomination and remuneration committee concerning the proposal to conclude the addendum to the administration/mandate contract of non-executive administrators/executive administrator, having as object the performance objectives and indicators for administrators for the period of the administration/mandate contract in 2017;
- Approval of the result of the annual inventory of company goods for 2016 and of the result of annual inventory of goods belonging to the state public domain for 2016;
- Approval of decommissioning and capitalization by bid sale of goods from the company patrimony;
- Periodical monitoring of the fulfilment degree of performance indicators for non-executive administrators and executive administrator;
- Approval of company representation at different internal and international events, establishing the composition of delegations and approval of travel reports;
- Periodical monitoring of the situation of liquidities and banking investments, as well as of registered interests, establishing the banks with which the company collaborates;
- Endorsement of annual financial statements drawn up for the financial year concluded on December 31st 2016;
- Approval of the Annual report of administrators by the Ordinary General Meeting of Shareholders concerning the financial year concluded on December 31st 2016, drawn up according to the regulations in force concerning the capital market, accompanied by annexes;
- Endorsement of proposals to the Ordinary General Meeting of Shareholders concerning the distribution of net profit related to the financial year 2016 and of amounts from the retained earnings, setting the gross dividend per share and the date of dividends payment to the shareholders;
- Approval of the Annual report of the nomination and remuneration committee to the Ordinary General Meeting of Shareholders concerning remuneration and other advantages granted to non-executive administrators and to the General Director – executive administrator, during the financial year 2016, the fulfilment mode on December 31st 2016 of performance criteria and objectives established in the Administration contracts/mandate contract;
- Approval of the Report of the nomination and remuneration committee to the Ordinary General Meeting of Shareholders concerning the proposal to conclude an addendum to the Administration contracts/mandate contract of non-executive administrators/executive administrator, having as object subcomponent 2 of the variable component of their remuneration for 2017;

- Approval of the Activity report of the Director General for 2016, drawn up according to art. 54 from the Government Emergency Ordinance no. 109/2011 on corporate governance of public enterprises;
- Approval of sponsorship requests and periodical monitoring of sponsorship contracts concluded by the company;
- Approval of proposals concerning CONPET capacity of member within employer's/professional bodies, nongovernmental associations and payment of related membership fees, for 2017;
- Approval of the new organizational structure of CONPET and amendment of the Organizational and operational regulation of CONPET and staff establishment, correlated with the new organizational structure;
- Approval of entry as costs of fines established by the National Environmental Guard;
- Approval of criteria, granting levels and calculation modes of amounts representing the profit contribution of employees for 2016;
- Approval of the quarterly report on the economical and financial activity of CONPET for 1st quarter of 2017 (ended on March 30th 2017) and the Simplified Interim financial statements on the date and for the period of 3 months ended on March 30th 2017;
- Approval of the Director General's activity report for 1st quarter of 2017 (ended on March 30th 2017) on CONPET activity;
- Approval of competence delegation of the General Director to approve the revision (amendment) of procurement program for 2017 for acquisitions with a value lower than Euro 200.000;
- Approval of the reccomendation of certain budget positions from Annex 2 to the Revenues and Expenditure Budget, for the financing of consultancy services for preparation of a study having as scope the development strategy of CONPET for the period 2017-2030.

The Consultative Committees established at the level of the Board of Administration have analyzed the materials submitted in the meeting of the Board of Administration and made proposals, recommendations, gave permits, where appropriate, in accordance with the specific duties and responsibilities, while monitoring the reports requested by the Board of Administration.The nomination and Remuneration Committee endorsed the new organizational structure of the company, inforce as of 12.06.2017, the Staff Establishment, Addendum no. 6/2017 to the Collective labor Agreement of CONPET S.A. which also comprises Annex 1 - Job Title Classification, Rules of organization and Functioning of CONPET S.A..

Assessed the professional competencies, knowledge and expertise of the persons nominated by the Director Geenral to ccupy the director positions.

The Consultative Committees reunited in joint meetings have analyzed the Revenues and Expenditure Budget and proposals regarding the preparation of the company's development strategy for the period 2017 – 2030.

The Director General

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

The Director General of the company has the duties stipulated in the Articles of incorporation, supplemented by the applicable legal provisions.

The Director General supplies to the Board of Administration, regularly and comprehensively, detailed information regarding all outstanding aspects for the company business. Additionally, any outstanding event is immediately communicated to the Board of Administration.

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

The management bodies and the administration bodies are active, have the freedom to adopt the decisions they consider right, acknowledge their role and are permanently capable of supporting their decisions against the administration structures or other interested parties that have the right to obtain such information.

The Director General of the company has the following main attributions:

- provides the management and running of the company business and is liable for the execution thereof in relation to both direct duties, as well as the ones instructed to the executive management;
- prepares the annual draft report, the revenues and expenditure budget and the planned works programme and submits them to the Board of Administration;
- observes the reporting liabilities set by the regulations in force regarding the capital market and the provisions of EGO no. 109/2011 regarding the corporate governance of the public enterprises, as well as all the other applicable legal provisions;
- drafts the company development and marketing strategies and policies and submits them for approval to the Board of Administration; applies the strategy, the company development and marketing strategies and policies set by the Board of Administration;
-prepares projects and business plans and submits them to the Board of Administration for approval;

- prepares the Organizational and Operational Rules and Regulations governing the company, the draft organizational structure and personnel structure and submits them to the Board of Administration for approval;
- hires/nominates/removes/promotes/suspends/dismisses, as the case may be, under the law, the company personnel and sets the rights and obligations thereof; negociated the individual labor agreement of the employees;
- negotiates and concludes the Collective Labour Agreement, in the name and on behalf of the company, in the form approved by the Board of Administration;
- concludes juristic acts, in the name and on behalf of "CONPET" S.A., under the law and in compliance with the provisions of the contract of mandate and of the empowerments granted based on the resolution of the Board of Administration.

The Remuneration Policy

In compliance with the provisions of Article 37 paragr (1) and (2) and respectively of Art. 38, paragr. (2) of the Emergency Government Ordinance nr.109/2011 regarding the corporate governance of the public enterprises, further amendments and additions, the administrators and directors receive a monthly fixed gross allowance and a variable allowance for the activity performed.

The monthly fixed allowance is set according to the monthly average salary communicated by the NIS in the branch the company is performing its activity.

The monthly fixed allowance for the nonexecutive administrators of the Board of Administration has been capped in compliance with the provisions of Art. 37 paragr. (3) of the Emergency Government Ordinance no. 109/2011 and it cannot exceed the 12 months average of the average monthly gross earnings in the branch the company is performing its activity, communicated by the National Institute of Statistics (Rom. INS) prior to the appointment.

The monthly fixed allowance for the executive administrators of the Board of Administration has been capped in compliance with the provisions of Art. 37 paragr. (4) of the Emergency Government Ordinance no. 109/2011 and it cannot exceed 6 times the last 12 months average of the average monthly gross earnings in the branch the company is performing its activity, communicated by the National Institute of Statistics (Rom. INS) prior to the appointment.

The variable allowance, granted to the non-executive and executive members, has two sub-components:

- the first subcomponent is being determined quarterly, at the level of the quarter fixed allowance and is being granted in relation to the global degree of fulfilment of the

performance criteria and indicators contained in the administration contracts/contracts of mandate, minimum level 100%;

- second subcomponent is being granted annually and represents 0.416% (for every non-executive member), respectively 2.5% (for every executive member) of the increase in the net profit achieved as compared to the net profit provided in the Revenues and Expenditure Budget for the financial year ended and is being limited at the value of the fixed allowance granted for the entire financial year.

The fixed and variable gross allowances due to the non-executive adminstrators and director general, due during 01.01-30.06.2017

- Non-executive members
  - Fixed allowance – 150,480 RON
  - Variable allowance – 369,426 RON, din care:
    - Subcomponent 1 related to 2016 Q4 – 75,240 RON
    - Subcomponent 1 related to 2017 Q1 – 75,240 RON
    - Subcomponent 2 related to year 2016.- 218,946 RON, calculated based on the financial statements approved in the OGMS as of April 26, 2017:
- Director General
  - Fixed allowance – 151,632 RON
  - Variable allowance – 370,580 RON, out of which:
    - Subcomponent 1 related to 2016 Q4 – 75,816 RON
    - Subcomponent 1 related to 2017 Q1 – 75,816 RON
    - Subcomponent 2 related to year 2016.- 218,946 RON, calculated based on the financial statements approved in the OGMS as of April 26, 2017

The performance and objective indicators for the administrators for the period January – June 2017 are exposed in Annex 7.

Significant events

March 7, 2017

Pursuant to the Resolution of the General meeting of Shareholders no. 1/07.03.2017, was approved the Revenues and Expenditure Budget and the Investment Program related to 2017.

April 26, 2017

The ordinary General Meeting of Shareholders approved the annual financial statements for the financial year 2016, the net profit distribution related to financial year 2016 and the distribution of certain amounts from the retained earnings, as follows:

- 4,756,310 RON – employees' share of profit;

- 1,710,000 RON – other distributions provided by law (exemption from the payment of reinvested corporate tax);
- 143,562,274 RON – dividends due to shareholders out of the net profit related to

2016 financial year and from the retained earnings;
The aggregate value of the gross dividend is 16.58236321 RON/share.

Presentation of the Interim Financial Statements

The simplified interim financial statements at 30.06.2017 and for the six months period ended June 30, 2017 have been prepared in compliance with IAS 34 Interim Financial Reporting.

The simplified interim financial statements do not include all information and elements published in the annual financial statements and must be read together with the annual financial statements, prepared on December 31, 2016.

The simplified interim financial statements at the date and for the six months period ended June 30, 2017 included in this report have been revised by the external auditor BDO Audit SRL.

Accounting Policies

The accounting policies and the evaluation methods adopted in view of drafting the simplified interim financial statements are compliant with those used at the preparation of the financial statements for the year concluded December 31, 2016.

Annexes
Annex 1 Statement of the Financial position at June 30, 2017
Annex 2 Global result Statement at June 30, 2017
Annex 3 Cash-flow Statement at June 30, 2017
Annex 4 REB Execution at June 30, 2017
Annex 5 Executive management members' list
Annex 6 Situation of litigations at June 30, 2017
Annex 7 Pursuit of the performance indicators for the administrators during 01.01-30.06.2017
Annex 8 Statement of works and products procurement contracts with values higher than 500.000 Euro, concluded during 01.01.2017-30.06.2017
Annex 9 Statement of the services procurement contracts with values higher than 100.000 Euro, concluded during 01.01.2017-30.06.2017

Chairman of the Board of Administration
Dan Weiler

Annex 1 : Statement of the Financial Position at June 30, 2017

RON	June 30, 2017 (revised)	December 31, 2016 (audited)
ASSETS		
Non-current assets		
Tangible assets	395,853,581	403,468,873
Intangible assets	1,493,719	1,971,202
Financial investments	855,841	656,965
Total non-current assets	**398,203,141**	**406,097,040**
Current assets		
Stocks	7,979,228	8,548,131
Trade receivables and other receivables	35,610,431	42,356,060
Short-term investments	19,094,542	163,053,678
Cash and cash equivalents	442,025,362	244,598,286
Prepaid expenditure	774,370	255,475
Total current assets	**505,483,933**	**458,811,630**
TOTAL ASSETS	**903,687,074**	**864,908,670**
SHAREHOLDER'S EQUITY AND LIABILITIES		
Shareholder's equity		
Subscribed and paid-up share capital	28,569,842	28,569,842
Legal reserves	5,713,968	5,713,968
Revaluation reserves	30,237,356	32,957,666
Other reserves	547,097,228	536,238,701
Retained earnings	50,135,393	122,395,850
Year's result	40,394,205	71,546,604
Share of profit	-	(1,710,000)
Total shareholder's equity	**702,147,992**	**795,712,631**
Deferred revenues		
Investment Subsidies	1,400,350	1,468,191
Deferred revenues	14,690	15,791
Total deferred revenues	**1,415,040**	**1,483,982**
Long-term debts		
Deferred corporate tax	2,480,062	1,671,210
Long-term provisions	3,413,568	3,542,697
Total long-term debts	**5,893,630**	**5,213,907**

Current debts		
Commercial debts	16,950,728	20,657,756
Current corporate tax	4,047,588	3,901,860
Other debts	169,380,540	26,516,050
Short-term provisions	3,851,556	11,422,484
Total current debts	**194,230,412**	**62,498,150**
Total debts	**200,124,042**	**67,712,057**
TOTAL SHAREHOLDERS' EQUITY AND DEBTS	**903,687,074**	**864,908,670**

Annex 2: Global Result Statement at June 30, 2017

RON	June 30, 2017 (revised)	June 30,2016 (unaudited)
Operating revenues		
Turnover revenues	186,314,395	187,481,051
Other revenues	16,289,129	14,773,808
Total operating revenues	**202,603,524**	**202,254,859**
Operating expenses		
Inventory related expenses	(3,229,734)	(3,145,354)
Expenses with energy and water	(5,172,245)	(4,939,938)
Personnel expenses	(57,562,595)	(55,911,990)
Value adjustments regarding the tangible/intangible assets	(22,280,158)	(20,323,138)
Value adjustments related to current assets	1,063,173	49,774
Expenses related to external services	(49,365,959)	(51,724,532)
Other expenses	(27,819,699)	(32,519,555)
Provisions asjustments	7,700,057	9,064,732
Total operating expenses	**(156,667,160)**	**(159,450,001)**
Operating profit	**45,936,364**	**42,804,858**
Financial revenues	1,920,176	1,879,901
Financial expenses	(19,658)	(55,832)
Financial profit	**1,900,518**	**1,824,069**
Profit before taxation	**47,836,882**	**44,628,927**
Expenses with the current income tax	(6,116,363)	(6,522,262)
Expenses with deffered income tax	(1,326,314)	(1,061,950)
Profit of the period	**40,394,205**	**37,044,715**
TOTAL GLOBAL RESULT OF THE YEAR	**40,394,205**	**37,044,715**
Earnings per share	**4,67**	**4,28**

Annex 3 : Cash-flow Statement at June 30, 2017
(DIRECT METHOD) **RON**

	Element	January -June 2017	January-June 2016
	Cash flows from operating activities:		
+	Proceeds from services supply	199,692,134	198,599,686
+	Proceeds from interests related to banking investments	1,221,583	805,293
+	Other proceeds	2,401,295	748,138
-	Payments to the suppliers of goods and services	(55,285,084)	(56,891,663)
-	Payments to and on behalf of the employees	(56,188,567)	(54,937,366)
-	VAT payments	(24,969,109)	(24,465,356)
-	Corporate tax payments	(7,743,195)	(7,169,662)
-	Other payments regarding operating activities	(17,699,616)	(16,148,793)
A	***Net cash from operating activities***	***41,429,441***	***40,540,277***
	Net cash flows from investment activities:		
+	Proceeds from sale of tangible assets	1,424,124	-
+	Proceeds from modernization quota	25,963,435	27,395,011
+	Proceeds from short-term financial investments	142,959,952	262,480,756
+	Proceeds from interests related to government securities	1,622,248	3,460,844
-	Payments for purchase of tangible assets	(19,110,522)	(24,861,451)
-	Payments for short-term financial investments	-	(172,095,327)
B	***Net cash from investment activities***	***152,859,237***	***96,379,833***
	Cash-flows from financing activities:		
+	Proceeds dividends transferred to Depozitarul Central	2,709,838	2,044,338
-	Paid dividends	(143,058)	(78,247)
C	***Net cash from financing activities***	***2,566,780***	***1,966,091***
	Net increase of the cash and cash equivalents=A+B+C=D2-D1	***196,855,458***	***138,886,201***
D1	***Cash and cash equivalents at the begining of the financial period***	***244,597,901***	***124,120,815***
D2	***Cash and cash equivalents at the end of the financial period***	***441,453,359***	***263,007,016***
	To which is being added: *Government securities as government bonds and treasury bills*	*18,928,815*	*162,953,127*
	Total availabilities at the end of the period	***460,382,174***	***425,960,143***

Annex 4 : Execution of the Revenues and Expenditure Budget at June 30, 2017

INDICATORS	Realizat SEM I 2017 [mii lei]	BVC SEM I 2017 [mii lei]	Grad de realizare (%)
TOTAL REVENUES	205,048	199,786	102.6%
Total operating Revenues	203,128	198,480	102.3%
Financial Revenues	1,920	1,306	147.0%
Outstanding Revenues	0	0	
TOTAL EXPENSES	157,211	161,018	97.6%
Operating Expenses	157,192	160,968	97.7%
Goods and Services Expenses	43,530	45,827	95.0%
Taxes, fees and similar levies related expenses	14,847	14,416	103.0%
Personnel expenses, out of which:	57,854	58,702	98.6%
Salary related expenses	45,452	46.264	98.2%
Wage expense	37,313	37.922	98.4%
Bonuses	8,138	8.342	97.6%
Other personnel expenses, out of which:	0	0	
Severance payment expenses related to personnel layoffs	0	0	
Expenses related to management and audit bodies, BoA , GMS	1,042	1.043	99,9%
Social security, special funds and other legal requirements related expenses	11,361	11.395	99,7%
Other operating expenses	40,960	42,023	97.5%
Financial Expenses	20	50	40.0%
Outstanding Expenses			
GROSS RESULT (profit/loss)	47,837	38,768	123.4%
INCOME TAX	7,443	5,584	133.3%
ACCOUNTING PROFIT REMAINING AFTER THE DEDUCTION OF THE INCOME TAX	40,394	33,184	121.7%
INVESTMENT FINANCING SOURCES	14,719	19,108	77.0%
INVESTMENT RELATED EXPENSES	14,719	19,108	77.0%
SUBSTANTIATION DATA			
Forecasted number of personnel	1,715	1,715	100.0%
Total average number of employees	1,671	1,675	99.8%
Outstanding payments	0	0	
Outstanding receivables	54	322	16.8%

The information included in the budget execution at June 30, 2017 are presented in the structure provided in Annex 1, set pursuant to the Order 20/2016 regarding the approval of the layout and structure of the Revenues and Expenditure Budget, as well as the substantiating annexes thereof.

Annex 5 : List of the Executive Management Members

In compliance with the organizational structure of the company approved pursuant to the BoA Decision no. 4/13.04.2016, all along the period 01.01.2017 – 11.06.2017, CONPET executive management had the following composition:

ILAŞI Liviu	Director General
IONESCU Gheorghe	Deputy Director General
TOADER Sanda	Director, Economic Direction
NIŢĂ Aurel Mircea	Director, Corporate Governance, HR and Communication Direction
BUZATU Dan	Director, Maintenance Development Direction
DUMITRACHE Anamaria	Head of the Legal, Regulated Activities Department

Subsequent to 12.06.2017, in compliance with the BOA Resolution no. 8/12.06.2017 the executive management of CONPET S.A. was provided by:

ILAŞI Liviu	Director General
IONESCU Gheorghe	Director, Operations Transport Direction
TOADER Sanda	Director, Economic Direction
DUMITRACHE Anamaria	Director, Trade and Regulated Activites Direction
BACIU SILVIU	Director, Development Maintenance Direction

Annex 6: Situation of litigations on June 30th 2017

LIST OF FILES IN WHICH CONPET S.A. IS A PARTY ON 30.06.2017

a). Litigations in which CONPET S.A. is plaintiff:

File no./Court	Defendant	Object	Litigation amount	Procedural status/trial date
11921/105/2011 Bacău Court	Biodiesel SRL	Claims (land rent, penalties, other damages)	365,391.41 RON	The action was partially admitted on the merits for the amount of 297,581.18 lei – counter-value of rent and default fees. The decision was appealed by Conpet and Biodiesel. Appeal - Suspended
19024/281/2009 Ploieşti District Court	Compania de Transport Feroviar SA	Claims (counter-value of works)	50,511.65 RON	Suspended
6179/105/2009 Prahova Court	Petroconduct SA	Insolvency. Insolvency claim	62,739.06 RON- Amount with which Conpet is registered in the list of creditors.	15.09.2017
2811/105/2010* Ploieşti Court of Appeal	ICIM SA	Default fees for execution of contracted works	331,271.57 RON	The action was dismissed on the merits as ungrounded. The decision was appealed by Conpet, admitted by the court which cancelled the appealed sentence and remanded the case for retrial to the court of first instance. On the merits-retrial, the action was admitted. The decision was appealed by ICIM SA. Appeal – retrial 07.09.2017

File no./Court	Defendant	Object	Litigation amount	Procedural status/trial date
				OBSERVATION: Because the defendant ICIM entered in insolvency, Conpet was registered in the statement of affairs on 29.03.2017 with the action amount. The requested debt was accepted. The case is pending before Prahova Court under no. 789/105/2017 with trial date on 15.09.2017.
2803/120/2013 Dâmboviţa Court	ECPROD SRL	Insolvency. Proof of debt	25,728.89 RON	Merits 04.09.2017
4452/3/2017 Bucharest Court	Arelco Power SRL	Insolvency. Application for admission in the list of creditors	3,499,843.38 RON – Amount for which Conpet filed the proof of debt (total amounts for which the action was admitted in files 6445/105/2013 – Constanţa Court of Appeal, 6444/105/2013 – Ploieşti Court of Appeal and 6444/105/2013 – Braşov Court of Appeal, files in which Conpet was plaintiff)	Conpet was registered in the preliminary list of creditors with the amount of 3.441,614 lei. Conpet filed appeal which is the object of file no. 4452/3/2017/a3 pending before Bucharest Court, with trial date on 08.09.2017.
22494/281/2014 Prahova Court	Cezar Filip Prodimpex SRL	Claims	67,258.87 RON – court charges	The action was admitted on the merits for the amount of 36.264,87 lei. The decision was appealed by Conpet and Cezar Filip Prodimpex SRL. Appeal – 20.09.2017
1510/262/2014 Moreni District Court	Nimb Dambovița SRL	Claims	34,944.18 RON – civil compensation	Merits Suspended

File no./Court	Defendant	Object	Litigation amount	Procedural status/trial date
3033/105/2012 Prahova Court	Vasrep Petro Construct SRL	Insolvency. Application for admission in the list of creditors	1,476,308 RON - Amount with which Conpet is registered in the list of creditors.	17.11.2017
1862/114/2014 Buzau Court	Geluval Stor SRL	Insolvency. Application for admission in the list of creditors	1,440.90 RON - Amount with which Conpet is registered in the list of creditors.	12.09.2017
6819/118/2013 Constanţa Court	Tobias SRL	Insolvency. Application for admission in the list of creditors	643.11 RON - Amount with which Conpet is registered in the list of creditors.	21.09.2017
717/105/2015 Prahova Court	FOTBAL CLUB PETROLUL PLOIESTI SA	Insolvency. Application for admission in the list of creditors	14,465.33 RON - Amount with which Conpet is registered in the list of creditors.	13.10.2017
11376/281/2015 Ploieşti District Court	Loreto Service SRL	Claims	11,250.02 RON	The action was admitted on the merits for the amount of 8.562,19 lei representing outstanding debt and for the amount of 3.878,54 lei representing penalty interest calculated until 17.01.2017. The plaintiff was compelled to continue to pay the interest until the date of actual payment of the debt. The decision can be appealed after communication.
13386/3/2015 Bucharest Court	Perfect Metal SRL	Insolvency. Application for	221,189.85 RON - Amount with which Conpet SA is registered in the list of creditors.	Merits 20.10.2017

File no./Court	Defendant	Object	Litigation amount	Procedural status/trial date
		admission in the list of creditors		
19602/3/2015 Bucharest Court	Top Birotica SRL	Insolvency. Application for admission in the list of creditors	2,258.72 RON - Amount with which Conpet is registered in the list of creditors.	Merits 20.09.2017
2899/62/2015 Braşov Court	Condmag SA	Insolvency. Application for admission in the list of creditors	42,950.85 RON - Amount with which Conpet is registered in the list of creditors.	Merits 24.10.2017
983/281/2016 Ploieşti District Court	Natural person	Appeal against enforcement	5,.021.54 RON	Merits 10.08.2017
2694/236/2016 Giurgiu District Court	Natural person Trans Denimar SRL	Garnishment validation	17,708.55 RON	The action was admitted on the merits. The decision can be appealed after communication.
8115/281/2016 Ploieşti District Court (connected with file no. 983/281/2016 – Ploieşti District Court)	Natural person	Appeal against enforcement	11,067.1 RON	Merits 10.08.2017
8262/281/2016 Ploieşti District Court	Football Club Conpet Association	Dissolution of legal person	Amount for which Conpet filed the proof of debt – 424.94 RON	Merits
8216/270/2016 Oneşti District Court	Dofteana Commune	Appeal against enforcement	12,102 RON	The action was admitted on the merits. The decision can be appealed after communication.

File no./Court	Defendant	Object	Litigation amount	Procedural status/trial date
219/281/2017 Ploieşti District Court	Tonicelli SRL	Claims	37,017.28 RON contravention for unpaid ferrous wastes and 6.737,02 RON default fees	Merits 28.09.2017
3666/281/2017 Ploieşti District Court	GENERAL REMAT SORT SRL	Claims	7,200.90 RON	Merits 06.09.2017
1969/204/2017 Câmpina District Court	Natural person	Claims	27,472.23 RON	The action was admitted on the merits for requested amount. The decision can be appealed after communication.
2345/202/2017 Călăraşi District Court	Natural person	Claims	15,136.23 RON	Merits 12.09.2017
1656/295/2017 Sânnicolaul Mare District Court	EMILIANA WEST ROM SRL Natural person	Claims	197,301.36 RON	Merits
789/105/2017 Prahova Court	ICIM SA by administrator CITR Bucharest	Insolvency. Application for admission in the list of creditors	393,934.37 RON	Conpet was registered on the list with the requested amount. ICIM filed the appeal which is the object of file no. 789/105/2017/a1 pending before Prahova Court. 15.09.2017

b). Litigations in which CONPET S.A. is defendant:

File no.	Plaintiff	Object	Litigation amount	Procedural status/trial date
5555/2/2014 (33317/3/2007)	Ministry of Economy,	Action for recovery of possession of	-	Merits – retrial, the action was dismissed as ungrounded. The decision was appealed by the

File no.	Plaintiff	Object	Litigation amount	Procedural status/trial date
Bucharest Court of Appeal	Commerce and Business Environment (Office for State Ownership and Privatization in Industry)	movable property of 524,366 shares from the share capital of Conpet S.A		Ministry of Economy, Commerce and Business Environment. The court admits the appeal and the motion filed by the appellant-plaintiffs ENERGY DEPARTMENT WITHIN THE MINISTRY OF ECONOMY and the MINISTRY OF ECONOMY AS SUCCESSOR IN TITLE OF THE MINISTRY OF ECONOMY, COMMERCE AND BUSINESS ENVIRONMENT against the defendant FONDUL PROPRIETATEA SA. It establishes the ownership right of the plaintiff MINISTRY OF ECONOMY on 524.366 shares of CONPET SA. It compels the defendants to take the necessary steps for registration in the register of shareholders. The decision was subject to second appeal by the DEPARTMENT WITHIN THE MINISTRY OF ECONOMY and FONDUL PROPRIETATEA SA. The second appeals were admitted, the decision was invalidated and the case was remanded for retrial. In the appeal (re-retrial), the court admits the lack of active capacity to stand trial of the appellant Ministry of Economy. It dismisses the appeal of the Ministry of Economy as being filed by a person without active capacity to stand trial. It dismisses the active capacity to stand trial of the appellant Ministry of Energy as ungrounded. It dismisses the appeal declared by the appellant-plaintiff Ministry of Energy, as ungrounded. It partially admits the motion of court charges filed by the intimate Fondul Proprietatea. It compels the appellant Ministry of Energy to pay the intimate the

File no.	Plaintiff	Object	Litigation amount	Procedural status/trial date
				court charges of 10.708 lei as legal stamp duty and 150.000 lei as attorney fee. The decision can be subject to second appeal after communication.
8296/281/2007 Ploieşti District Court	Natural person	Civil compensation	74,000 EUR	Merits Suspended
8297/281/2007 Ploieşti District Court	Natural person	Civil compensation	74,000 EUR	Merits Suspended
6544/105/2011* Prahova Court	ETH Arhitectural Systeme SRL	Claims	1,146,784.7 RON to which are added damages (penalties /interests)	Merits Suspended ETH filed the second appeal against the suspension court resolution, which is the object of file no. 6544/105/2011/a1 pending before Ploieşti Court of Appeal with trial date on 28.09.2017.
3715/105/2007 Prahova Court	Fondul Proprietatea SA	Ascertainment of the decision of the General Assembly of Shareholders no. 2/24.04.2007 Obligation to pay court charges	--	Merits Suspended
43918/3/2007 Bucharest Court	Authority for State Assets Recovery	Recovery of possession of movable property of 524.366 shares from	--	Merits Suspended

File no.	Plaintiff	Object	Litigation amount	Procedural status/trial date
		the share capital of Conpet S.A		
2549/270/2015* Bacău Court	Natural persons	Negatory pleading of real estate encumbrances and the obligation to provide services	--	The action was dismissed on the merits. The decision was appealed by the plaintiffs. Appeal 26.09.2017
2194/270/2015 Oneşti District Court	Natural persons	Claims	24,500 RON	The court partially admits the action on the merits and compels Conpet SA to pay the amounts of 1.172 lei as counter-value of basement works, 1.122 lei as counter-value of lack of basement use, 6.423 lei as counter-value of fountain works, 1.550 lei as counter-value of lack of fountain use and 5.122,85 lei as court charges. In the appeal, the court changes partially the appealed sentence in the sense that it compels the defendant Conpet SA to pay the plaintiffs the amount of 3.618,35 lei as court changes. It maintains the rest of provisions from the appealed sentence. It compels the appellant Conpet SA to pay the intimates the amount of 1.400 lei as attorney fee related to the appeal.
16082/281/2015 Ploieşti District Court	Natural person	Recovery of possession of movable property	--	The court dismisses the lack of passive capacity to stand trial on the merits of the defendant Ministry of Public Finances from Ploieşti. It dismisses the lack of passive capacity to stand trial of defendant Conpet S.A Ploieşti. It partially admits the action. It compels the defendant S.A Ploieşti to pay the amount of 772 lei to the plaintiff, representing the counter-value of the lack of use related to 2014 – 2016. It compels the defendant to pay the amount of 1.517 lei to the

File no.	Plaintiff	Object	Litigation amount	Procedural status/trial date
				plaintiff as the counter-value of the legal stamp duty and 1/2 of the fee of experts. It dismisses the remaining mentioned action. The decision can be appealed after communication.
14960/280/2015 Pitesti District Court	Natural persons	Claims + Obligation to provide service	temporary – 1,000 RON	Merits 05.09.2017
21382/281/2015 Ploieşti District Court	Natural person	Claims	--	Merits Suspended
5119/260/2014 Prahova Court	Biodiesel SRL	Ascertainment of lease contract nullity no. ADM 89/27.04.2009	--	On 17.09.2015, Moineşti District Court declines the case settlement in favour of Ploieşti District Court. The action was dismissed on the merits. Biodiesel SRL filed an appeal. Appeal 19.09.2017
2378/105/2009 Prahova Court	Natural person	Recovery of possession of real estate property	551,518 RON – counter-value of land of 2,500 square meters	Merits 03.08.2017
9962/315/2014 Târgovişte District Court	OILDAN SRL	Claims	200,000 RON	The action was dismissed on the merits. The decision was appealed by OILDAN SRL Appeal 27.09.2017
1723/302/2016 Sector 5 Bucharest District Court	Natural person	Appeal against enforcement	441.52 RON	The court partially admits the action on the merits and cancels the amount of 358.88 lei. The decision was appealed by the plaintiff. Appeal 28.08.2017

File no.	Plaintiff	Object	Litigation amount	Procedural status/trial date
5180/236/2016 Giurgiu District Court	Natural person	Appeal against enforcement	13,713.49 RON	The action was dismissed on the merits. The decision was appealed by the plaintiff. Appeal 06.09.2017
650/215/2013* Craiova District Court	Natural persons	Obligation to provide service. Claims	2,000 RON	The court dismissed the action on the merits. The plaintiffs filed an appeal, admitted by the court which cancels the sentence and remands the case for retrial to the same court of first instance. Merits – retrial 20.09.2017
6683/105/2015 Prahova Court	Natural persons	Declaratory action.	--	Merits 23.10.2017
3451/108/2016* Arad Court	Administrative territorial unit of Pecica City	Obligation to provide service + Claims	65,000 Euro as real estate counter-value Other unquantifiable compensations	The court dismissed the action on the merits. The decision can be appealed after communication.
1978/223/2016 Drăgășani District Court	Natural person	Obligation to provide service. Claims	6,000 RON temporarily	Merits 28.09.2017
6646/204/2016 Câmpina District Court	Filipeştii de Târg Commune General Regional Direction of Public Finances from Ploieşti County Administration of	Appeal against enforcement	32,371.85 RON	The court partially admits the action on the merits and cancels partly the forms of forced execution for the amount representing the difference between the legal interest related to the amount of 26.959 lei calculated from 14.04.2011, namely the amount of 5.412,85 lei and the legal interest related to the amount of 26.959 lei calculated from 2.03.2015 until the date of actual

File no.	Plaintiff	Object	Litigation amount	Procedural status/trial date
	Public Finances from Prahova – Boldeşti Scăieni Service			payment. The decision can be appealed after communication.
6813/105/2015 Prahova Court	Natural persons	Declaratory action.	--	The action was dismissed on the merits. The decision can be appealed after communication.
7245/105/2015 Prahova Court	Natural person	Declaratory action	--	Merits 22.09.2017
231/105/2016 Prahova Court	Natural person	Declaratory action	--	Merits 18.08.2017
726/105/2016 Prahova Court	Natural person	Appeal against dismissal decision	--	The action was dismissed on the merits. The decision can be appealed after communication.
7558/270/2016 J Oneşti District Court	Urecheşti Commune	Claims	10,438 RON	Merits 20.09.2017
263/105/2017 Prahova Court	Moldocor SA	Litigation on procurement	--	The action was dismissed on the merits. The decision can be appealed after communication.
27031/281/2016 Ploieşti District Court	Natural person	Appeal against enforcement	15,381.45 RON	The action was dismissed on the merits. The decision can be appealed after communication.
27775/281/2016 Ploieşti District Court	Natural person	Appeal against enforcement	13,259.79 RON	Merits 15.09.2017
7237/105/2016 Prahova Court	Natural person	Declaratory action	--	Merits 22.09.2017

File no.	Plaintiff	Object	Litigation amount	Procedural status/trial date
7091/105/2016 Prahova Court	Natural person	Declaratory action	--	Merits 22.09.20017
3581/281/2017 Ploieşti District Court	Regional Direction for Roads and Bridges from Iaşi	Claims	487.22 RON	Merits 19.10.2017
220/262/2017 Moreni District Court	Natural person	Obligation to provide service. Claims	45,540 RON/year x 3 years	Merits
3933/110/2016 Bacău Court	Natural person	Declaratory action	--	The court dismissed the action on the merits. The decision can be appealed after communication.
8047/302/2017 Sector 6 Bucharest District Court	Natural person	Appeal against enforcement	1,381.11 RON	Sector 5 Bucharest District Court admits the lack of territorial jurisdiction and declines the case having as object the appeal against forced execution to Sector 6 Bucharest District Court. Merits
3266/105/2017 Prahova Court	Natural persons	Declaratory action	--	Merits 06.10.2017
9919/281/2017 Ploieşti District Court	Litex Impex SRL	Appeal against enforcement	--	Merits 25.09.2017
12905/302/2017 Sector 5 Bucharest District Court	Natural person	Appeal against enforcement	2,254.48 RON	Merits 31.07.2017
5248/111/2014* Hunedoara Court	Natural person	Obligation to provide service	--	On 16.04.2015, Bihor Court admits the lack of territorial jurisdiction and declines the settlement jurisdiction of the mentioned request to Hunedoara Court.

File no.	Plaintiff	Object	Litigation amount	Procedural status/trial date
				The action was dismissed on the merits. The decision was subject to second appeal by the plaintiff. Second appeal

c) Litigations in which CONPET S.A. brought a civil action in the criminal proceedings:

File no.	Defendants	Object	Claimed damage	Procedural status/trial date
29201/3/2012* Bucharest Court of Appeal	Natural persons	Aggravated theft. Civil compensations	7,828,005.58 RON	The action was admitted on the merits for the amount of 4.018.875,74 RON. The decision was appealed by the defendants and Conpet. Appeal
7932/118/2013* Constanța Court	Natural persons	Aggravated theft. Civil compensations	928,758.94 RON	The action was admitted on the merits. The decision was appealed by the defendants. Constanța Court of Appeal admits the appeals and remands the case for retrial to Constanța Court. By the court resolution delivered in the preliminary chamber, the court ascertains the legality of court notification by which it was ruled the arraignment of defendants. The defendants filed an appeal against this court resolution which is the object of file no. 7932/118/2013*/a1 pending before Constanța Court of Appeal Preliminary chamber – retrial 08.08.2017
6625/120/2013 Dâmboviţa Court	Natural persons	Aggravated theft. Civil compensations	2,083.20 RON	Merits 06.09.2017

File no.	Defendants	Object	Claimed damage	Procedural status/trial date
4996/256/2015 Medgidia District Court	Natural persons	Aggravated theft. Civil compensations	7,647.96 RON	Merits 12.10.2017
15042/212/2015 Constanța Court of Appeal	Natural persons	Aggravated theft. Civil compensations	614,858.49 RON	The court partially admits the civil action on the merits for the amount of 386.115,48 RON. The decision was appealed by the defendants. Appeal 21.09.2017
91/116/2016 Călăraşi Court	Natural persons	Aggravated theft. Civil compensations	95,243.71 RON	Merits 24.08.2017
1450/214/2016 Costeşti District Court	Natural persons	Aggravated theft. Civil compensations	165,199.65 RON	Merits 08.09.2017
8529/281/2016 Ploieşti District Court	Natural persons	Aggravated theft. Civil compensations	158,780.39 RON	Merits 17.08.2017
4968/317/2016 Târgu Cărbunești District Court	Natural persons	Aggravated theft. Civil compensations	11,202.22 RON	The court admits the civil action on the merits and compels the defendants to pay the amount of 11.202,22 RON with the related legal interest until the full recovery of the debt. The decision can be appealed after communication.
8902/256/2016 Medgidia District Court	Natural persons	Aggravated theft. Civil compensations	6,361.52 RON	Merits 08.08.2017
1539/335/2016 Videle District Court	Natural persons	Aggravated theft. Civil compensations	6,388.86 RON	The court dismissed the civil action on the merits as devoid of purpose by the damage payment. The decision can be appealed after communication.
310/120/2016 Dâmboviţa Court	Natural persons	Aggravated theft. Civil compensations	414,178.66 RON	Merits 06.09.2017

File no.	Defendants	Object	Claimed damage	Procedural status/trial date
8156/281/2014 Ploieşti District Court	Natural person	Aggravated theft. Civil compensations Revision	13,259.79 RON	Merits 07.09.2017
8285/94/2014* Bucharest Court of Appeal	Natural persons	Aggravated theft. Civil compensations	17,918.50 RON	The action was admitted on the merits for the amount of 8.754,63 RON. The decision was appealed by Conpet S.A., Public Prosecutor Office attached to Buftea District Court and the defendant compelled to repair the damage. Appeal 06.09.2017

a) Litigations in which CONPET S.A. is petitioner:

File no.	Intimate	Object	Litigation amount	Procedural status/trial date
12009/281/2016 Prahova Court	National Environmental Guard – Prahova County Commissariat	Complaint of violation	12,500 RON	The complaint was admitted on the merits. The decision was appealed by the National Environmental Guard – Prahova County Commissariat. Appeal 06.09.2017
25027/281/2016 Ploieşti District Court	ROMANIAN NATIONAL COMPANY OF MOTORWAYS AND NATIONAL ROADS	Complaint of violation	130 RON	The complaint was dismissed on the merits. The decision can be appealed after communication.
1149/228/2017 Făurei District Court	Ianca City Hall	Complaint of violation	210 RON	Merits.

b) Litigations in which CONPET S.A. has double quality:

File no.	Plaintiff	Object	Litigation amount	Procedural status/trial date
378/105/2007 Prahova Court	Petroconduct SA	Claims/Counterclaim filed by Petroconstruct SA	195,528 RON – Conpet claims 46,214.01 RON - SC Petroconstruct SA claims	Merits Suspended
538/317/2014* Târgu Cărbunești District Court	Natural person	Civil compensations. Claims/Counterclaim filed by Conpet SA	50,000 RON	The court partially admits the action on the merits. It admits the counterclaim. It compels Conpet S.A. to pay the amount of 184.25 RON representing the counter-value of lack of use. It institutes in favour of Conpet S.A. the easement right on the plaintiff land. It compels Conpet S.A. to pay the amount of 7 RON annually representing the rent counter-value for the period of easement. It compels Conpet to pay the amount of 825 RON as court charges. The decision was appealed by the plaintiff. Gorj Court admits the appeal, cancels the sentence and remands the case for retrial to the same court. Merits – retrial 19.09.2017

File no.	Plaintiff	Object	Litigation amount	Procedural status/trial date
8425/281/2015 Ploieşti District Court	Natural person	Claims/Counterclaim filed by Conpet SA	17,000 RON	Merits 14.09.2017
1372/212/2017 Constanţa District Court	Natural person	Civil compensations. Claims/Counterclaim filed by Conpet S.A.	30,000 Euro	Merits 18.09.2017

Annex 7 - Degree of fulfillment of the administrators' performance indicators for the period 01.01- 30.06.2017

Crt. No.	Performance Objective/ Indicator	Performance Objective	MU	Period (01.01-30.06.2017)		Degree of achievement (%)	Weighting coefficient	Degree of achievement of the performance indicators (%)
				As per Annex to the Administration/Mandate Contract	Achieved			
0	*1*	*2*	*3*	*4*	*5*	*6*	*7*	*8=6x7*
1	EBITDA	1% increase as compared to the previous level of the preceding year for 2014 and 2.5% for 2015-2017	Thousand RON	59,916	68,217	113.86%	25%	28.47%
2	Decrease of operating expenses	1.5% reduction as compared to the previous level of the preceding year starting 2015, when the level recorded in 2014 is smaller or equals the one recorded in 2013	%	89.00%	84.37%	105.20%	25%	26.30%
3	Labour productivity growth	Increase of the average revenue per employee by 3% per year the average of 2014-2017	Thousand RON/person	118	122	103.39%	25%	25.85%
4	Decrease in the total number of technical breakdowns	4% reduction, on average, per year, as compared to the level of 116 technical breakdowns registered in 2013	No. of technical breakdowns	13	20	46.15%	10%	4.62%
5	Enhance visibility on the BSE	Active tracking, by the brokerage houses, of CONPET evolution, materialized in analysis reports prepared by analysts working therein (50% weight in the indicator) for 2015&2017 – 2 brokerage companies in TOP 10 according to the classification established by the BSE at the issuing date of the report; Holding the position in Top 25 issuers according to capitalization given that there will not be considered the new companies to be included in the Ist Tier of Bucharest Stock Exchange in 2015 (50% weight in the indicator)	% in 100%	100%	100%	100,00%	15%	15.00%
TOTAL – Degree of achievement of the performance indicators:								**100.24%**

The quarter, respectively annual levels of the performance indocators related to 2017, annexes to te administration and mandate contracts, have been set pursuant to the indicators provided in Annexes 1 and 2 to the Revenues and Expenditure Budget prepared in compliance with GO no. 26/2013 regarding strengthening financial discipline at the level of certain economic operators where State or the administrative-territorial units are unique or majority shareholders or hold directly or indirectly majority share herein and the Order of the Minister of Public Finances (OMPF Order) no. 20/2016 regarding the approval of

the layout and structure of the Revenues and Expenditure Budget, as well as substantiation annexes thereof.
The performance indicators achieved at June 30, 2017 are calculated based on the budget execution, prepared in compliance with GO 26/2013 and as per the structure provided by OMFP Order no.20/2016.

Annex 8 - Statement of the Works and Products Procurement Contracts with values higher than 500000 Euro, concluded during 01.01.2017 - 30.06.2017

Crt. No.	Contractor	Scope of Contract	Title of contract	Applied procurement procedure	Name of Beneficiary (if different from the contracting authority)	Contract notice number	Initial contract value (RON)	Contract value after potential addenda (RON)	Start of the contract	Innitally set contract duration (in months).	Final contract duration (in months).
QUARTER I - 0 CONTRACTS VALUE QUARTER I = 0.00 RON											
QUARTER II - 2 CONTRACTS VALUE QUARTER II = 9,909,350.38 RON											
1	TALPAC SRL	Design and execution works for replacement of the crude oil pipeline 14" Baraganu-Calareti, resulted following the in-line inspection with smart pig of 7.5 km	L-CA 413/ 07.06.2017	TENDER	-	16627/ 28.04.2017	3,511,019.81	-	16.06.2017	12.5	12.5
2	ELCAS PRODIMPEX SRL	Modernization and monitoring of cathodic protection system at central and sectoral level related to import and domestic crude oil transport pipelines	L-CA 479/ 29.06.2017	TENDER	-	18309/ 11.05.2017	6,398,330.57	-	29.06.2017	18	18

Annex 9 - Statement of the Services Procurement Contracts with values higher than 100.000 euro, concluded during 01.01.2017 - 30.06.2017

Crt. No.	Contractor	Scope of Contract	Title of contract	Applied procurement procedure	Name of Beneficiary (if different from the contracting authority)	Contract notice number	Initial contract value (RON)	Contract value after potential addenda (RON)	Start of the contract	Innitally set contract duration (in months)	Final contract duration (in months)
QUARTER I - 0 CONTRACTS VALUE QUARTER I = 0.00 RON											
QUARTER II - 1 CONTRACT VALUE QUARTER II = 1,119,744.00 RON											
1	CAMELEON SECURITY SYSTEMS SRL	Providing security, protection, intervention services in relation to CONPET SA objectives and assets	S-CA 409/ 07.06.2017	TENDER	-	17049/ 03.05.2017	1,119,744.00	-	07.06.2017	24	24

CONPET S.A., Romania
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Tel: +40-244-401360; fax: +40-244-516451
TIN: RO 1350020; NACE Code 4950; CRN J29/6/22.01.1991
Subscribed and paid-up share capital 28 569 842.40 RON

Simplified Interim Financial Statements
at the date and for the six months period ended June 30, 2017

prepared in compliance with
International Accounting Standard 34 "Interim Financial Reporting"

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INTERIM STATEMENT OF THE FINANCIAL POSITION AT JUNE 30, 2017

	Note	June 30, 2017 (revised)	December 31, 2016 (audited)
ASSETS			
Non-current assets			
Tangible assets	4	395,853,581	403,468,873
Intangible assets	5	1,493,719	1,971,202
Financial investments	6	855,841	656,965
Total non-current assets		**398,203,141**	**406,097,040**
Current assets			
Inventories	7	7,979,228	8,548,131
Trade receivables and other receivables	8	35,610,431	42,356,060
Short-term investments	10	19,094,542	163,053,678
Cash and cash equivalents	9	442,025,362	244,598,286
Prepaid expenditure		774,370	255,475
Total current assets		**505,483,933**	**458,811,630**
TOTAL ASSETS		**903,687,074**	**864,908,670**
SHAREHOLDER'S EQUITY AND LIABILITIES			
Shareholder's equity			
Subscribed and paid-up share capital	11	28,569,842	28,569,842
Legal reserves	11	5,713,968	5,713,968
Revaluation reserves	11	30,237,356	32,957,666
Other reserves	11	547,097,228	536,238,701
Retained earnings	11	50,135,393	122,395,850
Year's result	11	40,394,205	71,546,604
Share of profit		-	(1,710,000)
Total shareholder's equity		**702,147,992**	**795,712,631**
Deferred revenues			
Investment Subsidies		1,400,350	1,468,191
Deferred revenues		14,690	15,791
Total deferred revenues		**1,415,040**	**1,483,982**
Long-term debts			
Deferred corporate tax		2,480,062	1,671,210
Long-term provisions		3,413,568	3,542,697
Total long-term debts		**5,893,630**	**5,213,907**
	Note	**June 30,**	**December 31,**

		2017 (revised)	2016 (audited)
Current debts			
Commercial debts	13	16,950,728	20,657,756
Current corporate tax		4,047,588	3,901,860
Other debts	13	169,380,540	26,516,050
Short-term provisions	14	3,851,556	11,422,484
Total current debts		**194,230,412**	**62,498,150**
Total debts		**200,124,042**	**67,712,057**
TOTAL SHAREHOLDERS' EQUITY AND DEBTS		**903,687,074**	**864,908,670**

These interim financial statements and related notes,from page 3 to page 29 have been approved on August 10,2017.

Director General,
Eng.Ilași Liviu

Economic Director,
Econ.Toader Sanda

INTERIM STATEMENT OF THE PROFIT OR LOSS AND OTHER ELEMENTS OF THE GLOBAL RESULT FOR THE SIX MONTHS PERIOD ENDED June 30, 2017

	Note	Six months ended June 30, 2017 (revised)	Six months ended June 30, 2016 (unaudited)
Operating revenues	17		
Turnover revenues		186,314,395	187,481,051
Other revenues		16,289,129	14,773,808
Total operating revenues		**202,603,524**	**202,254,859**
Operating expenses	18		
Inventory related expenses		(3,229,734)	(3,145,354)
Expenses with energy and water		(5,172,245)	(4,939,938)
Personnel expenses		(57,562,595)	(55,911,990)
Value adjustments regarding the tangible/intangible assets		(22,280,158)	(20,323,138)
Value adjustments related to current assets		1,063,173	49,774
Expenses related to external services		(49,365,959)	(51,724,532)
Other expenses		(27,819,699)	(32,519,555)
Provisions asjustments		7,700,057	9,064,732
Total operating expenses		**(156,667,160)**	**(159,450,001)**
Operating profit		**45,936,364**	**42,804,858**
Financial revenues		1,920,176	1,879,901
Financial expenses		(19,658)	(55,832)
Financial profit	19	**1,900,518**	**1,824,069**
Profit before taxation		**47,836,882**	**44,628,927**
Expenses with the current income tax	15	(6,116,363)	(6,522,262)
Expenses with deffered income tax		(1,326,314)	(1,061,950)
Profit of the period		**40,394,205**	**37,044,715**
TOTAL GLOBAL RESULT OF THE YEAR		**40,394,205**	**37,044,715**
Earnings per share	16	**4.67**	**4.28**

Director General,
Eng.Ilași Liviu

Economic Director,
Econ.Toader Sanda

INTERIM STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY AT JUNE 30, 2017 (revised)

	Share capital	Legal reserves	Revaluation reserves	Other reserves	Retained earnings	Profit or loss of the period	Share of profit	Total Shareholder's Equity
Balance at January 1, 2017	**28,569,842**	**5,713,968**	**32,957,666**	**536,238,701**	**122,395,850**	**71,546,604**	**(1,710,000)**	**795,712,631**
Net result of the period						40,394,205		40,394,205
Increase of modernization quota fund				25,963,435				25,963,435
Decrease of modernization quota fund				(15,104,908)				(15,104,908)
Reversal of revaluation surplus			(2,720,310)		2,720,310			-
Corporate tax related to retained earnings					(1,255,097)			(1,255,097)
Dividends due to shareholders					(73,725,670)	(69,836,604)		(143,562,274)
Distribution, as per the law, of the profit related to the preceding year - Exemption from the payment of reinvested corporate tax						(1,710,000)	1,710,000	-
Balance at June 30, 2017	**28,569,842**	**5,713,968**	**30,237,356**	**547,097,228**	**50,135,393**	**40,394,205**	**-**	**702,147,992**

Note : The „Other Reserves" item also includes the reserve representing the modernization quota. This reserve has a special regime, stipulated by G.D. no. 168/1998, being intended exclusively for the financing of the modernization and development of the goods belonging to the public domain.

Note : The „Other Reserves" item also includes the reserve representing the modernization quota. This reserve has a special regime, stipulated by G.D. no. 168/1998, being intended exclusively for the financing of the modernization and development of the goods belonging to the public domain.

Director General, Economic Director,

INTERIM STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY AT JUNE 30, 2016 (unaudited)

	Share capital	Legal reserves	Revaluation reserves	Other reserves	Retained earnings	Profit or loss of the period	Share of profit
Balance at January 1, 2016	**28,569,842**	**5,713,968**	**93,603,956**	**501,118,930**	**72,316,398**	**63,198,986**	**764,522,080**
Net result of the period						37,044,715	37,044,715
Increase of modernization quota fund				27,395,011			27,395,011
Decrease of modernization quota fund				(13,451,282)			(13,451,282)
Reversal of revaluation surplus			(4,477,748)		4,477,748		-
Deferred corporate tax related to retained earnings					35,076		35,076
Distribution, as dividends, of the profit related to the preceding year						(63,198,986)	(63,198,986)
Balance at June 30, 2016	**28,569,842**	**5,713,968**	**89,126,208**	**515,062,659**	**76,829,222**	**37,044,715**	**752,346,614**

Eng.Ilași Liviu Econ.Toader Sanda

INTERIM CASH-FLOW STATEMENT FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017 (revised)

(DIRECT METHOD)

	Element	Six months period ended June 30, 2017	Six months period ended June 30, 2016
	Cash flows from operating activities:		
+	Proceeds from services supply	199,692,134	198,599,686
+	Proceeds from interests related to banking investments	1,221,583	805,293
+	Other proceeds	2,401,295	748,138
-	Payments to the suppliers of goods and services	(55,285,084)	(56,891,663)
-	Payments to and on behalf of the employees	(56,188,567)	(54,937,366)
-	VAT payments	(24,969,109)	(24,465,356)
-	Corporate tax payments	(7,743,195)	(7,169,662)
-	Other payments regarding operating activities	(17,699,616)	(16,148,793)
A	***Net cash from operating activities***	***41,429,441***	***40,540,277***
	Net cash flows from investment activities:		
+	Proceeds from sale of tangible assets	1,424,124	-
+	Proceeds from modernization quota	25,963,435	27,395,011
+	Proceeds from short-term financial investments	142,959,952	262,480,756
+	Proceeds from interests related to government securities	1,622,248	3,460,844
-	Payments for purchase of tangible assets	(19,110,522)	(24,861,451)
-	Payments for short-term financial investments	-	(172,095,327)
B	***Net cash from investment activities***	***152,859,237***	***96,379,833***
	Cash-flows from financing activities:		
+	Proceeds dividends transferred to Depozitarul Central	2,709,838	2,044,338
-	Paid dividends	(143,058)	(78,247)
C	***Net cash from financing activities***	***2,566,780***	***1,966,091***
	Net increase of the cash and cash equivalents=A+B+C=D2-D1	***196,855,458***	***138,886,201***
D1	***Cash and cash equivalents at the begining of the financial period***	***244,597,901***	***124,120,815***
D2	***Cash and cash equivalents at the end of the financial period***	***441,453,359***	***263,007,016***
	To which is being added:		
	Government securities as government bonds and treasury bills	*18,928,815*	*162,953,127*
	Total availabilities at the end of the period	***460,382,174***	***425,960,143***

Director General,
Eng.Ilași Liviu

Economic Director,
Econ.Toader Sanda

1. Business Description and General Information

CONPET operates as a joint-stock company, as per Law no.31/1990 regaring the companies, republished, subsequent amendments and is registered at the Financial Supervisory Authority by registration certificate no. 7227/1997.
The address of the registered offices is No.1-3. Anul 1848 Street, Ploiesti, Prahova County.

The shares issued by CONPET are traded on the regulated market administered by Bucharest Stock Exchange under "COTE" symbol, Securities section, Premium Category.

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

The interim financial statements at June 30, 2017, prepared in compliance with the IAS 34 have not been audited, but have been revised by the financial auditor.

Company Establishment

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

The company's shareholders are:

- The Romanian State by the Ministry of Energy, holding 5,083,372 shares representing 58.72% of the share capital,
- legal persons, with 2,734,435 shares representing 31.58% and
- natural persons, with 839,721 shares representing 9.70%.

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 and by railway tanks, from the loading ramps to the beneficiaries, for the oil sites that are not connected to the major transport lines, 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 crude oil National Transport System concessioned based on the oil concession agreement, as well as by railway tanks, from the loading ramps to the refineries, for the oil areas not connected to the transport major pipelines.
The crude oil National Transport System represents the ensemble of the major interconnected pipelines ensuring the collection of the oil extracted from the exploitation area or of the imported

and the transport thereof from the delivery sites to the processing units, by using pumping stations, loading – unloading ramps on the railway, as well as the installations, equipment and endowments related thereof.
The concessionaire of the crude oil National Transport System entitles as common carrier and 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, is being managed by NAMR (as per the provisions of the Oil Law), has approximately 3.800 km of pipelines, with a transport throughput of 18.5 million tons/year.

The Legal Environment

The activity in the oil sector is being regulated by the National Agency for Mineral Resources („ANRM") – competent body of the Government administration, with legal personality, under the Government control.
As per the provisions of the Oil Law no.238 from June 7, 2014 The National Agency for Mineral Resources entitles as Concession Provider of the goods belonging to public domain, concessioned to the operators acting in the oil industry, together with other State authorities, negotiates and concludes, on State's behalf, oil agreements; awards mining concession licenses and exploitation permits; issues regulating acts, norms, instructuions, orders and rules; observes the compliance of the titulars 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 system's concession agreements conlcuded with national/commercial companies/nominated by the Government; annules the concession/administration acts etc.
Given that NAMR approves, by Order, the tariffs for the services of transport via the National Transport System of the crude oil, rich gas, condensate and ethane, the resolutions made by NAMR may trigger significant effects on the Company's business.

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 agreement- CONPET, as common carrier, for the transport, via the crude oil National Transport System, of one ton of oil along the oil take-over sites from domestic producers or from import to the delivery sites at the refineries. 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, based on the attributions and competences granted by Law no.238/2004, subsequent amendments and completions.

The transport tariffs approved by NAMR are differentiated on the two subsystems belonging to the National Transport System, namely the sub-system for the transport of the crude oil, rich gas, condensate and ethane from the domestic production and the sub-system for the transport of the imported crude. The tariffs on the import subsystems are applied per refineries, according to the transported quantities, being used the bracket tariff model.

The transport tariffs comprise:

- The operating cost, including: the materials expenses, personnel expenses, pipelines maintenance expenses, energy, gas and water expenses, fixed assets; depreciation

related costs, royalty and other fees applicable to the carrier, expenses for the pipelines guard services, decontamination expenses, other expenses;
- the modernization and development quota;
- a reasonable profit margin.

Stock Indices

Starting March 20, 2017, the company CONPET S.A. is included in the composition of the most important stock market indices of the capital market in Romania, namely ***BET*** și ***BET-TR***.
The reference index **BET** reflects the evolution of the most traded companies on the BSE regulated market, the main selection criterion of the companies in the index being the liquidity. The index **BET-TR** reflects the evolution of the highest traded companies listed at the Bucharest Stock Exchange and also complies with the highest standards of investor relations and corporate governance.
By including the company in the two stock market indices mentioned above, CONPET S.A. gets to be part of the 7 indices of Bucharest Stock Exchange, respectively ***BET, BET-TR, BET-XT, BET-XT-TR, BET-BK, BET-NG*** și ***BET Plus***.
The price series of the shares issued by the company CONPET S.A. knew an upward trend within the first five months of 2017, exceeding the level of the stock market indicators where they are included. Late May 2017, the price of COTE shares reached a hystorical maximum level, namely 143 RON/share, falling to 95.20 RON/share at 30.06.2017, due to the correlation of the stock price with the value of dividend, given that since the date of the ex-dividend set for June 29, 2017, the financial instruments issued by the company have been traded without conferring the right to collect dividends related to year 2016.
At 30.06.2017, CONPET S.A. had a market capitalization of 824,196,666 RON (180,986,993 Euro), ranking 17 in “Top 25 issuers according to capitalization”.

2. Preparation Grounds

(a) Declaration of Conformity

These simplified interim financial statements of the Company were prepared pursuant to the the IAS 34 0 interim Financial Reporting. They 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 (IFRS). Have also been included certain explanatory notes in order to present the events and transactions significant for the understanding of the changes occured in the financial position and company performance since the last annual financial statements at the date and for the financial year ended December 31, 2016.

(b) Accounting Estimates and Professional Reasoning

The preparation of the financial statements pursuant to the International Financial Reporting Standards („IFRS”) implies the use, by the Company, of estimates, professional reasoning and hypotheses affecting the reported value related to assets, liabilities, revenues and expenses. The estimates and hypotheses associated to these estimates are based on the hystorical experience, as well as on other factors considered reasonable given these estimates. The results of these estimates set the grounds for the professional reasonings regarding the accounting value of the assets and liabilites that cannot be obtained from other information sources. The actual results may be different from the estimates values.
The estimates made by the company are being revised when changes regarding the circumstances on which the estimation was grounded occur or following new information subsequently available. The significant reasonings used by the management for the application

of the accounting policies of the company and the main sources of incertainty regarding the estimates were the same with those applied to 2016 financial statements.

3. Accounting Policies

The accounting policies and the evaluation methods adopted in view of preparing the interim financial statements are the same with those used when drafting the annual financial statements for the financial period ended December 31, 2016.

4. Tangible Assets

In 2017 H1, the tangible assets evolved as follows:

Name	Land plots and land improvements	Buildings and special installations	Operating oil products	Machinery and equipment	Measurement and control devices	Vehicles	Other tangible assets	Tangible assets in progress and advance payments	Total tangible assets
Gross accounting value at January 1st 2017	**22,474,438**	**262,421,566**	**42,493,011**	**77,549,735**	**62,961,842**	**26,056,781**	**5,886,037**	**16,063,567**	**515,906,977**
Cummulated depreciation at January 1st, 2017	-	*(37,580,696)*	-	*(25,745,765)*	*(32,275,610)*	*(14,554,479)*	*(2,212,363)*	-	*(112,368,913)*
Impairment Adjustments of assets	-	-	-	-	-	-	-	*(69,191)*	*(69,191)*
Net accounting value at January 1st, 2017	**22,474,438**	**224,840,870**	**42,493,011**	**51,803,970**	**30,686,232**	**11,502,302**	**3,673,674**	**15,994,376**	**403,468,873**
Tangible inputs	-	1,924,958	-	1,657,410	713,645	39,375	257,254	10,126,374	14,719,016
Tangible outputs	-	(848)	(420,165)	(34,303)	-	-	-	(76,318)	(531,634)
Depreciation recorded during the semester	-	(9,386,121)	-	(4,602,906)	(5,979,823)	(1,473,403)	(429,612)	-	(21,871,865)
Reversal of impairment adjustments	-	-	-	-	-	-	-	69,191	69,191
Net accounting value at June 30,	**22,474,438**	**217,378,859**	**42,072,846**	**48,824,171**	**25,420,054**	**10,068,274**	**3,501,316**	**26,113,623**	**395,853,581**

2017									
Net accounting value at January 1, *2017*	***22,474,438***	***224,840,870***	***42,493,011***	***51,803,970***	***30,686,232***	***11,502,302***	***3,673,674***	***15,994,376***	***403,468,873***
Net accounting value at June 30, 2017	***22,474,438***	***217,378,859***	***42,072,846***	***48,824,171***	***25,420,054***	***10,068,274***	***3,501,316***	***26,113,623***	***395,853,581***
Difference	***-***	***(7,462,011)***	***(420,165)***	***(2,979,799)***	***(5,266,178)***	***(1,434,028)***	***(172,358)***	***10,119,246***	***(7,615,293)***

The diminution of the tangible assets by 7,615,293 RON, is mainly determined by the record of the depreciation related expenses and by the output of tangible assets whose values are not amortized, the value thereof being superior to the investments made in 2017 H1.

The lands held by the Company are located in Ploiesti at the company's administrative offices and in the 24 counties covered by the transport pipelines or where are being located the crude oil tanks loading ramps.
At 30.06.2017, CONPET has recorded in the company patrimony lands in surface of 733.648,93 sqm with a fair value amounting to **22,474,438** RON, namely:

- 554.537,62 sqm represent lands held under 47 Certificates of ownership obtained during 2001-2005. The value of these lands, as per the Land ownership Certificates is in amount of 26,255,918 RON, registered in the capital accouts (other reserves) without augmenting the share capital.
  At 30.06.2017, the fair value of these lands amounts to **11,858,571** RON.
- 155,411.45 sqm represent lands related to a number of 14 Ownership Certificates obtained until 2001, which are registered in the share capital. 30.06.2017, the fair value of these lands is in amount of **3,013,294 RON;**
- 23.699,86 sqm represent lands acquired by the Company upon a total of 27 sale-purchase contracts with a fair value of **7,602,573 RON,** at 30.06.2017.

Operating Oil Product	**June 30 2017**	**December 31, 2016**
Value of the operating oil product at cost	254,549	256,977
Differences related to restatement as per IAS 29	41,818,297	42,236,034
Operating oil product balance	**42,072,846**	**42,493,011**

The fall in the operating oil product belonging to CONPET, by the amount of 420,165 RON at 30.06.2017 is due to the sale of 934 tons of rich gas in January 2017,volumes coming from the close-down of Țicleni - Petrobrazi transport pipeline.

Tangible Assets in Progress
In 2017 H1, the Company has executed tangible assets works, in view of replacing, by deviation, certain sections of pipelines on various distances, crude oil pipelines commissioning works at the rivers undercrossings and crossings, tanks modernizations, loading ramps modernization, modernization of the pumping system in various stations, modernization of the vibration and temperature monitoring system, external lightening installations, modernization and monitorization cathodic protection stations, water supply, pursuant to the approved "2017 Investments Program".

5. Intangible Assets

During 2017 H1, the intangible assets evolved as follows:

Name	**Software and licenses**	**Other intangible assets**	**Total intangible assets**
Gross accounting value at January 1st 2017	**5,227,704**	**1,082,675**	**6,310,379**
Cummulated depreciation at January 1st 2017	(3,372,176)	(967,001)	(4,339,177)
Net accounting value at January 1st	**1,855,528**	**115,674**	**1,971,202**

2017			
Intangible inputs	-	-	-
Depreciation recorded during the semester	(457,926)	(19,557)	(477,483)
Net accounting value at June 30, 2017	**1,397,602**	**96,117**	**1,493,719**
Net accounting value at January 1st 2017	***1,855,528***	***115,674***	***1,971,202***
Net accounting value at June 30, 2017	***1,397,602***	***96,117***	***1,493,719***
Difference	***(457,926)***	***(19,557)***	***(477,483)***

At 30.06.2017, the net value of the intangible assets lowered as compared to late 2016, by the amount of 477,483 RON, representing the depreciation of the intangible assets during that time.

The depreciation method used is the linear method. The composition of the balance is mainly constituted of IT programs and software licenses. Research, development and set-up expenses have not been capitalized.

6. Financial Assets

The comparative statement of the financial assets on the two reporting periods reveals the followings:

Name	Other long-term investments	Long-term receivables	Total financial assets
Net accounting value at January 1, 2017	**5,000**	**651,965**	**656,965**
Inputs	-	320,189	*320,189*
Outputs	-	121,313	121,313
Net accounting value at June 30, 2017	**5,000**	**850,841**	**855,841**
Difference	***-***	***198,876***	***198,876***

At 30.06.2017 the company holds participations to the share capital of Registrul Independent Monitor.

The tangible assets include redeemable guarantees paid by the company for temporary set-aside of certain land plots used for investment works.

7. Inventories

Name	Raw materials and consumables	Products and merchandise	Total inventories
Gross accounting value at January 1, 2017	**6,696,731**	**3,249,989**	**9,946,720**
Write-down adjustments	(1,241,883)	(156,706)	(1,398,589)
Net accounting value at January 1, 2017	**5,454,848**	**3,093,283**	**8,548,131**
Inventories input during the period	6,362,265	873,161	7,235,426

Inventories output during the period	(7,094,265)	(999,838)	(8,094,103)
Impairment adjustments of write-back of inventories	268,435	21,339	289,774
Net accounting value at June 30, 2017	**4,991,283**	**2,987,945**	**7,979,228**
Net accounting value at January *1st 2017*	***5,454,848***	***3,093,283***	***8,548,131***
Net accounting value at June 30, 2017	***4,991,283***	***2,987,945***	***7,979,228***
Difference	***(463,565)***	***(105,338)***	***(568,903)***

The inventories are made up of raw materials, materials, spare parts, residual products and other materials that are to be used when performing company's core activity, as well as of security and intervention stocks meant for the potential provoked technical accidents or following natural disasters.

8. Trade Receivables and other Receivables

The comparative statement of the receivables for the reporting period, according to seniority and types of receivables reveals the followings:

	June 30 2017	**December 31st 2016**
Clients	34,912,436	38,656,637
Adjustment of impairment of receivables	(690,526)	(688,638)
Other trade receivables	307,857	216,383
Sub-total – Trade receivables (net)	34,529,767	38,184,382
Other receivables	3,860,709	7,727,011
Adjustment of impairment of other receivables	(2,780,045)	(3,555,333)
Sub-total - Other receivables (net)	1,080,664	4,171,678
Total short-term receivables	**35,610,431**	**42,356,060**

The customers' structure by activities is the following:

	June 30, 2017	**December 31, 2016**
Clients-transport activity	33,935,060	37,790,395
Other clients- auxiliary activities	977,376	866,242
Total	**34,912,436**	**38,656,637**

The trade receivable are not interest bearer and have a rotation speed of 29 days.
The main clients holding a significant share (over 99%) in the turnover at 30.06.2017 are: S.C. OMV PETROM S.A., S.C. Petrotel Lukoil S.A., S.C. Rompetrol Rafinare S.A..
The major client of the company, OMV PETROM SA, holds over 86% of the total short-term receivables at June 30, 2017.

Other receivables, amounting to 3,860,709 RON mainly include amounts to be recovered from different natural and legal persons in litigation pending before the law courts (2,259,508 RON, respectively 58.5%), undue VAT related to unarrived invoices (494,138 RON, respectively 12.8%), as well as interest receivable related to deposits with maturity

below 3 months (435,181 RON, respectively 11.3%).

Adjustment of impairment of other receivables (different debits related to the legal files pending before the Law Court, fiscal obligations and fines paid and facing challenging procedure) are, at 30.06.2017, in amount of 2,780,045 RON, registering 775,288 RON decrease as compared to 31.12.2016, following the registration, in the company's costs, of certain debits represeting ancillary expenses and challenged fines, where the court actions have been lost.

The Company's policy is to register write-downs of 100% for the clients facing dispute, dissolution, bankruptcy and for other debts related to the established legal files or the fines facing challenge procedure.

9. Cash and Cash Equivalents

At June 30, 2017 and December 31, 2016, the cash and cash equivalents are as follows:

	June 30, 2017	**December 31, 2016**
Current bank accounts	3,718,277	4,164,928
Bank deposits (maturity ≤ 3 months)	437,706,441	240,426,995
Cash on hand	28,641	5,978
Other cash equivalents	572,003	385
Total	**442,025,362**	**244,598,286**

The significant increase in cash volume at 30.06.2017 was mainly due to the placements in short-term financial investments which have reached maturity, the difference being recorded from the current activity performed in 2017 Half 1.
The cash includes the available amount related to the modernization quota, accounting for 202,456,650 RON.
The available amount related to the modernization quota has special use regime, under GD no. 168/1998, being meant exclusively for the financing of the rehabilitation and development of the goods belonging to the public domain.

10. Short-term Investments

The short-term financial investments are assets held by the company in view of achievement of a profit within a one year period. They comprise both government securities as treasury bills and government bonds and related interest receivable.

	June 30, 2017	**December 31, 2016**
Government securities(treasury bills and government bonds)	18,928,815	161,888,767
Government securities related interest	165,727	1,164,911
Total	**19,094,542**	**163,053,678**

Late 2017 H1, the Government securities held by the Company are detailed in the table below:

Issuer	Depo sitory	Product type	Series	No. of titles	Share value of the instrument	Value of coupon	Interest (%)	Value at 30.06.2017 (RON)
MFP	BCR	Government coupon bonds	RO0717DBN046	1,804	10,000	590	0.75%	18,928,815
Total								**18,928,815**

11. Shareholders' Equity

Along the reporting period, the company's share capital was not amended, resting at the value of 28,569,842 RON, being divided into 8,657,528 ordinary shares with a nominal value of 3.3 RON/share and corresponds to the one registered at the Trade Register Office.

The structure of the share capital and the shareholding structure of CONPET S.A. at June 30, 2017 is as follows:

Shareholders	June 30, 2017			December 31, 2016		
	No. of shares	Value (RON)	(%)	No. of shares	Value (RON)	(%)
The Romanian State represented by the Ministry of Energy	5,083,372	16,775,128	58.7162	5,083,372	16,775,128	58.7162
Legal persons	2,734,435	9,023,635	31.5845	2,785,694	9,192,790	32.1766
Natural persons	839,721	2,771,079	9.6993	788,462	2,601,924	9.1072
Total	**8,657,528**	**28,569,842**	**100%**	**8,657,528**	**28,569,842**	**100%**

As regards the share capital structure, there is an ongoing action since 2007, brought before the courts, for a claim submitted for a total of 524,366 shares, file where CONPET S.A. is acting as defendant, namely the file no. 5555/2/2014 (in the instance, the file had number 33317/3/2017).

The details on the current contents and status of the file are as follows:
Defendants: CONPET S.A.
S.C. Fondul Proprietatea S. A.
Register Regisco Independent S.A.
The National Commission of the Securities (Rom. CNVM)

Subject: the Authority for State Assets Recovery (Rom. AVAS) suits for recovery of a number of 524,366 shares from the share capital of CONPET S.A. against S.C. Fondul Proprietatea S. A., Independent Regisco Register S.A., National Securities Commission, Conpet S.A., asking:

- the Respondent S.C. Fondul Proprietatea S. A. be ordered to leave in full ownership and possession for the Authority for State Assets Recovery, a number of 524,366 shares out of the share capital of CONPET S.A.;

- the respondents Regisco, C.N.V.M. and CONPET S.A. be ordered to modify the number of shares in the registers of securities evidence.

By Decision no. 118/30.02.2015, Bucharest Court of Appeal admits the appeal brought by the appelants-applicants Department of Energy subordinated to the Ministry of Economy and the Ministry of Economy acting as successor in rights of the Ministry of Economy, Trade and Business Environment, against Civil Sentence no. 1296/19.03.2014 passed by Bucharest Tribunal - Civil Section no. 6 in the file no. 33317/3/2007 against the intimates respondents Fondul Proprietatea S. A., Depozitarul Central S.A., CONPET S.A.. Changes the Sentence subject to appeal in as such: rejects the exception, as groundless. Admits the motion formulated by the appellants-applicants Department of Energy subordinated to the Ministry of Economy and the Ministry of Economy acting as successor in rights of the Ministry of Economy, Trade and Business Environment against the respondent Fondul Proprietatea S.A. Ascertains the ownership right of the applicant Ministry of Economy over a number of 524,366 shares out of the share capital of Conpet S.A. Orders the respondents to make all the necessary arrangements as to make the registration thereof in the Shareholders' Registry. The Department for Energy subordinated to the Ministry of Economy and Fondul Proprietatea S.A. filed for appeal.
By sentence no. 802/19.04.2016, the High Court of Cassation and Justice admits the appeals declared by the appellant –applicant the Ministry of Energy and the appellant respondent S.C. FONDUL PROPRIETATEA S.A. against civil sentence no. 118/A dated January 30, 2015, ruled by the Court of Appeal Bucharest – Civil Section no.V. Quashes the decision appealed and the case is remitted to the same court. Rejects the appeal presented by the appellant-plaintiff Ministry of Energy against the conclusion of April 3rd 2015, pronounced by the same court.

By Civil Sentence no. 932/19.05.2017, Bucharest Court of Appeal rejects the appeals filed by the appelants-applicants Ministry of Economy and Ministry of Energy against Civil Sentence no. 1296/19 march 2014 passed by passed by Bucharest Tribunal - Civil Section no. 6 in the file no. 33317/3/2007 against the intimates respondents Fondul Proprietatea S. A., Depozitarul Central S.A., CONPET S.A..

In the same period, the Fondul Proprietatea filed for proceeding (File no. 3715/105/2007- Prahova Tribunal) seeking annulment of Art. 4 of OGMS Decision no. 2/25.04.2007 on the 2006 profit distribution for dividends, taking into account the above subject of proceeding on the ownership of those 524,366 shares of CONPET; procedure suspended pursuant to Art. 244 par. 1C, civil trial disposal.

Legal Reserves

The legal reserves in amount of: 5,713,968 RON at June 30, 2017 represent legal reserves constituted as per the applicable legislation in force and cannot be distributed. The company has transferred to the legal reserve at least 5% of the annual accounting profit up to 2007, when the accrued balance reached 20% of the paid-up share capital (EGO 64/2001, Law 571/2003, Law 31/1990, CONPET Articles of Incorporation).

Other Reserves

The increase of other reserves by the amount of 10,858,527 RON during 2017 H1 comes from the augmentation of the reserve representing modernization quota.

On June 30, 2017, Other Reserves are in gross amount of 547,097.228 RON, with the following composition:

- 434,423,654 RON - the modernization quota, calculated and collected according to the provisions of GD 168/1998;
- 26,255,918 RON - the reserve related to the lands for which have been obtained land ownership certificates and the share capital was not increased;
- 84,707,656 RON - other reserves representing own financing sources, out of which 81,468,379 RON represent amounts distributed out of the net profit during the previous years, for establishment of own financing sources in compliance with Article 1, paragraph (1), letter g) of G.O. no. 64/2001.
- 1,710,000 RON – reserve related to the reinvested profit, as per article 22 of Law no. 227/2015 regarding the Fiscal Code.

Revaluation Reserves

At June 30, 2017, the revaluation reserves are in gross amount of 35,860,466 RON (39,098,238 RON on December 31, 2016). In the financial position, the revaluation reserves are presented at their net value of 30,237,356 RON, resulted following the diminution of the gross value by the related deferred tax directly recognized in the shareholders' equity, as per IAS 12.

The Retained Earnings

The retained earnings lowered from 122,395,850 RON at December 31, 2016, to 50,135,393 RON at June 30, 2017. The 72,260,457 RON reduction was mainly determined by the additional allocation, at dividends, of the amount of **73,725,670 RON** representing **retained earnings**, as per the OGMS Resolution no. 2/26.04.2017.

The retained earnings in amount of 50,135,393 RON is made up of:

- 5,634,435 RON - retained earnings derived from the passing to application of IFRS, less IAS 29;
- 41,818,297 RON- retained earnings coming from the adoption, for the first time of IAS 29, related to fixed assets representing operating oil product;
- 2,682,661 RON – retained earnings representing surplus achieved out of revaluation reserves.

Profit of the Period

The profit of the period amounts to 40,394,205 RON on June 30, 2017, 9.04 % higher YoY.

12. Obligations Regarding Employees Benefits And Bonuses. Wage System

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

The benefits granted to the employees reveal the followings:

Liabilities regarding the Employees' Benefits

	6 months ended June 30, 2017	6 months ended June 30, 2016
Quarterly premiums	648,531	549,760
Retirement support	266,184	174,777
Marriage support	14,788	3,427
Employees' share of profit	4,754,892	4,522,804
The company's contribution to facultative pension schemes	1,512,580	1,516,555
Other benefits	50,681	50,016
Total	**7,247,656**	**6,817,339**

Liabilities regarding the Employees' Bonuses

	6 months ended June 30, 2017	6 months ended June 30, 2016
Holiday/medical treatment vouchers and related transport	562,920	361,952
Gifts - employees and minor children	159,450	166,950
Financial support - birth, death, illness, humanitarian	252,745	288,753
Meal vouchers	1,757,468	1,817,927
Other bonuses	308,181	55,890
TOTAL	**3,040,764**	**2,691,472**

Waging System - Director General, members of the Board of Administration and GMS Secretary

	6 months ended June 30, 2017	6 months ended June 30, 2016
Allowance - Mandate contract	522,212	550,644
Allowance - Board members and	519,906	548,055
Allowance - GMS Secretary	-	4,251
Total	**1,042,118**	**1,102,950**

Wages and Contributions related Expenses

	6 months ended June 30, 2017	6 months ended June 30, 2016
Salary Expenses	36,383,957	35,694,372
Social Insurance Expenses	9,848,100	9,605,857

Total	**46,232,057**	**45,300,229**

Note: The "Waging Expenses" line does not include the benefits and bonuses of the employees, nor the allowances of the Director General and Board of Administration members.

13. Trade liabilities and other Liabilities

At June 30, 2017, as compared to December 31, 2016, the trade liabilities and other liabilities are as follows:

	December 31, 2016	**June 30 2017**	**Maturity for the balance at June 30, 2017**		
			< 1 year	**1- 5 years**	**> 5 years**
Trade payables	20,657,756	16,950,728	16,950,728	-	-
Other payables (including taxes and social security)	32,089,120	175,908,190	173,428,128	2,177,970	302,092
Total	**52,746,876**	**192,858,918**	**190,378,856**	**2,177,970**	**302,092**

The rotation speed suppliers is 41 days.
The Company's suppliers related to the performance of the operation activity are being mainly represented by: SNTFM CFR Marfa, OMV Petrom S.A, RCS&RDS, Edenred Romania SRL, Engie Romania, Prodial Tour, OMV Petrom Marketing, Omniasig Vienna Insurance Group, Cameleon Security, Mol Romania Petroleum Products, Orange Romania etc.
During 01.01.2017-30.06.2017, the share thereof in total operation suppliers is of 88.31%.

In case of fixed assets suppliers, the share is being held by the following suppliers: Inspet, IPM Partners, Talpac, Swiso Electric, Prodrep, Mobil Industrial AG, Intercom, Snif Project, Drilling Swiss, Addvalue Global Consulting, Industrial Computer Group, Dacelectric, Petrostar etc. (respectively 89.33 % in total fixed assets suppliers in 2017 H1).

The status of the employees-related debts, fiscal debts and other debts, according to maturity, looks as follows:

Liabilities	**December 31, 2016**	**June 30, 2017**	**Maturity for the balance at June 30, 2017**		
			< 1 year	**1- 5 years**	**> 5 years**
Payroll	3,650,030	3,705,935	3,705,935		
Social security	3,169,681	2,627,001	2,627,001		
Current income tax	3,901,860	4,047,588	4,047,588		
Deferred tax	1,671,210	2,480,062	-	2,177,970	302,092
Royalty due to the State Budget	7,540,612	7,267,542	7,267,542		
VAT payable	4,350,768	4,147,437	4,147,437		
Other taxes and liabilities to	1,182,836	940,276	940,276		

State Budget					
Dividends payable	6,204,944	149,597,384	149,597,384		
Other liabilities	417,179	1,094,965	1,094,965		
Total	**32,089,120**	**175,908,190**	**173,428,128**	**2,177,970**	**302,092**

As compared to the end of 2016, at chapter „other liabilities", in 2016 is being registered a material increase at the position „dividends payable", following the approval by OGMS Resolution no. 2/26.04.2017, concurrently with the annual financial statements, of distribution, at dividends, of the profit related to 2016. The payment of dividends has been established at 20.07.2017.

14. Provisions

	June 30, 2017	December 31, 2016
Provisions - litigations	3,005,643	3,012,183
Provisions – employee benefits	4,117,568	11,747,998
Other provisions for risks and expenses	141,913	205,000
Total	**7,265,124**	**14,965,181**
Long-term provisions	*3,413,568*	*3,542,697*
Short-term provisions	*3,851,556*	*11,422,484*

Provisions for Litigations

In detail, the provisions for litigations are:

	June 30, 2017	December 31, 2016
Litigations for civil compensations	1,766,661	1,773,201
Litigations for breach of contractual clauses by third-parties	1,192,999	1,192,999
Work related litigations	45,983	45,983
Total	**3,005,643**	**3,012,183**

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

Provisions for the Employees' Benefits

The decrease of these provisions was mainly due to, the write-back of the provisions constituted for the employees' share of profit.
The biggest share in the provisions for employees' benefits is held by the provision for retirement support in amount of 3,501,505 RON, out of which 3,413,568 RON represents long-term liabilities and 87,937 RON represents short-term liabilities. This provision was calculated based on actuarial methods according to the estimation of the average salary, of the average number of salaries payable upon retirement, estimation of the period when they will be paid and was brought

to the actual value by using a discount factor based on the interest related to several investments with maximum safety degree (securities).

15. The Income Tax

The current and deferred income tax of the company for 2017 H1 and for year 2016 are determined at a statutory rate of 16%.

	6 months ended June 30, 2017	**6 months ended June 30, 2016**
Current income tax expense	6,116,363	6,522,262
Deferred income tax expense	1,363,947	1,061,950
Deferred income tax revenue	(37,633)	-
Total	**7,442,677**	**7,584,212**

Reconciliation of the effective tax rate:

	June 30, 2017	**June 30, 2016**
Profit before taxation	47,836,882	44,628,927
-income tax at the statutory rate of 16%	7,653,901	7,140,628
Effect over the income tax of:		
- Non - deductible expenses	194,267	604,514
- Non - taxable revenues	(1,410,708)	(1,748,715)
- Revenues similar elements	443	716,329
- Expenses similar elements	(123,290)	(568)
- Other effects - temporary differences	1,326,314	1,061,950
- Amounts representing sponsorship within the limits provided by law	(198,250)	(189,926)
Income Tax	**7,442,677**	**7,584,212**

16. Earnings per share

The earnings per share at 30.06.2017 YoY is:

	6 months ended June 30, 2017	**6 months ended June 30, 2016**
Profit of the year	40,394,205	37,044,715
Number of ordinary shares at the beginning/end of the period	8,657,528	8,657,528
Basic and diluted earnings per share (RON/share)	**4.67**	**4.28**

17. Operating Revenues

a) Turnover revenues

	6 months ended June 30, 2017	6 months ended June 30, 2016
Transport service revenues, o/w:	184,126,057	186,561,559
Domestic transport system related revenues	*143,377,849*	*149,264,996*
Import transport system related revenues	*40,748,208*	*37,296,563*
Rental revenues	695,031	593,793
Other revenues included in turnover	1,493,307	325,699
Total turnover revenues	**186,314,395**	**187,481,051**

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

During 2017 H1, the transported quantities per sub-systems, as compared to the preceding year, are as follows:

	6 months ended June 30, 2017	6 months ended June 30, 2016
Domestic Subsystem	1,784,874	1,854,587
Import Subsystem	1,426,578	1,603,322
Total quantities (tons)	3,211,452	3,457,909

The overall quantity of transported products decreased by 7.13 % during 2017 H1 YoY, due to the decrease, by 3.76%, of the transported quantities on the domestic subsystem and the decrease by 11.02% of the volumes transported on the import subsystem.
The tariffs for the supply of the transport services in 2017 H1, as approved by the National Agency for Mineral Resources pursuant to Order no. 32/02.02.2016, are as follows:

- For the domestic transport subsystem, the average tariff is 79.75 RON/ton;
- For the import transport subsystem, the tariffs are applied per refineries, per batches of transported quantities, according to tariff bands:

Period	Arpechim		Ploiesti Basin		Petromidia	
	Thousand tons/month	RON/ton	Thousand tons/month	RON/ton	Thousand tons/month	RON/ton
February 9, 2016 – to date	< 100	38.85	< 100	38.00	< 100	8.00
	> 100	16.60	> 100	16.00	> 100	7.33

b) Other operating revenues

	6 months ended June 30, 2017	6 months ended June 30, 2016
Revenues from consumption of modernization quota	15,104,907	13,451,283
Earnings from assignment of assets	899,618	-
Other revenues	284,604	1,322,525
Ttoal operating revenues	**16,289,129**	**14,773,808**

The revenues related to the expenses borne by the modernization quota account for 92.73 % of other operating revenues achieved, registering 12.29 % increase YoY.

18. Operating expenses

a) Inventories and other utilities expenses

	6 months ended June 30, 2017	6 months ended June 30, 2016
Consumables expenses	2,531,736	2,379,173
Other material expenses	666,295	761,227
Other expenses with energy and water	5,172,245	4,939,938
Merchandise expenses	31,703	4,954
Total inventories expenses	**8,401,979**	**8,085,292**

b) Personnel Expenses

	6 months ended June 30, 2017	6 months ended June 30, 2016
Salaries expenses	37,313,460	36,394,016
Meal vouchers expenses and other advantages	1,782,103	1,846,926
Employees' share of profit expenses	4,754,892	4,522,804
Social protection expenses as per the Colective Labour	1,258,661	844,546
Agreement	1,092,799	1,181,286
Social insurance expenses, here-included the contribution to facultative pension schemes	11,360,680	11,122,412
Total personnel expenses	**57,562,595**	**55,911,990**

c) The Outside Services Expenses include:

	6 months	6 months

	ended June 30, 2017	ended June 30, 2016
Rail transport Expenses	28,104,245	29,471,432
Royalties, commercial leasings and rental expenses	14,905,244	15,098,351
Third-party pumping related expenses	2,397,841	2,635,332
Expenses with maintenance and repairs	700,042	1,117,324
Expenses related to decontamination, monitoring of the environment factors	221,082	480,290
Travel, assignments and transfer expenses	359,096	374,122
Personnel and goods transport related expenses	319,854	307,641
Postal expenses and telecommunication charges	257,336	220,584
Other third-party services related expenses	2,101,219	2,019,456
Total Outside Services Expenses	**49,365,959**	**51,724,532**

The royalties, commercial leasings and rental expenses comprise the oil royalty, calculated according to EGO 101/ 2007, 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 System.

d) Other Expenses

	6 months ended June 30, 2017	6 months ended June 30, 2016
Other taxes, duties and similar levies	699,968	1,150,790
Compensations, fines and penalties expenses	804,664	131,500
Donations granted (Sponsorship)	198,250	189,927
Assigned assets and other capital operations expenses	-	3,500,680
Environmental protection expenses	25,309	11,589
Expenses settlement modernization quota	25,963,435	27,395,011
Other operating expenses	128,073	140,058
Other Expenses	**27,819,699**	**32,519,555**

Other taxes, duties and similar levies include, most of them, the local taxes expenses and other fiscal liabilities related expenses.
The company establishes reserves regarding the modernization quota based on other operated expenses, in compliance with the provisions of GD no. 168/1998, subsequently amended and the provisions of the Fiscal Code approved pursuant to Law no. 227/2015, subsequently amended and updated.

19. Net Financial Result

	6 months ended June 30, 2017	6 months ended June 30, 2016
Interest revenues	1,282,187	868,968

Revenues from securities and other financial instruments operations	623,064	984,779
Other financial revenues	14,925	26,154
Total financial revenues	**1,920,176**	**1,879,901**
Other financial expenses	(19,658)	(55,832)
Total financial expenses	**(19,658)**	**(55,832)**
Net financial result	**1,900,518**	**1,824,069**

The financial revenues increased by 2% in 2017 H1 YoY, while the financial expenses decreased by 65% during the current analyzed period, as compared to the preceding period. Based on this evolution, the net financial result grew by 4 % in 2017 H1 YoY.

20. Affiliated Parties

During January - June 2017, the Company performed the following affiliated party transactions:

Partner	Unsettled amounts December 31, 2016	Procurements in 2017 H1	Settlements in 2017 H1	Unsettled amounts June 30, 2017
SNTFM CFR Marfă SA	5,902,301	35,055,918	33,386,346	7,571,873

21. Subsequent Events

July 20, 2017 is the date approved by the General Meeting of Shareholders for the payment of dividends from 2016 financial year's result and from the retained earnings.
In this respect, CONPET paid to Depozitarul Central the dividends due to the shareholders registered in the Shareholders' Registry at registration date 30.06.2017 ("Registration Date"). The "Ex-date" set by the General Meeting of Shareholders is 29.06.2017.

These interim financial statements and related notes,from page 3 to page 29 have been approved on August 10, 2017.

Director General,
Eng. Ilași Liviu

Economic Director,
Econ.Toader Sanda

CONPET S.A., Romania
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Tel: +40-244-401360; fax: +40-244-516451
TIN: RO 1350020; NACE Code 4950; CRN J29/6/22.01.1991
Subscribed and paid-up share capital 28 569 842.40 RON

STATEMENT

of the persons in charge within CONPET S.A., in compliance with Art. 113, letter D par (1) of CNVM Regulation no. 1 / 2006

Have been prepared the interim financial statements at **30.06.2017** for:

Entity	CONPET SA
County	29 – PRAHOVA
Address	Ploiești, str. Anul 1848, nr. 1-3
Trade Registry No.	J29/6/1991
Property Form	26 – State-owned and private companies with domestic and private capital
Main activity (NACE code)	4950 – Transport through pipelines
Unique Registration Number	1350020

The undersigned: Ilași Liviu, incapacity of Director General and Toader Sanda, in capacity of Economic Director, confirm the following:

To our knowledge, the interim financial statements at June 30, 2017, which have been prepared in compliance with the applicable accounting standards (International Accounting Standard 34 - "Interim Financial Reporting") offer a true and fair view of the assets, liabilities, financial standing, profit and loss account of the company and the Board of Administration's Report depicts, in a fair and thorough manner, the information about the issuer.

Director General,
Eng.Ilași Liviu

_____

Economic Director
Econ. Toader Sanda

_____

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Report on review of interim financial statements to the Shareholders of CONPET S.A.

Introduction

We have reviewed the interim statement of financial position of CONPET S.A. (The Company) as of June 30, 2017, and the interim statement of comprehensive income, interim statement of changes in equity and interim statement of cash flows for the six-month period then ended, and notes. Management is responsible for the preparation and fair presentation of the interim financial statements in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim financial statements based on our review.

Scope of review

Except as explained in the *Basis for qualified conclusion* paragraph, we conducted our review in accordance with International Standard on Review Engagements 2410, *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for qualified conclusion

The interim financial statements for the six-month period ended June 30, 2016 have not been audited or revised. Accordingly, we are not in a position to and do not express any assurance in respect of the comparative interim financial statements for the six-month period ended June 30, 2016 and on their comparability with the interim financial statements for the current period. We have, however, audited the financial statements as of December 31, 2016, and therefore our review report is not qualified in respect of the comparative information included in the interim statement of financial position.

In preparing the interim financial statements as at June 30, 2017 and June 30, 2016 the Company has not updated as per the requirements of IAS 34 *Interim Financial Reporting* the estimates related to provisions for untaken leave and provisions for benefits awarded to employees, considering that these estimates are updated when preparing the annual financial statements. The estimated amounts for the provision related to the employees participation to the profit for 2017 are included in the fourth quarter of the approved Income and Expenditure Budget for the year 2017. Therefore, we could not obtain sufficient evidence to express a conclusion on the completeness of provisions as at June 30, 2017 and on the corresponding impact on the interim statement of comprehensive income for the six-month period ended June 30, 2017.

Qualified conclusion

Except of the possible effects of the matters described in the preceding paragraphs, based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not give a true and fair view of the financial position of the entity as at June 30, 2017, and of its financial performance and its cash flows for the six-month period then ended in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

Other Aspects

This report is addressed exclusively to the Company's shareholders, as a body. Our review was undertaken in order to report to the Company's shareholders all those aspects that we are required to state to them in a review report and for no other purposes whatsoever. To the extent permitted by law, we do not accept or take responsibility to anyone other than the Company and its shareholders, as a body, for our review work, for this report or for the conclusion we have formed.

On behalf, of
BDO AUDIT SRL
Registered with the Chamber of Financials Auditors in Romania No 018 / 2001

Name of signing person: Vasile Bulata
Registered with the Chamber of Financials Auditors in Romania
No 1480 / 2002

Bucharest, Romania
10 August 2017

This is a free translation of the original Romanian language version. In case of any differences the Romanian version will prevail.