

PRELIMINARY REPORT

CONPET S.A.

January – December 2017



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DATE DE IDENTIFICARE RAPORT ȘI EMITENT

Preliminary report drafted in accordance with:

Report date	Law no. 24/2017 on issuers of financial instruments and market operations
Company name	CONPET S.A.
Registered office	No. 1-3, Anul 1848 Street, Ploiești, Prahova County, Postcode 100559
Telephone/Fax	0244 401360 / 0244 516451
E-mail / Internet	conpet@conpet.ro / www.conpet.ro
Sole Registration Code at the Trade Register Office	1350020
Registration Number at the Trade Registry	J29/6/22.01.1991
Regulated market where the issued securities are traded	Bucharest Stock Exchange, Premium category
Subscribed and fully paid-up share capital	28,569,842.40 RON
Main features of the securities	8,657,528 shares with a nominal value of 3.3 RON/share
Total market value	860,558,283.20 RON (99.4 RON/share at 29.12.2017)
Applied accounting standard	International Financial Reporting Standard
Audit	The Simplified interim financial statement prepared at 31.12.2017 have not been audited



GENERAL DATA REGARDING THE COMPANY'S BUSINESS

The evolution of the main preliminary financial and operational indicators of the company in 2017, as compared to the budget and YoY, is the following:

Preliminary achieved year 2017	BUDGET 2017	Variation Preliminary 2017/BUDGET [▲/▼%]	Indicators	Preliminary achieved year 2017	Achieved year 2016	Variation 2017/2016 [▲/▼%]
PERFORMANCE INDICATORS (Administration Plan)						
128.12	125.61	▲1.9%	EBITDA (Lei million)	128.12	120.62	▲6.2%
86.89%	87.67%	▼0.78pp	Operating expenses (%Turnover)	86.89%	86.63%	▲0.26pp
247	244	▲1.2%	Productivity (RON'000/employee)	247	246	▲0.4%
29	29		Number of Technical Breakdowns	29	30	
3	2		Number of broker's reports	3	11	
17	25		BSE position - capitalization	17	15	
OPERATING INDICATORS						
6,819.72	6,464.16	▲5.5%	Total transported quantities (tonne'000)	6,819.72	7,078.34	▼3.7%
47.99	50.67	▼5.3%	Operating costs/tonne (RON/tonne)	47.99	46.71	▲2.7%
OTHER FINANCIAL INDICATORS						
410.82	408.33	▲0.6%	Total operating revenues (million RON)	410.82	410.93	▼0.1%
327.28	327.51	▼0.1%	Operating expenses (million RON)	327.28	330.62	▼1.1%
20.34%	19.79%	▲0.55p.p.	Operating profit margin (% operating revenues)	20.34%	19.54%	▲0.80 p.p.
17.77%	16.78%	▲ 0.99p.p.	Net Profit Margin (% total revenues)	17.77%	17.25%	▲0.52 p.p.
83,542	80,802	▲3.3%	EBIT (million RON)	83,542	80,306	▲4.0%
73,661	68,954	▲6.8%	Net Profit (million RON)	73,661	71,546	▲3.0%
8.51	7.96	▲6.9%	EPS (Net profit/share)	8.51	8.26	▲3.0%
INVESTMENTS ACHIEVEMENT INDICATORS						
48.48	64.27	▼24.6%	Total Capital Expenditure, o/w: (million RON)	48.48	45.41	▲6.7%
38.41	51.65	▼25.70%	Investments – Public Domain (million RON)	38.41	36.87	▲4.1%
10.07	12.62	▼20.3%	Investments – Operating Domain (million RON)	10.07	8.54	▲17.9%
1666	1675	▼0.6%	Avg. number of employees	1666	1.670	▼0.3%



Company Results

• Financial

The preliminary financial results in 2017 YoY, are as follows:

- The turnover achieved in 2017 reached 376.66 million RON, lower by 1.3% as compared to 2016.
- The operating revenues almost equalled the figures reported in 2016 (410.82 million RON in 2017, respectively 410.93 million RON in 2016).
- EBITDA recorded 6.2% increase, from 120.62 million RON in 2016, to 128.12 million RON in 2017.
- The operating profit (EBIT) grew by 4%, from 80.31 million RON in 2016 to 83.54 million RON in 2017.

• Operating

The quantity transported on the two sub-systems in 2017 recorded the following evolution:

- 5.5% increase as compared to plan
- 3.7% decrease as compared to 2016

The volume of the transport activity by transport subsystems, expressed in thousand tonnes, is exposed in the table below:

Transport subsystem	Achieved year 2017	Budget 2017	Achieved 2016	Variation Preliminary 2017/Budget [▲/▼ %]	Variation 2017/2016 [▲/▼ %]
Domestic Subsystem	3,550.40	3,518.98	3,685.09	▲0.8%	▼3.7%
Import Subsystem, o/w:	3,269.32	2,945.18	3,393.26	▲11.0%	▼3.7%
- OMV Petrom, o/w:	815.32	500.00	565.62	▲63.1%	▲44.1%
Discharge (OMV Petrom)	222.44	0.00	352.31		▼36.9%
- Lukoil*	2,359.39	2,365.18	2,752.94	▼0.3%	▼14.3%
- Petromidia	94.60	80.00	74.69	▲18.2%	▲26.7%
Total	6,819.72	6,464.16	7,078.34	▲5.5%	▼3.7%

*During February 25 - April 05, 2017, no crude oil deliveries have been made to LUKOIL refinery, this being closed for the technological overhaul scheduled for 2017.



QUANTITIES TRANSPORTED ON THE DOMESTIC AND IMPORT SUBSYSTEMS
ACHIEVED 2017 VS. 2016

TRANSPORTED QUANTITIES
6,819 thousand tonnes 12 months 2017 o/w:

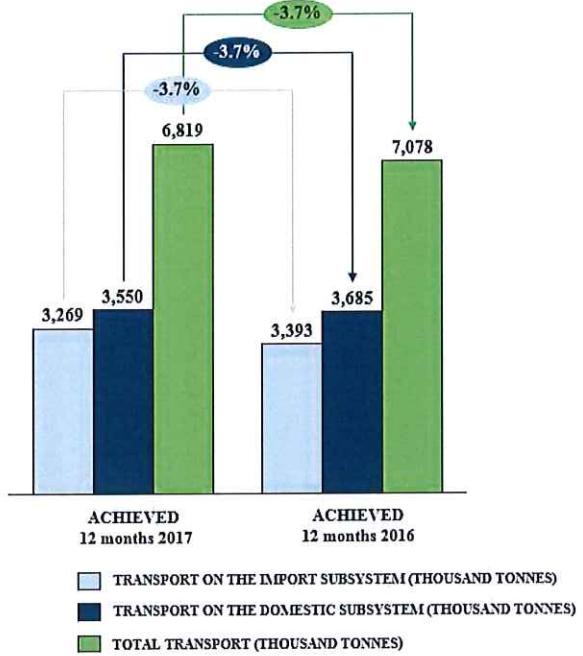
DOMESTIC SUBSYSTEM
3,550 thousand tonnes 12 months 2017

IMPORT SUBSYSTEM
3,269 thousand tonnes 12 months 2017

▼ 3.7%

▼ 3.7%

▼ 3.7%



Share of crude oil, rich gas and condensate in total transport



QUANTITIES TRANSPORTED ON THE DOMESTIC AND IMPORT SUBSYSTEMS
ACHIEVED VS. BUDGET
12 months 2017

TRANSPORTED QUANTITIES
6,819 thousand tonnes 12 months 2017 o/w:

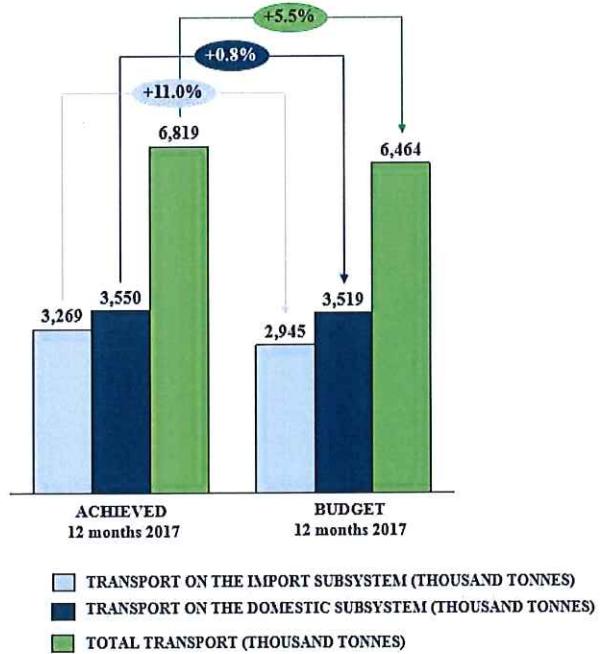
- DOMESTIC SUBSYSTEM
3,550 thousand tonnes 12 months 2017

IMPORT SUBSYSTEM
3,269 thousand tonnes 12 months 2017

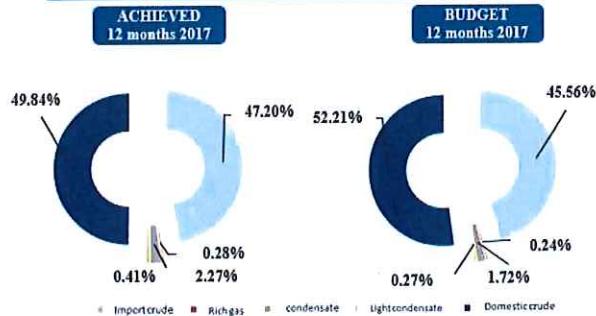
▲ 5.5%

▲ 0.8%

▲ 11.0%



Share of crude oil, rich gas and condensate in total transport



• **Company's Evolution on the Capital Market**

The company ranked 18 in "Top 25 issuers according to capitalization". The market capitalization amounted to 860.56 million RON (99.4 RON/share) at 29.12.2017, as compared to 682.21 million RON (78.80 RON /share) at 31.12.2016.

The achieved net profit per share amounts to 8.51 RON/share (12 months 2016: 8.26 RON/share), registering 3% increase.

During January - December 2017 have been issued 3 analysis reports by brokerage companies: Swiss Capital S.A. - one report dated 23.01.2017 and WOOD&Company – two reports, on 08.02.2017 and respectively on 29.06.2017.

ANALYSIS OF THE FINANCIAL STATEMENT

• **Synthesis of the preliminary financial results on December 31, 2017**

The financial information presented in this report are obtained from the preliminary financial statements for the period ended December 31, 2017, prepared in compliance with OMPF (Order of the Ministry of Public Finances) no. 2844/2016 and unaudited (presented in Annexes 1 and 2).

In synthesis, the financial standing at December 31, 2017 is as follows:

Thousand RON	December 31, 2017 (unaudited)	December 31, 2016 (audited)	Variation 2017/2016 [▲/▼ %]
Fixed Assets	407,264	406,097	▲ 0.3%
Current Assets	337,768	458,812	▼ 26.4%
Total Assets	745,032	864,909	▼ 13.9%
Shareholders' Equity	661,380	795,713	▼ 16.9%
Deferred Income	1,345	1,484	▼ 9.4%
Total Liabilities	82,307	67,712	▲ 21.6%
Total Equity and Liabilities	745,032	864,909	▼ 13.9%

The fixed assets recorded 0.3% increase as compared to December 31, 2016, triggered by the procurement of tangible assets which have exceeded the depreciation value registered in 2017.

The current assets lowered by 26.4%. The decrease was determined by the payment, to the shareholders, of the dividends distributed out of 2016 profit and the distributable reserves.



The shareholders' equity lowered by 16.9% (134.33 million RON) as compared to December 31, 2016, mainly due to:

- The decrease in other reserves and retained earnings by 155.20 million RON, representing dividends distributed therefrom along 2017 year;
- Increase of the modernization quota reserves, by 22.40 million RON;

The estimated net profit for 2017 financial year is 73.66 million RON, higher by 2.11 million RON as compared to 2016 (71.55 million RON).

In synthesis, the preliminary profit and loss account is as follows:

Thousand RON	December 31, 2017 (unaudited)	December 31, 2016 (audited)	Variation 2017/2016 [▲/▼%]
Turnover	376,661	381,646	▼1.4%
Total Operating Revenues	410,819	410,930	▼0.1%
Total Operating Expenses	327,277	330,624	▼1.1%
Operating Profit	83,542	80,306	▲4.0%
EBITDA	128,116	120,621	▲6.2%
Financial revenues	3,613	3,836	▼5.9%
Financial expenses	45	109	▼58.8%
Financial Result	3,568	3,727	▼4.3%
Total revenues	414,432	414,766	▼0.1%
Total expenses	327,322	330,733	▼1.1%
Gross Profit	87,110	84,033	▲3.6%
Net Profit	73,661	71,547	▲3.0%

Operating Revenues

As compared to the approved budget and the preceding period, the overall revenues of the operating activity are as follows:

Achieved 2017	Budget 2017	Variation Preliminary 2017/Budget [▲/▼%]	Indicators	Achieved 2017	Achieved 2016	Variation 2017/2016 [▲/▼%]
			<i>Revenues from transport services Domestic subsystem</i>			
3,550,40	3,518,98	▲0,8%	Thousand tonnes	3,550,40	3,685,09	▼3,7%
284,890	282,272	▲0,9%	Thousand RON	284,890	296,077	▼3,8%



Achieved 2017	Budget 2017	Variation Preliminary 2017/Budget [▲/▼ %]	Indicators	Achieved 2017	Achieved 2016	Variation 2017/2016 [▲/▼ %]
			<i>Revenues from transport services Import subsystem</i>			
3,269.32	2,945.18	▲11,0%	Thousand tonnes	3,269,32	3,393,25	▼3,7%
87,466	81,683	▲7,0%	Thousand RON	87,466	82,498	▲6,0%
			Total transport revenues			
6,819.72	6,464.16	▲5.5%	Thousand tonnes	6,819.72	7,078.34	▼3.7%
372,355	363,955	▲2.3%	Thousand RON	372,355	378,575	▼1.7%
1,399	1,244	▲12.5%	Rental Income	1,399	1,231	▲13.6%
2,907	8,411	▼65.4%	Other revenues	2,907	1,840	▲57.9%
376,661	373,610	▲0.8%	Turnover	376,661	381,646	▼1.3%
945	260	▲263.5%	Gain on asset disposal	945	-	n/a
29,801	31,598	▼5.7%	<i>Write-back of revenues settled based on the expenses with the modernization quota</i>			
3,412	2,862	▲19.2%	Other revenues	3,412	1,620	▼110.6%
33,213	34,460	▲3.6%	Other operating revenues	33,213	29,284	▲13.4%
410,819	408,331	▲0.6%	Total operating revenues	410,819	410,930	▲0.03%

The Transport Activity

The tariffs practiced in 2017 for the transport of crude oil, rich gas, condensate and liquid ethane were the ones approved by NAMR pursuant to Order no. 32/2016, as follows:

- For the transport of crude oil, rich gas and condensate on the domestic subsystem (79.75 RON/tonne);
- for the supply on the import transport subsystem the tariffs were calculated on batches of transport quantities and refineries, as follows:

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

The total quantity transported in 2017 lowered by 259 thousand tonnes as compared to 2016, due to the reduction of the demand for transport services.

On the domestic transport subsystem, the transported quantity lowered by 135 thousand tonnes, while on the import transport subsystem was recorded a decrease by 124 thousand tonnes.



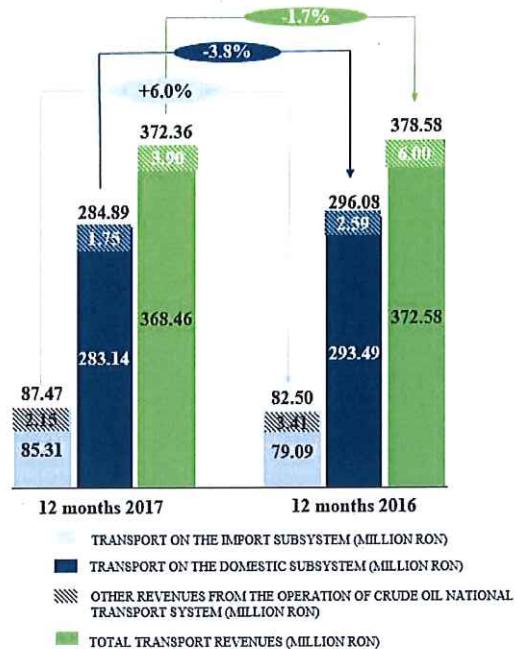
REVENUES ACHIEVED FROM THE TRANSPORT ON THE DOMESTIC AND IMPORT SUBSYSTEMS
12 months 2017 / 12 months 2016

- TOTAL REVENUES FROM TRANSPORT TO THE REFINARIES ▼ 1.1%
368.46 million RON 12 months 2017, o/w:

- DOMESTIC SUBSYSTEM
283.14 million RON 12 months 2017

- IMPORT SUBSYSTEM
85.31 million RON 12 months 2017

● OTHER TRANSPORT OPERATIONS
3.90 million RON 12 months 2017

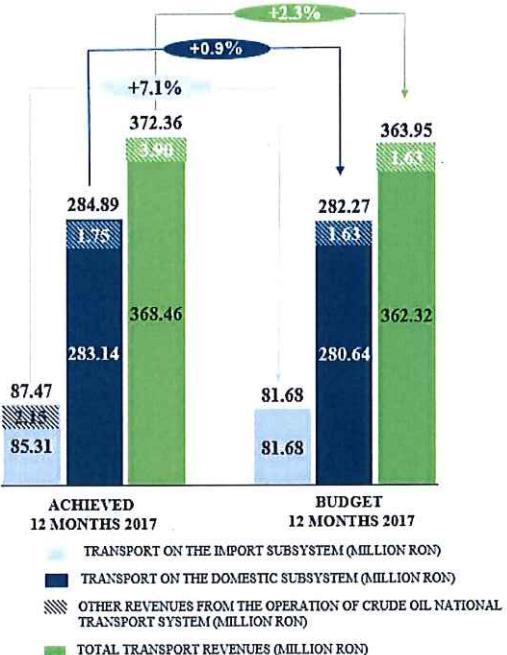
REVENUES ACHIEVED FROM THE TRANSPORT ON THE DOMESTIC AND IMPORT SUBSYSTEMS
ACHIEVED VS. BUDGET
12 months 2017

- TOTAL REVENUES FROM TRANSPORT TO THE REFINARIES
368.46 million RON 12 months 2017, o/w:

- DOMESTIC SUBSYSTEM
283.14 million RON 12 months 2017

- IMPORT SUBSYSTEM
85.31 million RON 12 months 2017

● OTHER TRANSPORT OPERATIONS
3.90 million RON 12 months 2017



As compared to the previous year, the transport revenues lowered by 1.7% (6.22 million RON), due to the reduction of the transported quantity. As compared to Budget, the transport revenues achieved increased by 2.3% (8.40 million RON).

The revenues from transport services account for 91% in total operating revenues, respectively 99% in total turnover.

The company achieved revenues from other activities, representing lease of lands and telecommunication equipment, rail tank shunting, sale of tubular material etc, in amount of 4.30 million RON.

In other operating revenues are acknowledged the reserves representing the modernization quota at the level of the expenses related to the depreciation of the tangible assets financed from it and the gain obtained from the sale of the operating product - rich gas resulted following the emptying of Ticleni - Petrobrazi transport pipeline. In 2017 the value of these revenues amounted to 33.2 million RON.

The Operating Expenses

The operating expenses registered in 2017, as compared to the same period of the preceding year and the budget provisions are as follows:

Achieved 2017	Budget 2017	Variation Preliminary 2017/Budget [▲/▼ %]	Indicators	Achieved 2017	Achieved 2016	Variation 2017/2016 [▲/▼ %]
7,045	7,228	▼ 2.5%	Material expenses, o/w:	7,045	6,266	▲ 12.4%
3,402	3,149	▲ 8.0%	-consumables	3,402	3,251	▲ 4.6%
1,737	1,712	▲ 1.5%	-fuel	1,737	1,643	▲ 5.7%
9,426	9,820	▼ 4.0%	Utilities Expenses	9,426	9,695	▲ 2.8%
111,394	111,504	▼ 0.1%	Personnel Expenses, o/w:	111,394	111,505	▼ 0.1%
75,611	75,662	▼ 0.1%	-salaries	75,611	74,094	▲ 2.0%
21,754	21,788	▼ 0.2%	-insurance, social contributions and other legal liabilities	21,754	23,169	▼ 6.1%
14,029	14,053	▼ 0.2%	-other personnel expenses	14,029	14,243	▼ 1.5%
44,574	44,809	▼ 0.5%	Depreciation and amortization expenses and value adjustments	44,574	40,315	▲ 5.6%
99,821	100,554	▼ 0.7%	Outside Expenses, o/w:	99,821	103,807	▼ 3.8%
1,456	2,467	▼ 40.9%	-maintenance (maintenance and repair)	1,456	2,279	▼ 36.1%
56,389	53,823	▲ 4.8%	- crude oil rail transport	56,389	57,599	▼ 2.1%
400	1,600	▼ 75.0%	-decontamination related expenses	400	1,393	▼ 71.3%
28,637	28,005	▲ 2.3%	-royalties	28,637	29,162	▼ 1.8%
12,939	14,659	▼ 11.7%	-other third-party services	12,939	13,374	▼ 3.3%
(1,243)	-	-	Value adjustments - current assets	(1,243)	577	
757	389	▲ 94.6%	Provision adjustments	757	(8,094)	
-	-		Loss on assets' disposal	-	3,635	
55,502	53,224	▲ 4.3%	Other operating expenses, o/w:	55,502	62,919	▼ 11.8%
52,191	50,325	▲ 3.7%	-modernisation quota	52,191	53,878	▼ 3.1%
327,277	327,529	▼ 0.1%	Total operating expenses	327,277	330,624	▼ 1.0%

In 2017, the operating expenses lowered by 1% as compared to 2016, from 330.62 million



RON to 327.28 million RON.

The Company's Profitability

In 2017, **EBITDA** grew by 6,2% (7.5 million RON) as compared to the preceding year.

The operating profit (EBIT) recorded 4.0% increase as compared to 2016 (83.54 million RON, from 80.31 million RON).

The gross profit (profit before taxation) recorded 3.7% increase as compared to 2016 (87.11 million RON from 84.03 million RON).

The financial result recorded in 2017 was positive (3.57 million RON).

The net profit recorded 3.0% as compared to 2016 (73.66 million RON from 71.55 million RON).

INVESTMENTS

The investments program for 2017 included investment objectives regarding both the modernization of installation, equipment and endowment related to the Crude Oil National Transport System, as well as the pipelines' rehabilitation and safe disposal works.

The investment projects are targeting, first of all, the enhance of the effectiveness of the transport activity and safe operation of the NTS.

The investments are financed from the modernization quota, intended to be used for the financing of the investments related to the public domain and from own sources.

The value of the investments program approved for 2017 amounted to 64.27 million RON. The value of the investments achieved in 2017 account for 48.48 million RON, 6.8% higher than 2016 value.

Thousand RON

Name	2017		
	Program	Preliminary	% Achieved/Program
TOTAL, o/w:	64,269	48,480	75.4%
Public Domain	51,645	38,411	74.4%
Operating Domain	12,624	10,069	79.8%

The main objectives included in the investments program were:

- modernization of the monitoring system vibrations and temperatures to the pumping



equipment implemented in the crude oil domestic transport system;

- modernization and monitoring of the cathodic protection system related to domestic and import NTS;
- 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 commissionings achieved in 2017 amounted to 31,224 thousand RON, out of which, by financing sources:

- 22,310 thousand RON from other sources – modernization quota;
- 8,914 thousand RON from own sources - profit;
and as concerns the works, the most important are:
- Modernization LED lightening installation in the worksites Băicoi and Bărbătești stations;
- Modernization telephone offices PABX within the locations Ploiești – Anul 1848 Street, Ploiești Second Headquarter, Poiana Lacului, Bărăganu and Moinești;
- Optimization Ethernet multiplexers access network;
- Air-conditioning and monitoring of the telecommunication system locations;
- Modernization of the integrated application related to the rail tanks weighing system in Bărbătești, Biled, Pecica, Marghita and Petrobrazi ramps;
- Modernization of the vibrations and temperatures monitoring system in Videle, Cartojani and Otesti stations;
- Modernization of Pecica laboratory building;
- Modernization of the tank leak automation in Călăreți A and B stations;
- Replacement of crude oil pipeline Ø5/8" Ochiuri- Moreni, Ochiuri area, Ochiuri station point - right bank valve, overcrossing on a length of 600 m, Ocnita izlaz area - Veherita plateau, approx. 3000 m in length and rehabilitation of the pig launcher on the pipeline Ø6 5/8" Ochiuri- Moreni, in the precinct of Ochiuri crude oil station;
- Upgrade of video call system software;
- Modernization of the LED lightning installation in Barbatesti ramp;
- Barbatesti water feeding;
- Modernization of the vibrations and temperatures monitoring system of the pumping equipment in Ticleni, Barbatesti and Lucacesti;
- Replacement of the pipeline Ø 12 3/4" Line 1 +Line 2 Călăreți-Ploiești on a total length of 4207 m;
- Replacement of pipeline Ø 12"+14" Cartojani-Ploiești in the area of Sf. Gheorghe village, Crevedia Mare commune, 1100 m in length;
- Replacement of pipeline Ø 24" Bărăganu-Călăreți, 10 sections;
- Intangible investments;
- Independent facilities and equipment.



OTHER ASPECTS

- *Shareholding Structure*

At the reference date 31.12.2017, the total number of shares amounted to 8,657,528. The shareholding structure, related to the consolidated synthetic structure of the shareholders at the same date, was the following:

Name of shareholder	No. of shares	%
ROMANIAN STATE BY THE MINISTRY OF ENERGY	5,083,372	58.7162
Legal persons	2,572,156	29.7101
Natural persons	1,002,000	11.5737
TOTAL	8,657,528	100.0000

- *Management Presentation*

The Board of Administration

Up to 27.11.2017, the company was administered by a Board of Administration made of 7 administrators appointed by the Ordinary General Meeting of the Shareholders for a period of 4 years. (28.11.2013-27.11.2017).

The Board of Administration had the following constituency:

Non - executive administrators:

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

Executive administrator:

- Mr. Ilași Liviu - BoA member and Director General

The Ordinary General Meeting of Shareholders approved on 28.11.2017 the appointment of the following provisional administrators:

- Mr. Văduva Constantin - Chairman of the Board of Administration
- Ms. Stan-Olteanu Manuela - Petronela - Member of the Board of Administration
- Mr. Iacob Constantin - Ciprian - Member of the Board of Administration
- Mr. Spînu Antonio - Adrian - Member of the Board of Administration
- Mr. Popa Claudiu - Aurelian - Member of the Board of Administration
- Mr. Bugică Radu - Member of the Board of Administration
- Mr. Lefter Răzvan Ștefan - Member of the Board of Administration

The duration of the provisional administrators' mandate is 4 months or until the completion



of the selection procedure stipulated in the EGO no. 109/2011 on the corporate governance of the public enterprises, if this takes place earlier than 4 months as of the appointment of the provisional administrators.

Following the resignation of Mr. Spînu Antonio-Adrian on 22.01.2018, pursuant to the BOA Resolution no. 2/29.01.2018, the Board of Administration appointed Mr. Matei Ion Cristian as provisional administrator of CONPET, up to the General Meeting of Shareholders to be held on March 5, 2018.

The Executive Management

During 01.01.2017 – 11.06.2017, the executive management had the following composition:

ILAȘI Liviu	Director General
IONESCU Gheorghe	Deputy Director General
TOADER Sanda	Economic Director
NIȚĂ Aurel Mircea	Corporate Governance, Human Resources and Communication Director
BUZATU Dan	Development Maintenance Director
DUMITRACHE Anamaria	Head of Legal, Regulated Activities

After 12.06.2017, the executive management had the following composition:

ILAȘI Liviu	Director General (until 05.12.2017, the expiry date of the contract of mandate)
BACIU Dan - Silviu	Director General (starting 06.12.2017, pursuant to the BoA Decision no. 20/ 05.12.2017); Director of the Maintenance - Development Direction (until 05.12.2017)
IONESCU Gheorghe	Transport Operations Director
TOADER Sanda	Director of the Economic Direction
DUMITRACHE Anamaria	Director of the Commercial and Regulated Activities Direction

SIGNIFICANT EVENTS

March 7, 2017

By the Decision of the General Meeting of the Shareholders no. 1/07.03.2017, the Revenues and Expenditure budget and the Investments Program were approved for 2017.

April 26, 2017

The General Meeting of the Shareholders approved the annual financial statements for



2016 financial year and distribution of the net profit corresponding to the financial year 2016 and of some amounts from the retained earnings, as follows:

- 4,756,310 RON – employees' share of profit;
- 1,710,000 RON – other distributions provided by the law (tax exemption for reinvested profit);
- 143,562,274 RON – dividends due to shareholders out of the net profit corresponding to the financial year 2016 and from the retained earnings;

Cumulated value of the gross dividend is 16.58236321 RON/share.

September 19, 2017

The Extraordinary General Meeting of the Shareholders approved the sale, by open outcry auction, of Strejnic sports complex assets, made of buildings with a spread area of 1987.3 m², located in Strejnicu village, Târgșoru Vechi commune, Prahova County, with a starting auction price of 2,554,103 RON (556,837 Euro), accounting value remaining on June 30, 2017.

October 25, 2017

The Ordinary General Meeting of Shareholders approved the distribution of the amount of 85,000,000 RON, representing reserves from own financing sources and from retained earnings, respectively:

-81,468,378.81 RON recorded in the account "Other reserves representing own financing sources;
-3,531,621.19 RON as retained earnings coming from the transition to IFRS (less IAS 29)" as dividends, the value of the gross dividend being 9.81804506 RON/ share.

November 28, 2017

The Ordinary General Meeting of Shareholders approved:

- The appointment of the provisional administrators of the company CONPET S.A., considering the de jure termination of the contracts of mandate of the Administrators in capacity;
- The settlement of the mandate duration for the elected provisional administrators.

SUBSEQUENT EVENTS

January 30, 2018

Renunciation of Mr. Constantin VĂDUVA to the capacity of BoA Chairman and the appointment of Ms. Manuela Petronela STAN - OLTEANU in the capacity of Chairman of the Board of Administration.

March 5, 2018

The Ordinary General Meeting of Shareholders was convened, having on the Agenda:

- Approval of 2018 Revenues and Expenditure Budget;



- Appointment of a provisional administrator on the place left vacant following the resignation of Mr. Spînu Antonio - Adrian on 22.01.2018

Annexes:

Annex no.1 Statement of the financial standing at December 31, 2017- preliminary data

Annex no.2 Statement of the profit and loss and other global result elements for the financial year ended December 31, 2017

Annex no.3 Cash-flow statement at December 31, 2017

Annex no.4 Statement of the services procurement contracts with values higher than 100,000 Euro, concluded during 01.01.2017-31.12.2017

Annex no.5 Statement of the goods and services procurement contracts with values higher than 500,000 Euro, concluded during 01.01.2017-31.12.2017

Chairman of the Board of Administration
Manuela-Petronela STAN-OLTEANU

Director General
Eng. Dan-Silviu BACIU, M.B.A.

Economic Director
Econ. Sanda TOADER



Annex no. 1

STATEMENT OF THE FINANCIAL STANDING AT DECEMBER 31, 2017
- PRELIMINARY DATA -

	December 31, 2017 (unaudited)	December 31, 2016 (audited)
ASSETS		
Non-current assets		
Tangible assets	404,827,590	403,468,873
Intangible assets	1,462,672	1,971,202
Financial investments	973,782	656,965
Total non-current assets	407,264,044	406,097,040
Current assets		
Inventories	8,903,263	8,548,131
Trade receivables and other receivables	46,550,947	42,356,060
Short-term investments	70,623,518	163,053,678
Cash and cash equivalents	209,847,265	244,598,286
Prepaid expenditure	1,842,922	255,475
Total current assets	337,767,915	458,811,630
TOTAL ASSETS	745,031,959	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	27,358,386	32,957,666
Other reserves	477,160,191	536,238,701
Retained earnings	48,916,149	122,395,850
Result of the period	73,661,073	71,546,604
Share of profit	-	(1,710,000)
Total shareholder's equity	661,379,609	795,712,631
Deferred revenues		
Investment Subsidies	1,333,324	1,468,191
Deferred revenues	12,010	15,791
Total deferred revenues	1,345,334	1,483,982
Long-term debts		
Deferred corporate tax	804,608	1,671,210
Long-term provisions	5,357,035	3,542,697
Total long-term debts	6,161,643	5,213,907



	December 31, 2017 (unaudited)	December 31, 2016 (audited)
Current debts		
Commercial debts	29,631,263	20,657,756
Current corporate tax	3,864,139	3,901,860
Other debts	32,284,578	26,516,050
Short-term provisions	10,365,393	11,422,484
Total current debts	76,145,373	62,498,150
Total debts	82,307,016	67,712,057
TOTAL SHAREHOLDERS' EQUITY AND DEBTS	745,031,959	864,908,670



Annex no.2

**STATEMENT OF THE PROFIT OR LOSS AND OTHER GLOBAL RESULT
ELEMENTS FOR THE FINANCIAL YEAR ENDED
DECEMBER 31, 2017
- PRELIMINARY DATA -**

	December 31, 2017 (unaudited)	December 31, 2016 (audited)
Operating revenues		
Turnover revenues	376,661,183	381,646,066
Other revenues	34,158,239	29,284,258
Total operating revenues	410,819,422	410,930,324
Operating expenses		
Inventory related expenses	7,044,527	6,265,719
Expenses with energy and water	9,426,326	9,694,945
Personnel expenses	111,394,213	111,505,443
Value adjustments regarding the tangible/intangible assets	44,574,015	40,314,868
Value adjustments related to current assets	(1,242,902)	576,500
Expenses related to external services	99,820,871	103,807,082
Other expenses	55,503,371	66,553,601
Provisions adjustments	757,247	(8,094,014)
Total operating expenses	327,277,668	330,624,144
Operating profit	83,541,754	80,306,180
Financial revenues	3,613,191	3,836,545
Financial expenses	45,163	109,357
Financial profit	3,568,028	3,727,188
Profit before taxation	87,109,782	84,033,368
Expenses with the current income tax	13,413,837	12,571,020
Expenses with deferred income tax	34,872	(84,256)
Profit of the year	73,661,073	71,546,604
Other elements of the global result	-	(268,877)
Total other elements of the global result	-	(268,877)
TOTAL GLOBAL RESULT RELATED TO THE YEAR	73,661,073	71,277,727
Result per share	8.51	8.26



Annex no. 3

CASH FLOW STATEMENT AT DECEMBER 31, 2017 (UNAUDITED)

(DIRECT METHOD)

	Name of the element	January - December 2017	January - December 2016
	Cash flows from operating activities:		
+	Proceeds from services supply	397,530,457	402,605,374
+	Proceeds from interests related to banking investments	2,584,700	1,817,335
+	Other proceeds	7,457,828	10,810,743
-	Payments to the suppliers of goods and services	(107,779,634)	(114,569,031)
-	Payments to and on behalf of the employees	(110,190,309)	(110,484,958)
-	VAT payments	(49,602,453)	(50,609,321)
-	Corporate tax payments	(16,186,371)	(16,577,062)
-	Other payments regarding operating activities	(45,053,822)	(39,197,454)
A	Net cash from operating activities	78,760,396	83,795,626
	Net cash flows from investment activities:		
+	Proceeds from sale of tangible assets	4,000,145	1,063,866
+	Proceeds from modernization quota	52,190,868	53,878,327
+	Proceeds from short-term financial investments	165,665,967	263,545,116
+	Proceeds from interests related to government securities	1,797,793	3,460,844
-	Payments for purchase of tangible assets	(44,991,439)	(54,576,261)
-	Payments for short-term financial investments	(74,086,818)	(172,095,327)
B	Net cash from investment activities	104,576,516	95,276,565
	Cash-flows from financing activities:		
+	Proceeds dividends transferred to Depozitarul Central	2,709,838	2,044,338
-	Paid dividends	(220,797,771)	(60,639,058)
C	Net cash from financing activities	(218,087,933)	(58,594,720)
	<i>Net increase in cash and cash equivalents=A+B+C=D2-D1</i>	<i>(34,751,021)</i>	<i>120,477,471</i>
D1	Cash and cash equivalents at the beginning of the period	244,598,286	124,120,815



Statement of the Services Procurement Contracts with values higher than 100.000 euro, concluded during 01.01.2017 - 31.12.2017

Crt. No.	Contractor	Scope of Contract	Title of Contract	Applied procurement procedure	Name of Beneficiary (if different from the contracting authority)	Tender notice/invitation number	Initial contract value (RON)	Contract value after potential addenda (RON)	Start of the contract	Initially set contract duration (in months)	Final contract duration (in months)
QUARTER I - 0 CONTRACTS											
QUARTER II - 1 CONTRACT											
1	CAMELEON SECURITY SYSTEMS SRL	Providing security, protection, intervention services in relation to CONPET S.A. objectives and assets	S-CA 409/ 07.06.2017	TENDER	-	03.05.2017	1.119,744	-	07.06.2017	24	24
QUARTER III - 3 CONTRACTS											
2	DELOITTE CONSULTANȚA SRL	Consultancy consisting in analysis and assessment of sustainable development solutions for CONPET S.A. during 2017-2030	S-CA 495/ 10.07.2017	TENDER	-	31.05.2017	21877/ 495.00	-	10.07.2017	6,57	6,57
3	PRIME TELECOM SRL	Maintenance/installation of optical fiber cable within the Telecommunication System of CONPET S.A.	S-CA 617/ 29.08.2017	TENDER	-	29.08.2017	29060/ 1.000,000	-	29.08.2017	48	48
4	ABB SRL	Design, procurement, configuration, testing, transport, installation and testing related to the optimization of the SCADA system and Hardware&Software upgrade related to the Automation and Data transmission system used by CONPET	S-CA 687/ 22.09.2017	TENDER	-	03.08.2017	31644/ 15.900,000	-	22.09.2017	42	42
QUARTER IV - 4 CONTRACTS											
5	ROMFLEX SISTEM SRL	Maintenance services and technical support for the integrated IT System (SII)	S-CA 737/ 25.10.2017	TENDER	-	03.08.2017	31811/ 534.00	-	27.10.2017	24	24
6	CCN METALCF SRL	Overhaul, current maintenance and repair of industrial rail lines	S-CA 792/ 23.11.2017	TENDER	-	41730/ 15.10.2017	639,966.89	-	23.11.2017	24	24
7	SYSTEMS OF ECOLOGICAL SRL	Services for removing the slurry from the crude oil tanks, decanters, ditches, cleaning related operations, transport of the related slurry, recovery/removal; (average price 227 lei / cubic meter of slurry); the total value is estimated according to the volume of slurry	S-CA 805/ 06.12.2017	TENDER	-	38146/ 21.09.2017	749.213.5	-	06.12.2017	24	24
8	ENVIROTECH SRL	Subsequent contract to the Frame Agreement SCA 794 dated 24.11.2017 - recovery services related to the geological environment and polluted water courses, takeover of contaminated land, immediate intervention for preventing the spreading of contamination - CONPET objectives - 1 year duration	S-CA 812/ 08.12.2017	TENDER	-	39120/ 28.09.2017	1,433,616.8	-	08.12.2017	12	12
TOTAL CUMULATED - 8 CONTRACTS											
CUMULATED VALUE = 22.874.541.19 RON											



Annex no. 5

CONPET S.A. Ploiești

STATEMENT OF THE WORKS AND PRODUCTS PROCUREMENT CONTRACTS WITH VALUES HIGHER THAN 500 000 EURO, CONCLUDED DURING 01.01.2017 - 31.12.2017

Crt. No.	Contractor	Scope of Contract	Title of Contract	Applied procurement procedure	Name of Beneficiary (if different from the contracting authority)	Tender notice/initiation number	Initial contract value (RON)	Contract value after potential addenda (RON)	Start of the contract	Initially set contract duration (in months)	Final contract duration (in months)
QUARTER I - 0 CONTRACTS VALUE QUARTER I = 0.000 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" Baragau-Lăcăreti, resulted following the in-line inspection with smart pig on a length of 7.5 km	L-CA 413/ 07.06.2017	TENDER	-	15627/ 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
QUARTER III - 4 CONTRACTS VALUE QUARTER III = 15,586,216.78 RON											
3	INSPET S.A.	Replacement of crude oil transport pipeline 14" Constanta-Baragau, in area Costești-Uzina Vodă-Mircea Vodă, jud. Constanța, l=12580 m	L-CA 498/ 11.07.2017	TENDER	-	19365/ 17.05.2017	5,301,349.04	-	21.07.2017	15	15
4	INSPET S.A.	Replacement of crude oil transport Pipeline 10 ½" Poiana-Lăcăreti - Siliște in the area overlooking the irrigation channel, Bucsa locality, Dâmbovița county, on a length of about 2300 m on each line and in Park 14 Coșă, Blidău locality	L-CA 499/ 11.07.2017	TENDER	-	19365/ 17.05.2017	2,559,981.44	-	25.07.2017	8.33	8.33
5	PRODREP MG	Modernization of crude oil pumping station, Madilani station - Valea and Moreni - Dâmbovița	L-CA 537/ 27.07.2017	TENDER	-	16554/ 28.04.2017	3,766,494.3	-	05.09.2017	12	12
6	ATMOS INTERNATIONAL LIMITED	Achievement of a pilot installation for detection and location of product leak from the pipeline system Poiana Lăcăreti - Siliște-Ploiești	L-CA 615/ 28.08.2017	COMPETITIVE DIALOGUE	-	33619/ 27.09.2016	3,958,392	-	19.09.2017	21.5	21.5
QUARTER IV - 2 CONTRACTS VALUE QUARTER IV = 17,842,206.38 RON											
7	ARGENTA SRL CONSTANTA	Execution of decommissioning works on the crude oil R9 tank (2889 cubic meters) and construction of new crude oil tank (2500 cubic meters) - Cartojani pumping Station	L-CA 723/ 17.10.2017	TENDER	-	30632/ 27.07.2017	3,704,260.09	3,802,838.15	30.10.2017	10	10
8	ARGENTA SRL CONSTANTA	Execution of decommissioning works on Calaretii R3 crude oil tank (3500 cubic meters capacity) and construction of a new tank with 33,500 cubic meters capacity, Calaretii pumping Station	L-CA 750/ 01.11.2017	TENDER	-	36035/ 06.09.2017	14,039,368.23	-	28.11.2017	10	10
CUMULATED TOTAL - 8 CONTRACTS CUMULATED VALUE = 43,337,773.54 RON											

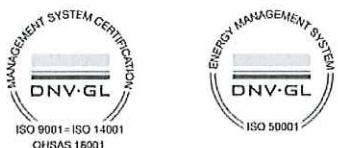




CONPET S.A., Romania
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TIN: RO 1350020; NACE Code 4950; CRN J29/6/22.01.1991
Subscribed and paid-up share capital 28 569 842.40 RON

UNAUDITED PRELIMINARY FINANCIAL STATEMENTS
at the date and for the financial year ended December 31, 2017

prepared in compliance with the accounting regulations compliant with
the International Financial Reporting Standards approved by the Order of the
Ministry of Public Finances no.2844/2016



e-mail: conpet@conpet.ro
www.conpet.ro



CONTENTS:**Page****Unaudited preliminary financial statements at December 31,2017**

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Statement of the Profit or Loss and other elements of the Global Result	5
Statement of Changes in Equity	6 - 7
Cash Flow Statement	8
Explanatory Notes to the Financial Statements	9 - 12



The company CONPET S.A.

Statement of the Financial Position at December 31, 2017
(All the amount are expressed in RON, if not otherwise specified)

STATEMENT OF THE FINANCIAL POSITION AT DECEMBER 31, 2017
- PRELIMINARY DATA -

	Note	December 31, 2017 (unaudited)	December 31, 2016 (audited)
ASSETS			
Non-current assets			
Tangible assets		404,827,590	403,468,873
Intangible assets		1,462,672	1,971,202
Financial investments		973,782	656,965
Total non-current assets	4	407,264,044	406,097,040
Current assets			
Inventories		8,903,263	8,548,131
Trade receivables and other receivables		46,550,947	42,356,060
Short-term investments		70,623,518	163,053,678
Cash and cash equivalents		209,847,265	244,598,286
Prepaid expenditure		1,842,922	255,475
Total current assets	5	337,767,915	458,811,630
TOTAL ASSETS		745,031,959	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		27,358,386	32,957,666
Other reserves		477,160,191	536,238,701
Retained earnings		48,916,149	122,395,850
Result of the period		73,661,073	71,546,604
Share of profit		-	(1,710,000)
Total shareholder's equity	6	661,379,609	795,712,631
Deferred revenues			
Investment Subsidies		1,333,324	1,468,191
Deferred revenues		12,010	15,791
Total deferred revenues		1,345,334	1,483,982
Long-term debts			
Deferred corporate tax		804,608	1,671,210
Long-term provisions		5,357,035	3,542,697
Total long-term debts	7	6,161,643	5,213,907



The company CONPET S.A.

Statement of the Financial Position at December 31,2017
(All the amount are expressed in RON, if not otherwise specified)

Current debts	Note	December, 31	December, 31
		2017 (unaudited)	2016 (unaudited)
Commercial debts		29,631,263	20,657,756
Current corporate tax		3,864,139	3,901,860
Other debts		32,284,578	26,516,050
Short-term provisions		10,365,393	11,422,484
Total current debts	7	76,145,373	62,498,150
Total debts		82,307,016	67,712,057
TOTAL SHAREHOLDERS' EQUITY AND DEBTS		745,031,959	864,908,670

These interim financial statements and related notes,from page 3 to page 12 have been authorized for issue and signed by the company management on February 14, 2018.

Director General,
Eng.Dan-Silviu BACIU, M.B.A.
S.s. illegible, Stamp

Economic Director
Econ. Sanda TOADER
S.s. illegible, Stamp



The company CONPET S.A.

Statement of the profit or loss and other global result elements for the nine months period ended December 31, 2017
– preliminary data

(All the amount are expressed in RON, if not otherwise specified)

**STATEMENT OF THE PROFIT OR LOSS AND OTHER ELEMENTS OF THE
GLOBAL RESULT FOR THE FINANCIAL YEAR ENDED
DECEMBER 31, 2017
- PRELIMINARY DATA -**

	Note	December 31, 2017 (unaudited)	December 31, 2016 (unaudited)
Operating revenues			
Turnover revenues		376,661,183	381,646,066
Other revenues		34,158,239	29,284,258
Total operating revenues	8	410,819,422	410,930,324
Operating expenses			
Inventory related expenses		7,044,527	6,265,719
Expenses with energy and water		9,426,326	9,694,945
Personnel expenses		111,394,213	111,505,443
Value adjustments regarding the tangible/intangible assets		44,574,015	40,314,868
Value adjustments related to current assets		(1,242,902)	576,500
Expenses related to external services		99,820,871	103,807,082
Other expenses		55,503,371	66,553,601
Provisions adjustments		757,247	(8,094.014)
Total operating expenses	9	327,277,668	330,624,144
Operating profit		83,541,754	80,306,180
Financial revenues	8	3,613,191	3,836,545
Financial expenses	9	45,163	109,357
Financial profit		3,568,028	3,727,188
Profit before taxation		87,109,782	84,033,368
Expenses with the current income tax		13,413,837	12,571,020
Expenses with deferred income tax		34,872	(84,256)
Profit of the year		73,661,073	71,546,604
Other elements of the global result		-	(268,877)
Total other elements of the global result			(268,877)
TOTAL GLOBAL RESULT RELATED TO THE YEAR		73,661,073	71,277,727
Result per share		8.51	8.26

These interim financial statements and the related notes, from page 3 to page 12 have been authorized for issue and signed by the company management on February 14, 2018.

Director General,
Eng. Dan-Silviu BACIU, M.B.A.
S.s. Illegible, Stamp

Economic Director,
Econ. Sanda TOADER
S.s. Illegible



The company CONPET S.A.
Statement of changes in equity at December 31, 2017 – preliminary data
(All the amounts are expressed in RON, if not otherwise specified)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AT DECEMBER 31, 2017 (unaudited) – PRELIMINARY DATA						
	Share capital	Legal reserves	Revaluation reserves	Other reserves	Retained earnings	Profit or loss for the period
Balance at January 1, 2017	28,569,842	5,713,968	32,957,666	536,238,701	122,395,850	71,546,604
Profit of the year					(1,710,000)	795,712,631
Increase of modernization quota fund					73,661,073	73,661,073
Decrease of modernization quota fund					52,190,868	52,190,868
Reversal of revaluation surplus					(29,800,999)	(29,800,999)
Deferred income tax					6,463,121	-
Retained earnings from correction of errors					863,841	(2,814,198)
Dividends due to shareholders					128,667	128,667
Distribution, as per the law, of the profit related to the preceding year – exemption from the payment of reinvested corporate tax					(81,468,379)	(77,257,291)
						(69,836,604)
						(228,562,274)
Balance at December 31, 2017	28,569,842	5,713,968	27,358,386	477,160,191	48,916,149	73,661,073
						661,379,609

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.



The company CONPET S.A.
 Statement of changes in equity at December 31, 2017 – preliminary data
 (All the amounts are expressed in RON, if not otherwise specified)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AT DECEMBER 31, 2016 (audited)

	Share capital	Legal Reserves	Revaluation reserves	Alte reserve	Other reserves	Retained earnings	Profit or loss for the period	Share of profit
Balance sheet at January 1, 2016	28,569,842	5,713,968	93,603,955	501,118,931	72,316,398	63,198,986		764,522,080
Profit of the year			(268,877)			71,546,604		71,277,727
Increase of modernization quota fund					53,878,327			53,878,327
Decrease of modernization quota fund					(27,664,210)			(27,664,210)
Retained earnings from the correction of the accounting errors						1,183,924		1,183,924
Derecognition revaluation reserve related to the operating oil product			(42,606,582)			42,606,582		-
Replenish land reserve			(2,605,000)		7,195,653	(4,590,653)		-
Reversal of revaluation surplus			(9,025,258)			9,025,258		-
Deferred income tax			(6,140,572)		1,854,341	(4,286,231)		
Dividends due to shareholders						(63,198,986)		(63,198,986)
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 December, 31 2016	28,569,842	5,713,968	32,957,666	536,238,701	122,395,850	71,546,604	(1,710,000)	795,712,631

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,
 Eng.Dan-Silviu BACIU, M.B.A.
 S.s. Illegible, Stamp
 Econ. Sanda TOADER
 S.s. Illegible



The company CONPET S.A.

Explanatory notes to the financial statements at December 31, 2017 – preliminary data
(All the amounts are expressed in LEI, if not otherwise specified)

CASH FLOW STATEMENT AT DECEMBER 31, 2017 (UNAUDITED)
- PRELIMINARY DATA -

(DIRECT METHOD)

	Name of the element	12 months 2017	12 months 2016
	Cash flows from operating activities:		
+	Proceeds from services supply	397,530,457	402,605,374
+	Proceeds from interests related to banking investments	2,584,700	1,817,335
+	Other proceeds	7,457,828	10,810,743
-	Payments to the suppliers of goods and services	(107,779,634)	(114,569,031)
-	Payments to and on behalf of the employees	(110,190,309)	(110,484,958)
-	VAT payments	(49,602,453)	(50,609,321)
-	Corporate tax payments	(16,186,371)	(16,577,062)
-	Other payments regarding operating activities	(45,053,822)	(39,197,454)
A	Net cash from operating activities	78,760,396	83,795,626
	Net cash flows from investment activities:		
+	Proceeds from sale of tangible assets	4,000,145	1,063,866
+	Proceeds from modernization quota	52,190,868	53,878,327
+	Proceeds from short-term financial investments	165,665,967	263,545,116
+	Proceeds from interests related to government securities	1,797,793	3,460,844
-	Payments for purchase of tangible assets	(44,991,439)	(54,576,261)
-	Payments for short-term financial investments	(74,086,818)	(172,095,327)



The company CONPET S.A.

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B	Net cash from investment activities	104,576,516	95,276,565
	Cash-flows from financing activities:		
+	Proceeds dividends transferred to Depozitarul Central	2,709,838	2,044,338
-	Paid dividends	(220,797,771)	(60,639,058)
C	Net cash from financing activities	(218,087,933)	(58,594,720)
	Net increase of cash and cash equivalents=A+B+C=D2-D1	(34,751,021)	120,477,471
D1	Cash and cash equivalents at the beginning of the period	244,598,286	124,120,815
D2	Cash and cash equivalents at the end of the period	209,847,265	244,598,286
<i>To which is being added:</i>			
	Government securities as government bonds and treasury bills	70,309,618	161,888,767
	Total availabilities at the end of the period	280,156,883	406,487,053
	Director General, Eng.Dan-Silviu BACIU, M.B.A. S.s. illegible, Stamp	Economic Director Econ. Sanda TOADER S.s. illegible	

1. Business Description and General Information

The company CONPET S.A. ("the Company") is a joint-stock company, administered in a unitary system, as per Law no.31/1990 regarding the companies, republished, subsequent amendments is registered at Prahova Trade Registry under no. J29/6/1991 and 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 at the Bucharest Stock Exchange (BSE), as of September 5, 2013, under "COTE" symbol.

Following the decision of the BSE Index Commission, dated March 3, 2017, CONPET S.A. was included in the composition of BET index.

At 29.12.2017, CONPET S.A. had a market capitalization of 860.56 mRON (184.68 mEuro), ranking 18 in "Top 25 issuers as per capitalization".

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.

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.).



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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 2,572,156 shares representing 29.71% and
- natural persons, with 1,002,000 shares representing 11.57%.

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 concession 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 Legal Environment

The activity related to the crude oil, rich gas, ethane and condensate transport by the National Transport System is being regulated by the National Agency for Mineral Resources („NAMR”). NAMR approves by Order the tariffs for the transport service via the National Transport System of the crude oil, rich gas, condensate and ethane.

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

The transport tariff stands for the exchange value of the transport service supplied by the holder of the oil concession 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 transport subsystem are applied per refineries, according to the transported quantities, being used the bracket tariff model.

2. Preparation Grounds

(a) Declaration of Conformity

The preliminary financial statements were prepared pursuant to the Order of the Minister of Public Finances no. 2844/2016, for the approval of the accounting regulations as per the the International Financial Reporting Standards ("IFRS") ("OMFP 2844/2016").

These preliminary financial statements do not include all necessary information for a complete set of financial statements in compliance with IFRS and must be read together with the annual financial statements of the Company, prepared at December 31, 2016. Despite all these, have also been included certain explanatory notes in order to present the events and transactions significant for the understanding of the changes occurred in the financial position and company



The company CONPET S.A.

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performance since the last annual financial statements at the date and for the financial year ended December 31, 2016.

The preliminary financial statements have not been audited and have been revised by an independent auditor.

The preliminary financial statements have been authorized for issue and signed by the company management on February 14, 2018.

(b) Accounting Estimates and Professional Reasoning

The preparation of the preliminary 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 historical 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 liabilities 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 uncertainty regarding the estimates were the same with those applied to 2016 financial statements.

3. Accounting Policies

The accounting policies applied in these simplified interim financial statements are the same with those used when drafting the annual financial statements of the Company for the financial year ended December 31, 2016.



4. Intangible Assets

The intangible assets have registered a slight increase by 0.3% at the end of December 2017 YoY (407.3mRON as compared to 406.1mRON).

Within the intangible assets is being recognized also the operating oil product in amount of 42.1mRON. The oil product is evaluated at the cost determined out of the revaluation performed as per GD no.26 from january 22,1992, restated by application of IAS 29 „The financial reporting in the hyperinflationary economies”.

5. Current Assets

The current assets have registered a decrease by 26.4% at December 31, 2017, as compared to the value registered at December 31, 2016 (337.8 mRON as compared to 458.8mRON), mainly generated by cash decrease.

Trade liabilities and other liabilities

At December 31, 2017 and at December 31, 2016 the trade liabilities and other liabilities reveal the followings:

Name	December 31, 2017	December 31, 2016
Trade receivables	35,285,721	38,184,382
Other receivables	11,265,226	4,171,678
Total receivables	46,550,947	42,356,060

Over 65% of the overall short term receivables in the balance sheet at December 31, 2017 represent the equivalent value of the services receivable from the main client of the Company, OMV PETROM S.A., in amount of 30,330,382 Lei.

The position *Other receivables*, in amount of 11,265,226 RON include the dividends at the paying Agent CEC Bank, unclaimed by CONPET shareholders (9,629,385 RON, namely 85%).

Cash and cash equivalents

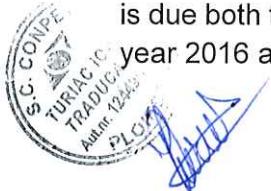
At December 31, 2017 the value of cash and cash equivalents decreased by 14.2% as compared to the value on December 31, 2016 (209.8 mRON as compared to 244.6mRON). The cash also includes the availability related to the modernisation quota, in amount of 211,852,372 RON.

The cash representing the modernization quota has a special utilization regime provided by GD no.168/1998, this one being destined exclusively to the financing of the modernization and development quota of the goods in the public domain.

Short term investments

At the end of 2017, the value of the investments performed by the company in government securities (State bonds) aiming at obtaining financial revenues decreased by 56.7% as compared to December 31, 2016 (70.6 mRON as compared to 163.1mRON).

The reduction of the budgetary availabilities and the short-term investments at December 31, 2017 is due both to the payment, in July 2017, of the dividends out of the net profit related to the financial year 2016 and of some amounts of the retained earnings (143.6mRON) and to the acquittal, in



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November 2017, of the additional dividends distributed out of reserves representing own financing sources and out of the reported earnings (85mRON).

6. Shareholders' Equity

The shareholders equity registered a decrease by 16.9% at December 31, 2017 as compared to December 31, 2016 (661.4mRON as compared to 795.7mRON), in the structure being noticed a major diminution of the retained earnings.

The Share Capital

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

Retained Earnings

The value of the retained earnings at December 31, 2017 is 60% lower than the end of the year 2016 (48.9 mRON as compared to 122.4 mRON). This diminution of the retained earnings has been generated mainly by the distribution as dividends of the amount of 77.3 mRON.

Profit of the Year

The profit of the year has registered a slight increase, approximately 3% as compared to the profit of the year 2016 (73.7mRON as compared to 71.5mRON).

7. Liabilities

Long term debts

The long-term debts registered an increase by 18.2% in 2017 as compared with the year 2016 (6.2 mRON as compared to 5.2mRON), mainly determined by the increase of the provisions.

Short term liabilities

The short term debts have registered an increase by 21.8% at the end of December 2017, as compared to December 31, 2016 (76.1mRON as compared to 62.5mRON).

8. Revenues

The company's revenues are being achieved, mainly, by supply of crude oil transport services via the National Transport System and by rail tanks.

Operating Revenues

The operating revenues are slightly reduced by 0.1% in 2017 as compared to 2016 (410.8mRON as compared to 410.9mRON), mainly based on the decrease by 3.7% of the transported quantities.

9. Expenses

The operating expenses hold a share of 96% in total expenses and registered a decrease by 1% as compared to 2016 (327.3mRON as compared to 330.6mRON).

These interim financial statements and related notes, from page 3 to page 12 have been authorized for issue and have been signed by the company's management on February 14, 2017.

Director General,
Eng.Dan-Silviu BACIU, M.B.A.
S.s. illegible, Stamp



Economic Director,
Econ.Toader Sanda
S.s. illegible