

FINANCIAL STATEMENTS
at the date and for the financial year ended at
December 31, 2019

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

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The Company CONPET S.A.

Statement of the Financial Standing at Tuesday, December 31, 2019

*(All amounts are expressed in LEI, if not otherwise indicated)***Statement of the Financial Standing at December 31st, 2018**

	Note:	December 31, 2019	December 31, 2018
ASSETS			
Intangible assets			
Tangible assets	5	463,635,969	430,599,587
Intangible assets	6	6,339,896	2,843,604
Financial Assets	7	810,598	860,582
Receivables related to the deferred corporate tax	15	5,422,459	3,047,153
Total non-current assets		476,208,922	437,350,926
Current assets			
Stocks	8	8,169,862	9,168,429
Trade receivables and other receivables	9	42,248,700	43,155,623
Cash and cash equivalents	10	238,576,951	259,682,354
Prepaid expenses		1,862,719	1,770,972
Total current assets		290,858,232	313,777,378
TOTAL ASSETS		767,067,154	751,128,304
Equities and liabilities			
Equities			
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	21,111,893	25,810,840
Other reserves	11	495,540,772	496,092,345
Retained earnings	11	43,997,162	44,689,400
Year's Result	11	58,876,719	60,676,014
Total Equities		653,810,356	661,552,409
Accrued revenues			
Investment Subsidies	12	1,065,921	1,178,489
Accrued revenues	12	8,171	9,849
Total Accrued Revenues		1,074,092	1,188,338
Long-term liabilities			
Long-term provisions	14	16,268,908	14,760,148
Long-term trade liabilities	13	-	892,912
Other long-term liabilities		3,582,351	-
Total long-term liabilities		19,851,259	15,653,060

The Company CONPET S.A.

Statement of the Financial Standing at Tuesday, December 31, 2019
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Current liabilities

Trade liabilities	13	27,179,134	19,154,131
Ordinary Corporate Tax	13	3,076,456	3,786,286
Other liabilities	13	38,838,402	36,699,081
Short-term provisions	14	23,237,455	13,094,999
Total current liabilities		92,331,447	72,734,497
Total liabilities		112,182,706	88,387,557
Total EQUITIES AND LIABILITIES		767,067,154	751,128,304

These preliminary financial statements and the related notes, from page 2 to page 54 have been authorized for issue and signed by the company management at March 24th, 2020.

**Director General
Vasile Chis**

**Economic Director, PhD. Eng Timur-
Econ Sanda Toader**

The attached notes from 1 to 25 are constituent parts of these financial statements

**STATEMENT OF PROFIT and LOSS AND OTHER ELEMENTS OF THE GLOBAL RESULT
FOR THE YEAR ENDED ON DECEMBER 31st, 2019**

		December, 31 2019	31.12.2018
Operating Revenues	17		
Turnover		407,822,341	385,140,170
Earnings from disposal of assets		-	63,539
Other revenues		35,180,465	33,507,125
Total Operating Expenses		443,002,806	418,710,834
Operating Expenses	18		
Expenditure on stocks		7,604,671	7,012,090
Expenses with energy and water		13,088,645	11,163,549
Personnel expenses		159,900,933	140,265,630
Impairments on current, non-current assets		48,260,899	44,501,655
Impairments of current assets		(716,533)	1,265,669
Expenses related to external services		107,102,681	99,057,990
Losses from disposal of assets		213,232	-
Impairments related to provisions		10,480,176	4,273,064
Other expenses		34,919,912	44,931,769
Total Operating Expenses		380,854,616	352,471,416
Operating profit		62,148,190	66,239,418
Financial Revenues		7,873,876	5,462,355
Financial Expenses		318,237	10,790
Financial profit	19	7,555,639	5,451,565
Profit before corporate tax		69,703,829	71,690,983
Expenses with ordinary income tax	15	12,958,609	12,759,911
Expenses with (revenues from) deferred corporate tax		(2,131,499)	(1,744,942)
Profit of the year		58,876,719	60,676,014
Actuarial loss from discounted benefits granted upon retirement		(983,674)	(1,035,596)
Loss from depreciation of tangible assets		(13,315)	-
Total other global result elements		(996,989)	(1,035,596)
TOTAL GLOBAL RESULT		57,879,730	59,640,418
Result per share		6.80	7.01

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Director General
PhD. Eng Timur-Vasile Chis

Economic Director,
Econ Sanda Toader

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STATE OF THE CHANGES IN EQUITY AT December 31, 2019

	Share capital	Legal reserves	Revaluation reserves	Other reserves	Retained Earnings	Year's profit or loss	Total Equities
Balance at January 1, 2019	28,569,842	5,713,968	25,810,840	496,092,345	44,689,400	60,676,014	661,552,409
Net result of the period						58,876,719	58,876,719
Actuarial gains/(loss) of the period	-	-	-	-	(983,674)	-	(983,674)
Loss from depreciation of tangible assets			(13,315)	-	-	-	(13,315)
Total other global result elements	-	-	(13,315)	-	(983,674)	58,876,719	57,879.73030
Net reduction of the modernization quota reserve	-	-	-	(1,017,356)	-	-	(1,017,356)
Surplus achieved from revaluation	-	-	(4,399,439)	-	4,399,439	-	-
Retained earnings from the correction of various elements that have affected the profit of the previous years	-	-	-	-	(7,945)	-	(7,945)
Reunification reserve from revaluation of the land plots not included in share capital	-	-	(342,634)	452,315	(109,681)	-	-
Deferred corporate tax recognized at the expense of equities	-	-	56,441	-	-	-	56,441
Dividends due to shareholders	-	-	-	(1,105,807)	(4,304,887)	(59,242,229)	(64,652,923)
Allocation of profit provided by law - tax exemption of the reinvested profit	-	-	-	1,119,275	314,510	(1,433,785)	-
Balance at December 31, 2019	28,569,842	5,713,968	21,111,893	495,540,772	43,997,162	58,876,719	653,810,356

STATE OF THE CHANGES IN EQUITY AT Monday, December 31, 2018

	Share capital	Legal reserves	Revaluation reserves	Others reserves	Retained Earnings	Year's profit or loss	Total Equities
Balance at January 1, 2018	28,569,842	5,713,968	31,016,763	478,500,458	40,211,069	74,387,774	658,399,874
Net result of the period	-	-	-	-	-	60,676,014	60,676,014
Actuarial gains/(loss) of the period					(1,035,596)		(1,035,596)
Total other global result elements					(1,035,596)	60,676,014	59,640,418
Net increase of the modernization quota reserve	-	-	-	12,998,654	-	-	12,998,654
Surplus achieved from revaluation	-	-	(5,340,483)	-	5,340,483	-	-
Allocation from profit provided by law - reinvested profit	-	-	-	1,433,785	(81,693)	(1,352,092)	-
Other distributions from the previous year's result	-	-	-	3,159,448	255,137	(3,414,585)	-
Deferred corporate tax			134,560				134,560
Dividends due to shareholders	-	-	-	-	-	(69,621,097)	(69,621,097)
Balance at December 31, 2018	28,569,842	5,713,968	25,810,840	496,092,345	44,689,400	60,676,014	661,552,409

Note: The position „Other reserves” includes also the reserve representing the modernization quota in amount of 457,924,469 RON at 31.12.2019, namely 458,941,825 RON at 31.12.2018. This reserve has a special regime, provided in GD no. 168/1998, this being destined exclusively to the financing of the modernization and development works related to the goods belonging to the public domain. The modernization quota is being collected at the extent of capitalization and proceeds of the production and is being reflected in reserves accounts, as expenses. On a monthly basis is being written back to the revenues the modernization quota at the level of depreciation of the fix assets financed out of this source.

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Economic Director,
Ec. Sanda Toader

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2019
December 31, 2019

(DIRECT METHOD)

	Name of the Element	12 months 2019	12 months 2018
	Cash flows from operating activities:		
+	Proceeds from services supply	451,818,164	415,156,770
+	Proceeds from interests related to bank img investments	7,956,249	4,331,871
+	Other proceeds	6,615,207	4,618,053
-	Payments to the suppliers of goods and services	(119,161,438)	(111,031,473)
-	Payments to and on behalf of the employees	(155,943,944)	(134,419,650)
-	VAT Payments	(46,787,643)	(44,487,623)
-		(13,666,926)	(12,735,611)
-	Other payments related to operating activities	(36,385,022)	(37,389,340)
A	Net cash from operating activities	94,444,647	84,042,997
	Cash flows from investment activities		
+	Proceeds from sale of tangible assets	38,310	449,704
+	Proceeds from modernization quota	31,080,415	41,825,050
+	Proceeds from investments in government securities	-	70,309,618
+	Proceeds from investments in government securities	-	917,582
-	Payments for procurement of tangible assets	(84,149,146)	(87,517,315)
B	Net cash from investment activities	(53,030,421)	25,984,639
	Cash-flows from financing activities		
+	Proceeds of dividends transferred to Depozitarul Central	2,786,508	9,479,683
-	Paid Dividends	(65,172,691)	(69,672,230)
-	Payments against the financial leasing-related debt	(133,446)	-
C	Net cash from financing activities	(62,519,629)	(60,192,547)
	Net increase of the cash and cash equivalents=A+B+C=D2-D1	(21,105,403)	49,835,089
D1	Cash and cash equivalents at the end of the period	259,682,354	209,847,265
D2	Cash and cash equivalents at the end of the period	238,576,951	259,682,354

The cash at 31.12.2019 has decreased as compared to the that existing at 31.12.2018, from 260 million RON down to 239 million RON. The decrease has been mainly determined by the increase of the payments for the operating activity determined by the increase of prices to goods and services procured and the salaries paid to the employees. On the other hand, the payment of dividends out of the retained earnings and of different reserves has represented another factor that has generated the decrease of the cash at the end of 2019 YoY.

The effects of the three activity areas (operation, investment and financing) over the cash in 12 months period 2019 reveal the followings:

- the operating activity triggered a cash-flow in amount of 94 mRON
- the investment ended with a negative cash-flow in amount of 53mRON;

The Company CONPET S.A.
Cash-Flow Statement for the year ended Tuesday, December 31, 2019
(All amounts are expressed in LEI, if not otherwise indicated)

- the financing activity has lowered the total cash flow by 63 mTON, due to the cash outputs for the payment of dividends.

As compared to the previous year, the net cash flow generated by the operating activity in 2019 has exceeded the one in 2018 by 10 million RON following the increase of transport revenues, namely the proceeds from clients.

The cash out of investment activities has registered a lower trend in 2019 due to the decrease of the cash representing the modernization quota contained in the transport tariff, namely the diminution of the percentage allocated in the tariff for the modernization quota, based on relatively constant maintenance of the payments for assets procurement.

The cash flow related to the financing activity registers negative values also in 2019, increasing as compared to the previous year, due to payment of dividends returned to Depozitarul Central lower in 2018. Total amount of the dividends paid in 2019 was of 65 million RON and in 2018 were paid dividends in amount of 70 million RON.

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Economic Director,
Econ. Sanda Toader

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1. Business Description and General Information

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

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

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

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

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

At 31.12.2019, CONPET S.A. had a market capitalization of 689.1 mRON (1,444.2 mRON), occupying position 21 in "Top 25 of the issuers after capitalization".

Company Set-up

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

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

- The Romanian State by the Ministry of Energy, small, medium enterprises and business environment, holder of a number of 5,083,372 shareholders representing 58.72% of the share capital,
- legal persons, with 2,361,896 shares representing 27.28 % and
- natural persons, with 1,212,260 shares representing 14.00 %.

Company's Mission

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

Other Information on the Company's Business

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

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

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

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

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

Legal Environment

The activities in the oil sector are being regulated by the Pol law no.238/2004.

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

The main responsibilities of NAMR are the followings:

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

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

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

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

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

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

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

2. Preparation Grounds

(a) Statement of Compliance

These financial statement of the Company have been drafted under the accounting regulations compliant with the International Financial Reporting Standards ("IFRS") approved by Order of the Ministry of Public Finances no.2844/2016

The IFRS standards represent the standards adopted according to the procedure provided by the Regulation (EC) no. 1.606/2002 of the European Parliament and the Council from July 19, 2002 on the application of the International Financial Reporting Standards and include standards and interpretations approved by the Committee for Accounting International Standards ("IASB"), Accounting International Standards ("IAS") and interpretations issued by the Committee for the Interpretation of the International Financial Reporting Standards ("IFRIC").

The financial statement prepared at the date and for the financial year ended Tuesday, December 31, 2019 have been audited.

(b) Overview of the Financial Statements

The financial statement are being presented in compliance with IAS,1 requirements, the Overview of the Financial Statements. The company adopted an overview based on liquidity within the financial standing and an overview of the revenues and expenses according to the nature thereof within the statement of profit and loss and other elements of the global result, considering that these methods of presentation offer credible information and more relevant than the information presented based on other methods permitted by IAS 1.

(c) Functional and presentation currency

The financial statements are being presented in Romanian Lei (RON), as per the applicable accounting regulations, all amounts being rounded at the closest RON. The Romanian Leu (RON) is also the functional currency of the Company, as it is being defined by IAS,21, The effects of the variation of the currency.

(d) Evaluation Grounds

The financial statements are being prepared at historic cost, except for the intangible and tangible assets, other than the tangible assets in progress, which are being assessed at the reevaluated value, while the stocks are being assessed at the smallest value between the cost and the net achievable value.

The accounting policies defined herebelow have been consistently applied for all periods presented in these financial statements.

(e) Business Continuity

The financial statements have been prepared considering the ongoing concern.

(f) Accounting Estimations and Professional Reasonings

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. Estimates and assumptions are continuously evaluated and are based on historical experience and other factors, including predictions of future events that are believed to be reasonable under certain circumstances. The results of these estimates set the grounds for the professional reasonings regarding the accounting value of the assets and liabilities that cannot be obtained from other information sources. The actual results may be different from the estimates values.

The significant reasoning used by the management for the application of the Company's accounting policies and the main sources of uncertainty regarding the estimates have been the same with those applied to the financial statements related to 2018.

(g) The Use of Estimates and reasonings

CONPET concluded in 2002 a concession contract with NAMR according to which the Company is entitled to use public patrimony assets including the goods part of the crude oil National Transport System.

The company CONPET operates as a joint stock, as per the Law no.31/1990 on the companies, republished, subsequent amendments, where the majority of shares are being held by the State, being a public enterprises. 109/2011 regarding corporate governance of public enterprises. The services supplied by the company are not public services, as they are being supplied in the benefit of the clients legal persons,

3. Accounting Policies

In the followings are being described the significant accounting policies applied by the company on a consistent basis.

(a) Transactions in Foreign Currency

Foreign currency transactions are being expressed in RON by application of the currency on the transaction date. The monetary assets and the debts expressed in foreign currency at the end of the period are being transformed in RON at the currency valid at that date.

The earnings and losses generated by the differences of currency, realized or not realized, are being registered in the profit and loss and other elements of the global result of the respective financial year.

The foreign exchange of the main foreign currencies were:

	December 31, 2019	December 31, 2018
RON/EURO	4.7793	4.6639
RON/USD	4.2608	4.0736
RON/GBP	5.6088	5.1931

(b) Accounting for the effect of hyperinflation

In accordance with IAS 29 Financial reporting in hyperinflationary economies, the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy shall be presented in the current unit balance-sheet date, i.e. non-monetary items are restated using a general price index from date of acquisition or contribution.

Therefore, the values reported in terms of purchasing power at December 31, 2003 are treated as the basis for the carrying amounts of these financial statements. .

As the characteristics of the economic environment in Romania indicate the cessation of hyperinflation, starting January 1,2004, the company no longer applies IAS 29.

(c) Financial Instruments

(i) Non-derivative financial assets

The company initially recognizes the financial assets (loans, receivables and deposits) the date when they have been initiated.

All other financial assets, here included the assets designated at fair value through profit or loss, are recognized initially on the trade date when the Company becomes party of the contractual terms of the instrument.

Any interest in the financial assets transferred that is created or retained by the Company is recognized separately, as asset or liability.

The financial assets and debts are offset and in the statement of the financial position is being presented the net value exclusively when the Company has the legal right to offset the amounts and intends either to settle them on a net basis, or to realize the asset and settle the obligation simultaneously. At 31.12.2019 the company holds the following non-derivative financial assets: cash, cash equivalents and receivables.

Short-term investments

The treasury accounting provides for, as per item 92 of Order 2844/2016, the records related to existence and movement of short-term investments, cash in bank accounts/pay offices, the short-term bank credits and other treasury values.

In the category of short-term investments are comprised Government securities: Government bonds, as well as treasury bills, which have been purchased in view of achieving a short-term profit.

On first registration, the short-term investments are being assessed based on the purchase cost, meaning the buy price or the value established under the contracts.

During 2019 the company has not had transactions representing short-term investment and does not have short-term investments in balance at the end of the year.

Receivables

Receivables are financial assets with fix payments or determinable that are not listed on an active market. Long-term Trade receivables and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise the amounts recorded in cash accounts, current accounts, deposits redeemable at maturity and other cash equivalents. The cash availability in foreign currency are revalued at the exchange rate at the end of the period.

(ii) Non-derivative financial assets

The Company recognizes in the book-keeping the non-derivative financial liabilities on the trade date, when the Company becomes party to the contractual terms of the instrument. The Company may have the following non-derivative financial liabilities: guarantees retained from subcontractors, trade payables and other liabilities.

Trade liabilities

Liabilities to the suppliers and other liabilities include the exchange value of the invoices issued by the suppliers of goods, executed works and supplied services.

Leasing-related debts

As per IFRS 16, a contract is or contains a leasing contract in case that contract confers the right to control the use of an asset identified for a certain period of time in exchange of a countervalue.

For such contracts, at the date of initiation of performance thereof, a lessee must recognize an asset related to the right of use and a debt deriving from the leasing contract, debt generating interest.

The company includes in the item "Other debts" also the debts deriving from the leasing contracts at the present value of the payments of leasing that are not paid at that date.

(iii) Share capital - Common stocks

The share capital consisting of common stocks (ordinary) is recorded at the value established based on the articles of associations and addenda.

The company recognizes the amendments to the share capital only after the accomplishment of the legal procedures provided by Law no.31/1990.

(d) Tangible assets

(i) Recognition and Assessment

The tangible assets in the company's patrimony are being classified in the following category of assets of same kind and similar use.

- Land plots and land improvements;
- Buildings
- Operating oil product;
- Technological equipment, measuring installations and devices, control and adjustment and means of transport;
- Other tangible assets
- Tangible assets in progress.

The tangible assets are initially evaluated at cost by the Company. After initial recognition the tangible assets are being revealed in the statement of the financial statement at reevaluated values, established based on an assessment report drafted by an authorized independent expert. The reevaluations are made with fair regularity to make sure that the accounting value does not significantly differ from what would have been determined by using the fair value at the date of the reporting period.

The tangible assets are being presented in the statements of the financial standing at the re-evaluated value, diminished by the cumulated depreciation and the loss from cumulated depreciation, except for advance payments and ongoing tangible assets appear as cost.

The cost of an element of tangible assets is made up of the procurement price, here included the import fees or non-recoverable procurement fees, the transport expenses, manipulation, commissions, notary fees, expenses with permits acquirement and other non-recoverable expenses directly related to tangible assets and any other direct costs attributable to bringing the assets to the place and in operating conditions.

The tangible assets in progress stand for unfinished investments performed in-house or under contract. They are being evaluated at the production or procurement cost, as the case may be. Tangible assets in progress pass to the category of tangible assets completed after the reception, putting into operation or commissioning thereof, as the case may be.

The cost of self-constructed property and equipment is determined using the same principles as for an acquired asset.

The Company does not recognize in the carrying amount of a tangible asset item the current repairs and usual maintenance, these costs are recognized as an expense when incurred.

The costs of current maintenance are mainly the workmanship and expandable costs and may include the cost of small components. The purpose of these expenses is often described as being meant for the "repairs and maintenance" of the tangible assets element.

(ii) Ulterior costs

Replacements of several components of tangible assets

The components of several elements of tangible assets may need the replacements at time regulated intervals.

In case one part of tangible assets, which has been initially recognized as a separate component of the asset is replaced, the accounting value of the replaces part is derecognised.

Regulated general inspections

One condition for the continuation of the exploitation of an element of tangible asset is the performance of a regulated general major inspection for detecting defects, notwithstanding they are being replaced or not component arts of the respective assets. When a general regulated inspection is being performed, the related cost is recognized in the accounting value of the tangible asset as a replacement, if the recognition criteria are satisfied.

An element of tangible assets and any significant part initially recognized are derecognised in the moment of disposal or when are not being expected future economic benefits from its use or sale.

If an element of tangible asset is re-assessed, all the other assets he's part of are re-evaluated, except for the situation when there is no active market for that asset. A class of tangible assets contains assets of the same nature and similar use, being operated by the entity. If the fair value of a tangible asset cannot be determined by references to an active market, the asset value presented in the balance sheet is its reassessed value at the date of the last reassessment, of which the decrease the cumulated value impairments,.

When certain components of a tangible asset have a different useful life, they are being counted as distinct elements (major components) of tangible assets.
The statement related to the evolution of tangible assets of the Company during 2019 and 2018 is being detailed in note 5.

Operating oil product

The company recognizes in tangible assets the operating oil product evaluated in the balance sheet at determined cost from the revaluation performed as per GD no.26 from January 22,1992 updated with inflation rate up to 31.12.2003, when Romanian economy was inflationary. Due to the fact that the oil operating product of the Company physically renews at every pumping and that the component elements of this product does not bear, therefore, moral or qualitative depreciation, the operation oil product has not useful life, thus is not being depreciated. he company presents the operating oil product at the cost value, here included the effects of restatements registered in the previous years as per application of "IAS29", Financial reporting in the hyperinflationary economies".

The Goods belonging to State Public Domain

The company administers goods belonging to the State public domain, as grantor of the oil concession Agreement concluded with the National Agency for Mineral Resources, approved by GD no.793/2002 for a period of 30 years.

Pursuant to the concession agreement, the objectives assumed by CONPET S.A. in relation to its activity are: to ensure the operation of the national transport system via pipelines under maximum safety and economic efficiency conditions, to continuously improve the quality of services and to protect the environment.

The goods resulting following the investments provided by the rehabilitation, modernization and development programs performed out of own company's financing sources are being capitalized and depreciate on the minimum duration related to the remaining lifespan of the respective asset or the remaining term of the concession agreement. The goods are to be included in the State's public domain at the date of amortization of the investment by the company, namely on the expiry of the normal operation term or cease of the oil agreement, as the case may be, as per the legal provisions.

(iii) Reclassification as investments property

When an asset is being held more for obtaining revenues out of rentals or for the increase of the capital value or both, rather than for being used in the production or supply of goods and services, for administrative purposes or to be sold during the normal carry out of the activity, the asset is being transferred in investment property. Our company transfers an asset in the category of investment property if the latter generates cash flows that are, to a large extent, independent of other assets held.

The company does not hold investment property in balance at the date of preparation of these financial statements.

(iv) Intangible Assets held in view of Sale

When there is an amendment brought to the use of an intangible assets, meaning that its accounting value is to be recovered mainly by a sale transaction and not by its continuous use, the company records the asset transfer from the tangible assets category to non-current assets held in view of sale.

The non-current assets are classified as assets held for sale when:

- Are available for immediate sale
- The company's management is engaged in a sales plan;
- There are minimum chances that the sales plan incur significant changes or be withdrawn;
- It is being initiated an active program to find buyers;
- The assets group is being traded at a reasonable price as compared to the fair value;
- It is expected that the sale be concluded within 12 months as of the date of assets classification as held for sale.

Certain events or circumstances may extend the period for the completion of sale by more than one year. An extension of the period does not prevent an asset (or an asset group to be disposed) to be classified as being held in view of sale in case the delay is caused by events or circumstances outside the management control and there are enough proofs that the company remains committed to the plan regarding the asset's sale (or the sale of the asset group to be disposed).

The intangible assets (or asset group to be disposed) classified as being held in view of sale are being assessed by the company at the minimum between the accounting value and the fair value, less the sale costs.

The intangible assets are not being depreciated whilst they are being classified in view of sale.

(v) Assets related to the right of use of the assets taken by leasing

As per IFRS 16, Leasing Contracts, at the date of starting the performance, the company, as lessee, recognizes an asset related to the right of use. The cost of the asset related to the right of use includes the value of the initial value of the debt deriving from the leasing contract, any leasing payment being performed at the date of initiation of performance or prior to this date, minus any in leasing stimulants received or any direct initial cost borne by the company as lessee. In terms of financial standing, the assets related to the right of use are being included in the same element-item as the one where are being presented the assets-support of the company.

(vi) Depreciation

Amortization is being calculated by using the straight-line method.

The useful life of the tangible assets fit with those provided in the Catalog regarding the classification and normal operating durations of the fixed assets approved by Decision 2.139/2004.

The goods resulting following the investments related to the national transport system via pipelines pays off along the minimum duration between the remaining lifespan of the respective asset or the remaining duration from the concession agreement.

The assets related to the rights of use of the assets taken by leasing are being linearly depreciated, along the lifespan of the support-asset

The lifespans of the tangible assets are being periodically revised and, as the case may be, at the date of value increase thereof, due to some expenses subsequently performed.

(vii) Sale/ cessation of intangible assets

Tangible assets that are scrapped or sold are being derecognised from the balance sheet together with the corresponding accumulated depreciation. Any profit or loss resulting from such an operation are included in current profit or loss.

The gain or loss resulting from the non-acknowledgment of an element from tangible assets, determined as difference between net proceeds from sale included in the operating revenues and the net accounting value of the asset included in other operating expenses are being revealed as separate position. The Statement of profit and loss and other elements of the global result.

(e) Intangible assets

(i) Acknowledgment and Assessment

Intangible assets are initially recognized at cost. The cost of intangible assets include expenses that are not directly attributable to the purchase of the respective elements.

Expenditure related to the acquisition of software licenses is capitalized based on the costs of purchase and commissioning of the respective programs. The costs associated to the maintenance of the software programs are recognized as expenses upon occurrence.

(ii) Subsequent Expenditure

The subsequent expenses are capitalized only when they increase the future economic benefits embodied in the value of the asset to which they are intended. All other expenditure, including expenditure on the goodwill and the internally generated brands are recognized in profit or loss when incurred.

(iii) Depreciation

Depreciation is recognized in profit or loss using the linear method for the useful life estimated for intangible assets other than goodwill, from the date they are available for use.

(f) Depreciation of Assets

The Financial Assets

The carrying value of the Company's assets that are not of a financial nature, other than deferred tax assets, are reviewed at each reporting date to identify the existence of depreciation indices. If such indices exist, it is being estimated the recoverable amount of the said assets.

The recoverable amount of an asset or of a cash-generating unit is the maximum between its use value and its fair value, less the costs to sell the asset or units. A cash-generating unit is the smallest identifiable group that generates cash and that independently of the other assets and other groups of assets has the ability to generate cash flows. To determine the use value, the expected future cash flows are discounted using a discount rate before taxation, which reflects the current market conditions and the risks specific to the said asset.

A depreciation loss is recognized when the carrying amount of the asset or cash-generating unit exceeds its estimated recoverable amount of the asset or the cash-generating unit.

The depreciation losses recognized during the previous periods are being assessed at each reporting date in order to determine whether they have diminished or no longer exist. The depreciation loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

The augmented carrying-value of an asset, other than the goodwill, resulted from the reversal of an impairment loss, should not exceed the (net) carrying amount that would have been determined in case that, during the previous years hadn't been recognized a depreciation loss for the said asset.

Given some internal and external factors, the Company assessed net book value registered at the balance sheet date for depreciable tangible assets, so as to evaluate the possibility of existence of a depreciation thereof, which could attract the record of an adjustment for depreciation.

The Financial Assets

The short-term receivables are not discounted. The recoverable amount of other assets is deemed the highest value between the fair value (less sale costs) and the use value. Estimating the use value of an asset involves updating the estimated future cash flows using a pre-tax discount rate that reflects current market assessments regarding the time value of money and the risks specific to the asset.

Depreciation losses on financial assets or a receivable recorded at the amortized cost is reversed if there has been a change in the estimates used to determine the recoverable amount.

(g)Stocks

The main categories of inventories are: consumables, spare parts, ongoing services, residual services and materials like inventory objects.

The stocks are valued at the lower of cost and net achievable value.

The cost of stocks is based on the first in - first out (FIFO) principle and includes costs incurred for the purchase of inventories, production or processing costs and other costs incurred for bringing the inventories in the form and present location.

The net achievable value is the estimated selling price to be obtained in the ordinary course of business, less estimated costs of completion, when appropriate, and the estimated costs necessary to the sale.

If applicable there will be applied impairments for the obsolete stocks, slow movement or damaged.

(h)Dividends

The dividends are recognized as a liability in the period in which their distribution is approved. The distribution of dividends is being performed subsequently to the approval of the annual financial statements.

(i)Revaluation reserves

The revaluations are performed with sufficient regularity so that the carrying amount not differ substantially from that which would be determined using the fair value at the balance sheet date. The difference between the value resulting after revaluation and the net accounting value of tangible assets is presented either according to its nature (appreciation/depreciation), either at the revaluation reserve as a distinct sub-element in " Shareholders Equity" or in the "Profit and Loss" account..

If the revaluation result is an increase over the net accounting value, then, it is treated as follows: as an increase of the revaluation reserve presented within the total equity, if there was no previous decrease recognized as an expense related to that asset or as an income to compensate the expense with the decrease previously recognized at that asset.

If the revaluation result is a decrease of the net accounting value, it is treated as an expense with the entire value of the depreciation when in the revaluation reserve is not recorded an amount on the asset (revaluation surplus) or as a decrease of the reserve from the revaluation by the minimum between the value of that reserve and the amount of the decrease; the possible difference remaining uncovered is recorded as an expense.

The revaluation surplus included in the revaluation reserve is transferred to the retained result when this surplus represents an achieved gain. The gain is deemed realized as monthly amortization is being registered and when deleting from the records of the asset for which was established the revaluation reserve. No part of the revaluation reserve may be distributed, directly or indirectly, unless it is actually an achieved gain.

A particularity occurs in case of the assets financed out of the modernization quota.

Thus, in case the revaluation result shows an increase compared to the net accounting values, then it is being treated as follows:

- as an increase of the *revaluation reserve*, if there was no previous decrease recognized as an expense related to that asset,
- as an increase of the reserve established out of the modernization quota, up to the set-off of the decrease previously recognized and for which, simultaneously with the depreciation expense was also diminished the quota reserve by recognition as income.

In case the result of revaluation is a *decrease* of the net accounting values, the latter will be treated as an expense when in the revaluation reserve is not registered an amount related to that assets (revaluation surplus) and the reserve formed out of the modernization quota is diminished simultaneously by recognition as income.

Starting May 1, 2009, the statutory reserves from the revaluation of fixed assets, including the lands, performed after January 1, 2004, which are deducted from calculation of taxable profit through tax depreciation or from expenditure regarding the assets ceded and / or asset retirement,

shall be taxed concomitant with the deduction of the fiscal depreciation, respectively when deducting from the administration of these fixed assets, as appropriate.

The reserves made are taxable in the future, in case of change of reserve destination, reserve distribution towards the participants in any form, liquidation, division, merger of the taxpayer or of any other reason except for transfer, after May 1, 2009, of the reserves mentioned in the previous paragraph.

(j) Legal reserves

The legal reserves are constituted in a rate of 5% of gross statutory profit, as of the end of the year until the total legal reserves reached 20% of the nominal share capital (statutory) paid-up in compliance with the legal provisions. These reserves are deductible at the calculation of the income tax and are distributable exclusively upon liquidation of the Company.

(k) Other reserves

The company constitutes profit reserves also at the expense of the modernization quota, based on the GD no.168 / 1998 on setting the quota for the expenses necessary for the development and modernization of crude oil and natural gas production, refining, transport and petroleum distribution, subsequent amendments, presented in GD's no.768 of 7 September 2000 and 1116 of 10 October 2002 and according to the provisions of Law no.227/2015 on the Fiscal Code. The modernization quota is approved by the National Agency for Mineral Resources (NAMR). Once with the approval of the transport tariffs.

In other reserves - the modernization quota, as sub-element of the accounts of equities are being included the amounts representing the plus resulting from the revaluation of the tangible assets financed out of this source, until the clearing of the decrease previously acknowledged.

(l) Related Parties

The Parties are deemed affiliated in case they are subject to control (or joint control) by the same entity or when an entity has the ability to directly or indirectly control or significantly influence the other party, either through ownership, contractual rights, family relationship or otherwise, as defined in IAS 24 Affiliated Party Disclosures.

(m) The benefits of the employees

(i) Benefits granted on retiring

In the normal course of business, the Company makes payments to the Romanian State in the account of his employees, at the statutory rates.

All employees of the company are included in the Romanian State pension plan. These costs are recognized in the statement of the global result once salaries recognition.

The Company recognizes a provision for retirement benefits. The discounted value of the liabilities related to the benefits granted on retirement is annually determined by an independent actuary. The Company operates no other pensions or post-retirement benefits plan and, consequently, has no sort of other pensions-related liabilities.

(ii) Short-term Employees Benefits

The short-term employees' benefits are the ones to be settled in no more than 12 months as of the end of the reporting period when the employees have supplied the said services. These benefits are mainly represented by salaries and contributions of the employer to the social insurance, rest and medical leaves, the employees' share of profit. The liabilities related to these benefits are recognized as expense while the services are supplied and are assessed on a non-discounted basis.

The company establishes a fund for the employees' share of profit, as per the provisions of the Government Ordinance no.64/August 30, 2001.

(n) Provisions

Provisions are recognized when the Company has a current obligation (legal or implicit) as a result of a past event, it is probable that an outflow of resources be required to settle the obligation and duty can be estimated reliably.

The amount recognized as a provision is the best estimate at the balance sheet date, of the costs required to settle the present obligation.

The best estimate of the costs required to settle current debt is the amount that the Company would pay, rationally, to settle the obligation at the balance sheet date, or transfer it to a third party at that time.

If the effect of the time value of money is material, the amount of the provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate used reflects current market assessments of the time-value of money and the risks specific to the liability.

Gains from the expected disposal of assets should not be taken into account in measuring a provision.

If estimated that one or all expenses related to a provision will be reimbursed by a third party, the reimbursement is recognized only when it is certain that it will be received. The reimbursement is considered as a separate asset.

Provisions are reviewed at each balance sheet date and adjusted as to reflect the current best estimate. In case that, for settling an obligation is no longer possible an outflow of resources, then the provision must be canceled by recognition as income.

(o) Subsidies

Subsidies for assets, including non-monetary subsidies at fair value, are recorded in the accounting as investment subsidies and are recognized in the balance sheet as deferred income. The deferred income is recorded in the profit and loss account statement upon registration of the depreciation expenses or upon the scrapping or disposal of assets.

The subsidies that compensate the Company for the expenses incurred are recognized systematically in the profit or loss account, in the same periods when the expenses are recognized.

(p) Revenues

Revenues related to Services Supply

The revenues from the services supply are recognized in the period in which they were provided in correspondence with the stage of execution.

As per IFRS 15 Revenues from clients contracts, the value of the trade price allocated to an obligation of execution is acknowledged in revenues when or as an execution measure in being fulfilled.

In order to determine the trade price are being considered the terms of the contract and the usual business practices. The price of the transaction represents the value of the consideration to which the company expects to have the right in exchange of the transfer of goods or services promised to a client, not including the collected amounts on behalf of some third-parties.

Revenues from royalties, rentals and interests

Acknowledgment rules:

- interests are recognized periodically, proportionally, upon generation of the said income, on an accrual basis;
- royalties and rentals are recognized on an accrual basis, under the contract.

(q) Financial revenues and expenses

The financial revenues comprise interest revenues related to the funds invested and other financial revenues. The interest revenues are recognized in profit or loss of the period, on accrual basis, using the effective interest method.

Financial expenses comprise mainly the expense with currency fluctuations.

The expense generated by the debts deriving from the leasing contracts are acknowledged within the financial expenses. The interest expenses are being registered in the profit and loss account

along the duration of the leasing contract, being calculated at the outstanding balance of the debt related to the leasing for each stage. This thing will determine higher expenses at the beginning of the leasing contract.

(r) Tax

The corporate tax expenses comprise current tax and deferred tax.

The corporate tax is recognized either in the profit and loss of the period, or outside the profit and loss, in other elements of the global result or straight in the equities.

(i) Current Tax.

Current tax is the tax payable on the profit realized in the current period, determined using tax rates enacted at the reporting date and any adjustment for prior periods.

For the financial year ended Tuesday, December 31, 2019, the corporate tax rate, under the Fiscal Code, was of 16%.

(ii) Deferred Tax

The deferred tax is determined by the Company using the balance sheet method for those temporary differences arising between the tax calculation base on assets and liabilities and their book value, used for the individual financial statements reporting.

Deferred tax is calculated using the tax rates that are expected to apply to the temporary differences upon the write-back thereof, under the legislation in force at the reporting date.

Deferred tax- related receivables and liabilities are offset only if there is a legally enforceable right to offset current tax liabilities and receivables and whether they are related to the tax collected by the same tax authority on the same entity subject to taxation, or different tax authorities, but willing to achieve settlement of current receivables and payables by the tax, using a net basis or the related assets and liabilities will be realized simultaneously.

The deferred tax related receivable is recognized by the Company only to the extent where the achievement of future profits is likely to happen, which can be used to cover the tax loss. The deferred tax related receivable is reviewed at the end of each financial year and is reduced to the extent that the related tax benefit is unlikely to be achieved. The additional taxes that arise from the distribution of dividends are recognized, at the same time, with the liability of dividends' payment.

(iii) Tax Exposures

For the determination of current and deferred tax, the Company takes into account the impact of uncertain tax positions and the possibility of additional taxes and interests. This assessment is based on estimates and assumptions and may involve a series of judgments about the future events. New information may become available, thus causing the Company to change its judgment regarding the accuracy in estimating the existing fiscal liabilities; such changes in tax obligations affect the tax expense in the period in which such determination is made.

(s) Result per share

The earnings per share is determined by dividing the profit or loss attributable to the Company's ordinary shareholders to the weighted average number of ordinary shares for the period under review.

(t) Business Segments Reporting

A segment is a distinct component of the Company that provides certain products or services (business segment) or provides products and services in a particular geographical environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Conpet has a single reportable segment, namely transport services supply for its clients both via the National Transport System and by railway

(u) Contingent Assets and Liabilities

The contingent liabilities are not recognized in the statement of the financial standing and in the profit and loss account. They are disclosed in the notes to the financial statements, except for the possibility of an outflow of resources representing economic benefits is being removed.

A contingent asset is not recognized in the financial statements and in the profit and loss account, but disclosed when an inflow of economic benefits is likely to happen.

(v) Ulterior Events

The financial statements reflect subsequent events after the year-end, events that provide additional information on the Company's position at the reporting date or those that indicate a possible violation of the going concern principle (events that cause adjustments). Events following the end of the year that are not adjusting events are disclosed in notes when they are considered significant.

(w) Comparative figures

The statement of the financial standing for the year ended Tuesday, December 31, 2019 shows comparability with the statement of the financial standing for the financial year ended Monday, December 31, 2018.

x) New standards and interpretations

The following new standards and amendments of the existing standards issued by the Committee for International Accounting Standards (CIAS) and adopted by the European Union (EU) have not yet entered into force for the period of annual financial reporting ended December 31st 2018 and were not applied when drawing up these financial statements: [IAS 8.30 (a)]:

Standard/Interpretation [IAS 8.31 (a), 8.31(c)]	Nature of imminent amendment of the accounting policy [IAS 8.31 (b)]	Potential impact on the financial statement [IAS 8.31 (e)]
The amendments to IAS 1 "Presentation of the financial statements", IAS 8 "Accounting Policies, amendments of the accounting estimated and errors" <i>(in force for annual periods starting with or after January 1st 2020)</i>	The objective of the amendments brought to the standards IAS 1 and IAS 8 is to clarify the definition of the term "significant" in order to enable the assessment by the enterprises of the significant nature and in order to increase the relevance of the information presented in the notes to the financial statements.	The impact of the amendments on the financial statements in under assessment.
Amendments of the references to the general conceptual framework in IFRS standards. <i>(in force for annual periods starting with or after January 1st 2019)</i>	The objective of the amendments is to update the existing references to the previous frameworks, by replacing them with the references to the general conceptual framework reviewed, from various standards and interpretations (IFRS 2 "Payment based on shares", IFRS 3 "/combinations of enterprises", IFRS 6 "Exploration and evaluation of the mineral resources", JAS 1 "Presentation of the financial statements", JAS 8 "Accounting principles, amendments of the accounting estimates and errors", JAS 34 "Interim of financial reporting", JAS 37 "Provisions, contingent liabilities and contingent assets", JAS 38 "Intangible assets", IFRIC 12 "Services concession engagements", IFRIC19 "Satisfaction of financial liabilities with equities instruments", IFRIC 20 "Stripping costs in the production stage of an open strip mine", IFRIC 22 "Currency transactions and considerations in	The impact of the amendments on the financial statements in under assessment.

The Company CONPET S.A.

Explanatory notes to the interim financial statement at Tuesday, December 31, 2019

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

	advance”, SIC 32 “Non-tangible assets - Costs associated to the creation of web sites”	
Amendments to IFRS 9 “Financial instruments”, IAS 39 “Financial instruments: acknowledgment assessment”, IFRS 7 “Financial instruments: information to be supplied”. <i>(in force for annual periods starting with or after January 1st 2020)</i>	The amendments provide temporary exemptions and limited from the dispositions related to hedge accounting against risks provided by standards IAS 39, IFRS 9, IFRS 7.	The impact of the amendments on the financial statements in under assessment.

<p>The following standards and the amendments of the existing standards, issued by the Committee for International Accounting Standards (IASB) and adopted by the European Union (EU) have entered into force in the current period: /Standard/Interpretation [IAS 8.31 (a), 8.31(c)]</p>	<p>Nature of imminent amendment of the accounting policy [IAS 8.31 (b)]</p>	<p>The impact over the financial statements [JAS 8.21(e)]</p>
<p>Amendments to IFRS 16 "Leasing Contracts" (in force for annual periods starting with or after January 1st 2019)</p>	<p>The amendments to IFRS 16 aims at the improvement of the financial reporting with regards to the leasing contracts.</p>	<p>The adoption of IFRS 16 had no impact on the individual financial statements of the year 2019.</p>
<p>Amendments to IFRS 9 "Financial instruments" (in force for annual periods starting with or after January 1st 2019)</p>	<p>The amendments are meant to clarify the classification of certain financial assets paid in advance when the IFRS 9 is being applied.</p>	<p>The adoption of IFRS 9 had no impact on the individual financial statements of the year 2019.</p>
<p>IFRIC 23 "Incertitude related to fiscal treatments" (in force for annual periods starting with or after January 1st 2019)</p>	<p>IFRIC 23 mentions the manner in which the incertitude should be reflected in the accounting related to the corporate tax.</p>	<p>The adoption of IFRIC 23 had no impact on the individual financial statements of the year 2019.</p>
<p>Amendments to IAS 28 "Investment in associated entities and joint ventures" (in force for annual periods starting with or after January 1st 2019)</p>	<p>The objective of the amendments IAS 28 is to clarify that the requirements on depreciation contained in the International Financial Reporting Standard (IFRS) 9 Financial Instruments is being applied to long-term investments in the associated entities and joint ventures.</p>	<p>The adoption of these amendments of IAS 28 had no impact over the financial statements, as this standard is not applicable at the date of preparation of these financial statements.</p>
<p>Amendments to IAS 19 "Financial instruments" (in force for annual periods starting with or after January 1st 2019)</p>	<p>The objective of the amendments is to clarify the fact that, after an amendment, reduction or settlement of the plan of determined benefits, an entity should apply the actuarial hypothesis resulting from reevaluation of net debt (net assets) with regards to the benefits determined for the rest of the reporting period.</p>	<p>The adoption of these amendments IAS 19 had no impact on the financial statements.</p>

The amendments to various standards "Improvements of IFRS (cycle 2015-2017" resulting from the annual Improvement project of IFRS (IFRS 12 "The adoption for the first time of the financial reporting International Standards" and IFRS 3 "Investments in associated entities and joint ventures"- in force for annual periods starting or following the date of Tuesday, January 1, 2019)	The objective of these amendments targets the simplification and clarification of the standards.	The adoption of IFRS 9 had no impact on the financial statements.
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4. Determination of Fair Value

Certain Company's accounting policies and requests of information supply require the determination of the fair value for financial and non-financial assets and liabilities.

Fair value hierarchy

Fair values are multi-level classified in the fair value hierarchy based on the input data used in the assessment techniques, as follows:

Level 1: Prices quoted on active markets for identical assets and liabilities.

Level 2: Input data, other than the prices included at Level 1 containing observable values for assets or liabilities, directly or indirectly.

Level 3: Inputs for assets or liabilities that are not grounded on the data observable on the market. The fair values of the tangible assets have been determined in view of assessment and/or presentation of the information based on the methods described below.

The reevaluated value of the lands, buildings and equipment was established beginning from the fair value based on the market method and on the cost using quoted market prices for similar items, when they are available, or the replacement cost when appropriate. The depreciated replacement cost reflects adjustments for physical deterioration, wear and tear, functional and economical obsolescence. The reevaluated value of lands, buildings and equipment was determined by authorised appraisers.

Where applicable, additional information regarding the hypothesis used in the determination of fair value are presented in the notes specific to the named asset or liability.

In the following chart are being presented the fair values classified on the 3 level in the hierarchy of fair values, structured on group of tangible assets:

	Level 1	Level 2	Level 3	The fair value at December 31, 2019
Lands and lands development activities	-	-	22,584,099	22,584,099
Buildings	-	-	296,762,869	296,762,869

The Company CONPET S.A.

Explanatory notes to the interim financial statement at Tuesday, December 31, 2019

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

Machineries and equipments	-	-	52,981,937	52,981,937
Control and measurement devices	-	-	19,338,486	19,338,486
Means of transport	-	-	11,756,867	11,756,867
Other assets	-	-	2,360,592	2,360,592

	Level 1	Level 2	Level 3	Fair value at December 31,2018
Lands and lands development activities	-	-	22,584,099	22,584,099
	-	-	276,429,871	276,429,871
Machineries and equipments	-	-	41,396,675	41,396,675
Control and measurement devices	-	-	18,646,625	18,646,625
Means of transport	-	-	9,535,522	9,535,522
Other assets	-	-	2,671,352	2,671,352

The Company CONPET S.A.
 Explanatory notes to the interim financial statement at Tuesday, December 31, 2019
 (All amounts are expressed in LEI, if not otherwise indicated)

5. Tangible assets

During 2019 as compared to 2018 the tangible assets have evolved as follows:

Name	Land plots and land improvements	Special installations and buildings	Operating oil products	Machineries and equipments	Control and measurement devices	Means of transport	Other intangible assets	Tangible assets in progress	Total intangible assets
Gross accounting value at January 1, 2019	22,584,099	255,182,601	42,072,846	84,139,169	71,712,695	28,925,819	6,519,889	59,335,443	570,472,561
Cumulated depreciation at, January 1, 2019	-	(20,825,576)	-	(42,742,494)	(53,066,070)	(19,390,298)	(3,848,537)	-	(139,872,975)
Net accounting value at January 1, 2019	22,584,099	234,357,025	42,072,846	41,396,675	18,646,625	9,535,522	2,671,352	59,335,443	430,599,587
Inputs intangible assets"	-	43,735,337	-	21,005,872	9,562,568	5,241,873	400,480	(979,646)	78,966,484
Outputs intangible assets	-	(27,700)	-	(15,086)	(6,103)	-	-	(202,652)	(251,541)
Depreciation registered during the year	-	(23,360,125)	-	(9,402,838)	(8,864,604)	(3,020,528)	(711,240)	-	(45,359,335)
Impairments for depreciation of write-back receivables	-	-	-	-	-	-	-	(302,026)	(302,026)
Loss from depreciation of tangible assets	-	(14,514)	-	(2,686)	-	-	-	-	(17,200)
Net accounting value at December 31, 2019	22,584,099	254,690,023	42,072,846	52,981,937	19,338,486	11,756,867	2,360,592	57,851,119	463,635,969
Difference	-	20,332,998	-	11,585,262	691,861	2,221,345	(310,760)	(1,484,324)	33,036,382

*Element-row "Means of transport" includes the value of the rights of use of the assets purchased in December in financial leasing system, consisting of 30 vehicles necessary to the performance of the activity specific to the company. At 31.12..2019 the value of these assets id of 2,228,610 RON. There were nor registered expenses with the depreciation of the assets taken by leasing.

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Name	Land plots and land improvements	Buildings and special installations	Operating oil products	Machineries and equipments	Control and measurement devices	Means of transport	Other intangible assets	Tangible assets in progress	Total intangible assets
Gross accounting value at January 1,2018	22,584,099	226,786,502	42,072,846	80,104,803	65,418,061	28,398,221	6,411,128	33,961,299	505,736,959
Cumulated depreciation at January 1,2018	-	-	-	(34,312,830)	(43,729,974)	(17,374,213)	(3,044,256)		(98,461,273)
Net accounting value at Monday, January 1, 2018	22,584,099	226,786,502	42,072,846	45,791,973	21,688,087	11,024,008	3,366,872	33,961,299	407,275,686
Inputs intangible assets	-	28,633,404	-	4,616,461	6,799,624	1,703,626	141,786	25,374,144	67,269,045
Outputs intangible assets	-	(203,141)	-	(119,480)	(6,607)	(111,685)	(4,194)	-	(445,107)
Depreciation registered during the year	-	(20,859,740)	-	(8,892,279)	(9,834,479)	(3,080,427)	(833,112)	-	(43,500,037)
Net accounting value at Monday, December 31, 2018	22,584,099	234,357,025	42,072,846	41,396,675	18,646,625	9,535,522	2,671,352	59,335,443	430,599,587
Difference	-	7,570,523	-	(4,395,298)	(3,041,462)	(1,488,486)	(695,520)	25,374,144	23,323,901

At 31.12.2019 the net value of the tangible assets has increased as compared to the end of the year 2018 with the amount of 33,036,382 RON.

During 2019 there have been registered inputs of tangible assets in amount of 78,966,484 RON, outputs at the remaining value of 251,541 RON and impairments and losses from depreciations in amount of 319,226 RON. The depreciation of the tangible assets in 2019 was in amount of 45,359,335 RON.

The tangible assets commissioned in 2019 were of 79,946,130 RON.

In December 2019 there have been recorded inputs of tangible assets procured in financial leasing system, consisting of 30 vehicles necessary for the performance of the activities specific to the company. The duration of the financial leasing contract is of 4 years and the value of the rights of use of the assets taken by leasing, of 2,228,6120 RON is being included in the same element-row as the one to which are being presented the assets-support proper to the company, namely the "Means of transport".

There were not registered expenses with the depreciation of the assets taken by leasing.

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 31.12.2019, CONPET has recorded in the company patrimony lands in surface of 733,649 sqm with an accounting value amounting to 22,584,099 RON, namely:

- 554,538 sqm represent lands with an accounting value of 12,348,115 RON, held under 48 Certificates of ownership obtained during 2001-2005, appraised on the date of acquiring the certificates, in accordance with GD 834/1991 on the establishment and appraisal of some lands owned by the state-owned companies, at the value of 26,255,918 RON. These lands have been obtained in the company patrimony on the expense of other equity reserves, without augmenting the share capital by the value thereof..
- 55,411.45 sqm represent lands with an accounting value of 3,144,984 RON held based on 14 Ownership Certificates obtained until 2001. The share capital of the company has been increased by the value of these lands.
- 23,700 sqm represent lands with an accounting value of acquired by the Company upon several sale-purchase contracts. A part of the procured lands are related to the corporate offices and on the other procured lands are placed telecommunication towers located in different sites over the country.

The tangible assets also include the oil operating product, assessed in the statement of the financial standing at the cost determined from the revaluation performed as per GD no.26 of January 22, 1992, restated by the application of IAS 29 "financial reporting in the hyperinflationary economies". In 2019 have not been registered movements of oil product, the value thereof at 31.12.2019 being of 42,072,846 RON.

Operating oil product	December, 31 2019	December, 31 2018
	254,549	254,549
Differences related to restatement as per IAS 29	41,818,297	41,818,297
Balance of the operating oil product	42,072,846	42,072,846

Tangible assets in progress

At December 31, 2019, the value of the assets in progress is of 57,851,119 RON and comprise investment objectives provided in "2019 investments program:", as: pipelines segments

replacements on different length and routes, commissioning works of the crude oil pipelines to overcrossing or undercrossing of the rivers, inline inspections of pipelines, tanks modernizations, modernizations of pumping stations and loading ramps, modernizations of certain pumping systems, modernizations of cathodic protection systems, telecommunication works etc.

Reevaluation of tangible assets

After initial recognition, the tangible assets are being re-assessed.

The tangible assets for which the company has adopted the alternative treatment allowed, namely the ones that have been re-assessed, are being presented in the financial statements at the re-assessed value (the fair value at the re-assessment value), less the ulterior depreciation cumulated and the ulterior losses from depreciation. The re-assessments have been performed with sufficient regularity, at least once at 3 years, the most recent re-assessment being of 31.12.2017. At that date have been evaluated, by S.C. EAST BRIDGE SRL București, the goods from group I - buildings and lands in the company's patrimony

The tangible assets re-assessed at the fair value, less the depreciation at 31.12.2017, 31.12.2018 and 31.12.2019 look as follows:

Crt.no.	Class	Value at 31.12.2017	Value at 31.12.2018	Value at 31.12.2019	Amendment during 2019
1	Lands	22,584,099	22,584,099	22,584,099	-
2	Buildings	226,786,502	206,507,581	186,893,628	(19,613,953)
TOTAL		249,370,601	229,091,680	209,477,727	(19,613,953)

6. Intangible assets

In 2019, as compared to 2018, the intangible assets have evolved as follows:

Name	Rights of use related to the assets taken by leasing	License and soft	Other intangible assets	Total intangible assets
Inventory value at January 1,2019	-	6,395,880	910,983	7,306,863
Depreciation cumulated at January 1,2019	-	(3,598,392)	(864,867)	(4,463,259)
Net accounting value at January 1,2019	-	2,797,488	46,116	2,843,604
Intangible assets inputs	4,963,226	1,174,415	-	6,137,641
Depreciation registered during the year	(1,621,597)	(973,635)	(46,116)	(2,641,348)
Net accounting value at December 31,2019	3,341,629	2,998,268	-	6,339,897
	3,341,629	200,780	(46,116)	3,496,293

Name	Licenses and soft	Other intangible assets	Total intangible assets
Stock value at January 1, 2018	4,009,627	1,100,018	5,109,645
Cumulated depreciation at January 1, 2018	(2,640,858)	(1,006,115)	(3,646,973)
Net accounting value at January 1,2018	1,368,769	93,903	1,462,672
	2,386,253	-	2,386,253
	(957,534)	(47,787)	(1,005,321)
Net accounting value at December 31,2018	2,797,488	46,116	2,843,604
Difference	1,428,719	(47,787)	1,380,932

At 31.12.2019 the net value of the intangible assets has increased as compared to the end of 2018, by the amount of 3.496.293 RON. During 2019 have been registered inputs of intangible assets in amount of 6.137.641 RON, and the amortization of the intangible assets in 2019 was in amount of 2.641.348 RON.

The depreciation method used in the linear one. The balance composition is made up of IT programs, soft licenses, supply connection to the electric power network, water, as well as rights of use acknowledged as per IFRS 16.

The rights of use acknowledged within the intangible assets as per IFRS 16 have resulted from the lease and concession contracts concluded with various land owners, buildings and tank cars for the transport of oil products. On the leased lands are being located telecommunications equipments and cathodic protection stations in various locations in the country and the buildings are used as working sites, for the gendarmes or for the performance of other administrative activities of the company.

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

There are not capitalized expenses of research development.

7. Financial Assets

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

Name	Other non-current securities	Long-term Receivables	Total financial assets
Net accounting value at January 1, 2019	5,000	855,582	860,582
Inputs	100	90,895	90,995
Outputs	-	140,979	140,979
Net accounting value at December 31, 2019	5,100	805,498	810,598
Difference	100	(50,084)	(49,984)

Name	Other	Long-term Receivables	Total financial assets
Net accounting value at Monday, January 1, 2018	5,000	968,782	973,782
Inputs	-	66,537	66,537
Outputs	-	179,738	179,738
Net accounting value at Monday, December 31, 2018	5,000	855,581	860,581
Difference	-	(113,201)	(113,201)

At 31.12.2019, the value of the financial assets has decreased as compare to January, 1, 2019, by 49,984 RON, mainly based on the reduction of the non-current receivables during the year. Starting May, 2019 the company has the quality of associated member, together with other companies, of the Romanian National Committee for the Oil International Committee (RO, CNR-CMP) with contribution in amount of 100 RON.

The company also holds the participation to the share capital of the Register Independent Monitor in amount of 5,000 RON.

In the financial assets there are being included also non-current receivables in amount of 805,498 RON at 31.12.2019, which are being made up of returnable guarantees paid by the Company related to various leased land surfaces.

8. Stocks

Name	Consumables	Services in progress	Waste products	Total stocks
Gross accounting value at January 1,2019	5,847,940	1,079,048	3,379,336	10,306,324
Impairment for stocks depreciation	(986,824)	-	(151,071)	(1,137,895)
Net accounting value at January 1,2019	4,861,116	1,079,048	3,228,265	9,168,429
Stocks inputs during the period	7,502,354	1,193,309	1,451,791	10,147,454
Consumption/output of stocks during the period	(7,684,002)	(1,079,048)	(2,638,232)	(11,401,282)
	141,534	-	113,726	255,260
Net accounting value at December 31,2019	4,821,002	1,193,309	2,155,550	8,169,861
Difference	(40,114)	114,261	(1,072,715)	(998,568)

Name	Consumables	Services in progress	Waste products	Total stocks
Gross accounting value at January 1,2019	6,431,393	525,025	3,025,984	9,982,402
Impairments for depreciation of stocks	(872,933)	-	(85,264)	(958,198)
Net accounting value at January 1,2019	5,558,460	525,025	2,940,720	9,024,204
Stocks inputs during the period	7,088,297	1,079,048	2,585,398	10,752,744
Consumption/output of stocks during the period	(7,671,751)	(525,025)	(2,232,046)	(10,428,822)
	(113,890)	-	(65,807)	(179,697)
Net accounting value at December 31,2019	4,861,116	1,079,048	3,228,265	9,168,429
Difference	(697,344)	554,023	287,545	144,225

The stocks are made up of materials, spare parts, residual products and other materials that are to be used when performing the company's core business, security and intervention stocks meant for the potential provoked technical accidents. In the stocks are also contained residual products (recoverable) occurred following the pipelines replacement works and fixed assets scrapping. The company registers in the ongoing services the cost of the services non-receptioned by the beneficiary up to the end of the period, at the expense of the revenues related to services in progress.

9. Trade liabilities and other liabilities

At December 31, 2019 and December 31, 2018 the trade receivables and other receivables are the followings:

	December, 31 2019	December, 31 2018
Clients	39,276,991	37,830,093
Impairments for depreciation receivables	(341,524)	(716,044)
Other trade receivables	283,838	308,268
Subtotal trade receivables (net value)	39,219,305	37,422,317
Other receivables	6,424,129	9,553,936
Adjustments for the depreciation of other receivables	(3,394,734)	(3,820,630)

Subtotal other receivables (net value)	3,029,395	5,733,306
Total receivables	42,248,700	43,155,623

The structure of clients on activities reveals the followings:

	December, 31 2019	December, 31 2018
Clients - transport activities	38,623,179	36,816,552
Other clients - auxiliary activities	653,812	1,013,540
Total	39,276,991	37,830,093

The trade receivables are not interest bearer and have an average proceeds duration of 29 days. The main receivables in the balance sheet at December 31, 2019 are due by: OMV PETROM S.A. - 34,405,183 RON (December 31, 2018: 32.003.643 RON) and Petrotel Lukoil S.A.- 4.170.733 RON (December 31, 2018 4,211,228 RON

The transport services supply performed by the clients have a significant share (over 98%) in the company's turnover.

The main client of the Company, OMV PETROM S.A, hold appropriately 81% of the total receivables on short-term at December 31, 2019.

Other receivables in amount of 6,424,129 RON include mainly: amounts to be recovered from various natural and legal persons, the majority in litigation pending before the law courts (1,698,411 RON, namely 26,44%), VAT non-exigible related to the invoices unrarrived up to 31.12.2019 (1,268,671 RON, namely 19.75%), amounts to be recovered from the budget representing allowances for the medical leaves (872.007 RON, namely 13.58%), as well as the interest to be proceeded related to the deposits with maturity under three months (836.548 RON, namely 13.03 %).

Impairments for the depreciation of the trade receivables are being registered for uncertain clients, in litigation or insolvency, presenting non-collection risk. At December 31, 2019 the value of these impairments amounts to 3,394,734 RON, decreasing by 425,896 RON as compared to December, 2018.

The impairments for the depreciation of other receivables are being registered for the debits related to the legal files pending before the law courts, fines paid and under appeal proceedings. At December 31, 2019 the value of these impairments is in amount of 3,394,734 RON, decreasing by 425,896 RON compared to December 31, 2018.

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

Seniority-related statement of receivables

Trade receivables

	December, 31 2019	December, 31 2018
Clients, of which:	39,276,991	37,830,093
<i>Receivables not reaching maturity</i>	38,885,905	37,016,470
<i>Depreciated receivables</i>	341,524	716,044
<i>Outstanding and undepreciated receivables, out of which:</i>	49,562	97,579

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outstanding less than 30 days	48,275	91,282
outstanding between 30 and 60 days	0	1,657
outstanding between 60 and 90 days	0	297
outstanding between 90 and 270 days	1,287	4,343
Other trade receivables, of which:	283,838	308,268
<i>Non-depreciated receivables</i>	283,838	308,268

Other receivables

	December, 31 2019	December, 31 2018
<i>Non-depreciated receivables</i>	3,029,394	5,733,306
<i>Depreciated receivables</i>	3,394,735	3,820,630
Total	6,424,129	9,553,936

10. Cash and cash equivalents

At December 31, 2019 and December 31, 2018 the cash and cash equivalents reveal the followings:

	December, 31 2019	December, 31 2018
Current bank accounts	6,899,866	5,843,515
Bank deposits with maturity ≤ 3 months	231,666,573	253,818,238
Cash in the register	10,512	17,061
Other cash equivalents	-	3,540
Total	238,576,951	259,682,354

At December 31, 2019 e cash and cash equivalents have increased 8.1 % YoY, (238.6 mRON compared to 259.7 mRON) due to cash outputs for the payment of additional dividends, out of the retained earnings and reserves- own sources of financing and for covering the increase of payments related to the operating activity, generated by the increase of the prices with goods and services and augmentation of the personnel salaries.

Cash includes the available quota for the modernization, amounting to 152,020,560 RON

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

11. Equities

Share capital

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

Shareholding	December 31, 2019			December 31, 2018		
	Number of shares	Amount (RON)	(%)	Number of shares	Amount (RON)	(%)
The Romanian State by the Ministry of Energy	5,083,372	16,775,128	58.7162	5,083,372	16,775,128	58.7162

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Legal persons	2,361,896	7,794,256	27.2814	2,481,740	8,189,742	28.6657
Natural Persons	1,212,260	4,000,458	14.0024	1,092,416	3,604,972	12.6181
Total	8,657,528	28,569,842	100%	8,657,528	28,569,842	100%

Legal reserves

At December 31, 2019 the value of the legal reserve is 5.713.968 RON (December 31, 2018 5,713,968 RON The company has distributed out of the profit the legal reserve of 20% from the share capital as per EGO no.64/2001, Law no. 571/2003, Law no.31/1990 and the Articles of Association.

Other reserves

At December 31, 2019, Other Reserves are in amount of 495,540,772 RON.
 Other Reserves are in amount of 495,540,772 RON.

Other reserves has decreased by the amount of 551,573 RON in 2019 resulting mainly from: the decrease of the reserves - own sources of financing following the distribution of a quota of 35% as dividends (1,105,807 RON); the decrease of the reserve representing the modernization quota by 1,017,356 RON and the increase of the related reserves by 1,119,275 RON.

The reserve related to the modernization quota is in amount of 457,924,469 RON and hold the major part of share in total other reserves (92.41%).

Revaluation reserves

At December 31, 2019 in the statement of the financial standing the reserves out of revaluation are being presented at net value of 21.111.893 RON, resulting after the reduction of the gross value with the deferred income related directly recognized in the equities, as per IAS 12.

Retained earnings

At December 31, 2019 the retained earnings is in amount of 43,997,162 RON and comprises:

- The retained earnings representing actuarial loss from the discounting of the benefits granted on retirement 983,674 RON
- The retained earnings representing surplus out of revaluation reserves: 4,399,439 RON
- At December 31st, 2018, a major share in the Retained earnings is hold by the retained earnings derived from the first adoption of IAS 29 relating to fixed assets representing oil operating product tangible assets: 41,818,297 RON
- The retained earnings representing loss generated by the correction of the accounting errors: 117,625 RON
- The reinvested net profit triggering the corporate tax exemptions, as per the provisions of Art. 22 of Law no.227/2015 on the fiscal Code, further amendments and completions in amount of 1,119,275 RON, distributed at own financing sources.

Profit of the year

The year's profit is of 58,876,719 RON at December 31, 2019 (December 31, 2018 60,676,014 RON).

The proposal of net profit distribution at December 31,2019

Along the year 2019 the dividends have not been distributed based on the interim financial statements.

The net accounting profit registered by CONPET S.A. at December 31, 2019 for which is being proposed the distribution, reinstated with the provision related to employees share of profit is of 65,317,598 RON.

The proposal of distribution on legal destinations of the accounting profit remaining after the corporate tax deduction at December 31, 2019, in amount of 65,317,598 RON is the following:

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Crt.no.	Destination	Amount (RON)	Item weight in total
A	The accounting profit remaining after the corporate tax deduction, reinstated with the provision related to the employees share of pro	65,317,598	100,0%
a)	Other reserves representing fiscal facilities provided by the law-	1,119,275	1,7%
b).	Employees share of profit	6,440,879	9,9%
c)	Dividends due to shareholders	57,757,444	88,4%

The retained earnings representing excess achieved out of revaluation reserves in amount of 4,399,439 RON is proposed to be distributed for covering the loss from the retained earnings and for the distribution as dividends due to the shareholders, as follows:

Crt.no.	Destination	Amount (RON)
B	The retained earnings representing excess achieved out of revaluation reserves , distributed for:	4,399,439
a	The coverage of the retained earnings representing actuarial loss from the discount of the benefits grant on retirement	983,674
b).	The retained earnings generated by the correction of the accounting errors	117,625
c)	Dividends due to shareholders	3,298,140

12. Accrued revenues

The accrued revenues has decreased by the amount of 114.246 RON as compared to the beginning of the reporting period, namely from 1.188.338 RON to 1.074.092 RON.

13. Trade Liabilities and other Liabilitie

At December 31, 2019 and December 31, 2018, the trade receivables and other receivables look as follows:

Liabilities	31 December 31st, 2018	Tuesday, December 31, 2019	Maturity term for the balance at December 31st, 2019		
			Under 1 year	1-5 years	Over 5 years
Trade liabilities	20,047,043	27,179,134	27,179,134	-	-
Other liabilities, here included fiscal debts and social insurances related debts	40,485,367	45,497,209	41,914,858	3,582,351	-
Total	60,532,410	72,676,343	69,093,992	3,582,351	-

The goods and services suppliers for the operation activity are being mainly represented by: SNTFM CFR Marfa, OMV Petrom S.A., Tinmar, Edenred Romania S.R.L., CEZ Vanzare, Premier Energy, OMV Petrom Marketing, Prodiatour, Signal Iduna Asigurare Reasigurare, Dinamic Consult, Envirotech, Mol Romania Petroleum, Orange Romania, Octavsiu Tour, Corel 33 All Prod, Service Faur, Director Special Troops, Afer Bucuresti. The value of acquisitions from the suppliers destined to the operation activity, in 2019, has a share of 59.26% in total procurement.

The value of assets purchases in 2019 holds a share of 40.74% in total procurement.

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

Liabilities	31 December 31st, 2018	December 31, 2019	Maturity term for the balance at Tuesday, December 31, 2019		
			Under 1 year	Over 1 years	Over 5 years
Salaries and assimilated debts	5,164,346	5,897,321	5,897,321	-	-
Salaries contributions	4,986,545	5,360,849	5,360,849	-	-
Ordinary Corporate Tax	3,786,286	3,076,456	3,076,456	-	-
Royalty due to the State Budget	7,901,592	8,059,150	8,059,150	-	-
VAT payable	3,561,409	3,073,760	3,073,760	-	-
Other taxes and liabilities - State Budget	885,327	980,693	980,693	-	-
Dividends payable	13,920,113	13,410,903	13,410,903	-	-
Leasing-related debts	-	5,469,234	1,886,883	3,582,351	-
Other liabilities	279,749	168,844	168,844	-	-
Total	40,485,367	45,497,209	41,914,858	3,582,351	-

At 31.12.2019 the dates related to leasing contain future payment obligations related to financial leasing concluded for the 30 vehicles necessary for the performance of the activities specific to the company (note 5), as well as debts regarding the rights of use recognized for the lease contracts and concession of various lands, buildings and rail tanks for the transport of oil products (note 6).

The debts regarding the rights of use have been assessed at the value of lease/royalties payments on the remaining contractual period, updated with the loan rate for real estate credits.

The breakdown of the leasing-related debt on exigibility terms reveals the followings:

	Under 1 year	Over 1 years	Total
Future payment obligations related to the financial leasing	501,254	1,626,351	2,127,605
Future payment obligations related to the rights of use of various goods	1,385,629	1,956,000	3,341,629
Total future payment obligations related to leasing	1,886,883	3,582,351	5,469,234

14. Provisions

	December, 31 2019	December 31, 2018
Provisions for litigations	6,481,556	4,719,029
Provisions for employees' benefits	27,558,335	22,707,083
Other provisions for risks and expenses	5,466,472	429,035

Total	39,506,363	27,855,147
<i>Long-term provisions</i>	<i>16,268,908</i>	<i>14,760,148</i>
<i>Short-term provisions</i>	<i>23,237,455</i>	<i>13,094,999</i>

Provisions for litigations

	December, 31 2019	December 31, 2018
In detail, the provisions for litigations are:		
Litigations for civil compensations	3,152,007	3,348,725
Litigations for non-observance by third-parties of certain contractual clauses	46,214	46,214
Other litigations	3,283,335	1,324,090
Total	6,481,556	4,719,029

The company is involved into various litigations for compensations claimed by various owners, natural and legal persons. Besides the compensations, they request either the payment of an annuity following the exercise, by the Company, of the legal easement right on the lands owned by the claimants, or by the retirement of the pipelines and installations to be found on lands thereof.

Following the restitution of their property rights, they are bringing proceedings in Court against the Company, invoking the lack of land use due to the fact that the latter are being crossed by the crude oil transport pipelines belonging to the public domain.

At 31.12.2019 are registered provisions regarding the litigations for civil compensations in amount of 3.152.007 RON, decreasing by 196.718 RON as compared to the amount thereof registered at 31.12.2018.

During the year were registered provisions for new litigations opened during the period or were updated the necessary amounts for the settlement of potential obligations related to the litigations opened in the previous period.

At 31.12.2019 the position "Other litigations" is in amount of 3.283.335 RON, increasing by 1.959.245 RON as compared to 31.12.2018.

The increase is mainly due to the update of the provision established for the use by Conpet of a land, held in property by Ploiesti Municipality, on which are being placed Conpet buildings composing Vointa Sports Club. Ploiesti Municipality has formulated an application for summons and has required the consideration of the lack of use and the rent of the land starting March 2013 and up to the completion of a contractual form with the company Conpet (file no.1747.105.2019 pending before Prahova Law Court). The lack of use of the land is estimated by the technical appraiser specialized in evaluation of real estate, Mustatea Dragos Cosmin, designated by the court to perform technical expertise in file no.1474/105/2019. The updated value of the provision at 31.12.2019 is of 1,912,389 RON.

In the position "Other litigations" is being included also the provision established for the litigation opened during 2018 by Fondul Proprietatea, by which it is required the payment of the net value of dividends for the financial year 2006, related to a quota of 6% held by the plaintiff in the share capital of CONPET S.A., as well as the legal interest calculated for the required amount, starting the date of the maturity thereof. The present value of the provision at 31.12.2019 is of 1,368,326 RON.

Provisions for employees' benefits

At December 31, 2019 the company includes at this chapter mainly the provision for benefits granted upon retirement and the provision for employees share of profit.

The biggest share in the provisions for employees benefits is held by the *provision for benefits granted upon retirement*, in amount of 16,892,477 RON, of which 16,268,908 RON represent long-term obligations and 623,659 RON represent short-term obligations.

This provision was registered under the Actuarial Report drafted by the Company GELID ACTUARIAL COMPANY S.R.L. București based on the services supply contract concluded with CONPET S.A.

As per the Labor Contract in force, the company must pay the employees upon retirement a benefit equal with a certain number of salaries, according to seniority and work history in the company.

The discount value of the provision was determined by using the Projected Unit Credit Method (IAS 19). The benefits upon retirement received by an employee have been primarily augmented by the value of the employer's contributions and, afterwards, each benefit was discounted considering the employees rotation, dismissals and survival probability until retirement. The number of years until retirement was calculated as difference between the retirement date and the reporting date. The forecasted average of the remaining working period was calculated based on the number of years until retirements, considering the rate of dismissals, the personnel fluctuation rate and the survival probability.

The main actuarial hypothesis used for the calculation at December 31, 2019 were the followings:

- a) The discount rate. The were used the following values: the estimated rate of the inflation on long term 2% p.a., the real long-term estimated yield of the government bonds on long term 2,05% p.a., the first liquidity for Romania 0%, balance forward rate 4,05% p.a.
- b) The rate of the estimated inflation based on the statistics issued by the National Institute of Statistics and BNR prognosis is of 3.1% in 2020, 3.1% for 2020, linear decreasing down to 2.5% along 2021-2025, 2.5% during 2025-2030 and tracking a decreasing trend in the following years.
- c) The increasing rate of the monthly gross average salary per company. It was estimated an indexing of the monthly gross average salary per company by 3,1% for the year 2020, by 2.9% for the year 2021, by 2.8% for 2022. For 2023 and the following years was estimated an annual increase of the monthly gross average salary per company of inflation forecasted for 2018. For the year 2019 and the following years was estimated an annual increase of the monthly gross average salary per company by the annual rate of inflation.
- d) The mortality rate among the employees is based on the Mortality Scorebord of the Romanian population 2013 (men and women) issued by The National Institute of Statisticis

In 2018, the dynamics in the provision for the benefits upon retirement granted to the employees is being presented in the chart here- below:

January 1, 2019	15,310,087
out of which:	
short term	549,939
long term	14,760,148
Interest cost	770,439
Cost of current service	104,030

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Payments for provisions during the year	(463,120)
Actuarial loss related to the period	1,171,041
Cost of the past service	-
December 31, 2019	16,892,477
out of which:	
short-term	623,569
long-term	16,268,908

The provision related to the employees share of profit is being established based on the provisions of Ordinance no.64/2001 and MPFO no.144/2005. The Ordinance no.64 from August 30, 2001 set out the accounting profit remaining after the deduction of the corporate tax to the majority or entirely state-owned companies to be distributed within the limit of 10% of the net profit, but no more than the level of a monthly average basic salary at the level of the economic agent, in the reference financial year. The provision for the employees share of profit in 2019 amounts to 6,440,878 RON, to which is being added the amount of 144,920 RON related to the precautionary labor contribution.

Within the provisions related to employees benefits was also contained the provision for the untaken leaves, which at 31.12.2018 amounts to 1,476,057 RON.

There have been established provisions for the allowances awarded to the members of the Board of Administration and the directors, as per the mandate contracts and the EGO provisions no.109/2011 on the corporate governance, here included the related contributions, as follows:

- 128,440 RON represents provision for the annual leaves untaken by the directors with mandate contracts, related to the years 2017-2019.
- 2,405,611 RON represents provisions for the variable component related to 2019, of which 1,118,460 RON, provision for the allowances granted to the members of the Board of Administration and 1,287,151 RON provision for the allowances granted to the directors.

Other Provisions

At December 31, 2019 the balance of the position "Other provisions" in amount of 5,466,472 RON is made up of: the provision established at the level of the gain resulting from the capitalization of the pipelines recovered following the replacement works (repairs/modernizations) performed to the National Transport System in amount of 5,154,122 RON (value established as per the Control performed by the Court of Auditors and completed in March 2020, provisions for environmental expenses in amount of 147,957 RON and other provisions in amount of 164,393 RON.

15. Ordinary and Deferred Corporate Tax

The expense related to current and deferred corporate tax of the company in 2019 and in 2018 is being determined to a statutory rate of 16%.

	December, 31 2019	December, 31 2018
Expenditure with /(revenues from) deferred corporate tax	12,958,609 (2,131,499)	12,759,911 (1,744,942)
Total	10,827,110	11,014,969

Reconciliation of the effective tax rate:

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	December, 31 2019	December, 31 2018
Profit before taxation	69,703,829	71,690,983
-Corporate tax at a statutory rate of 16%	11,152,612	11,470,557
Effect on the corporate tax of:		
-Non-deductible expenses	4,087,911	2,650,098
-Non-taxable income	(2,300,897)	(1,649,125)
-Elements similar to revenues	838,906	1,019,298
-Elements similar to expenses	(850)	(836)
- Exempted Corporate Tax	(179,084)	(229,406)
Amounts representing sponsorship under the Law	(684,075)	(536,396)
-Specific tax	44,086	35,721
Expenses with ordinary corporate tax and other taxes	12,958,609	12,759,911

The dynamics table related to the deferred taxes during the period January-December 2019 reveals the followings:

Explanations (type of temporary difference)	Net value at January,1 2019		Net accounting value at December 31,2019	
			Receivables related to the deferred corporate tax	Debt related to the deferred corporate tax
Tangible assets revaluation	(1,344,841)	923,648	3,394,857	(3,816,050)
Provisions	3,701,779	1,582,190	5,283,969	-
Impairments of current assets	690,214	(130,531)	559,683	-
Deferred corporate tax before offset	3,047,152	2,375,307	9,238,509	(3,816,050)
Offset receivable/debt			(3,816,050)	3,816,050
Net deferred corporate tax (receivable)				5,422,459

The deferred tax payable at 31.12.20189 amounts to 3,816,050 RON and is recognized at the expense of the equities elements and the deferred tax recoverable recognized in the statement of the global result is of 9,238,509 RON.

The net amount of the deferred tax stands for deferred corporate tax recoverable in amount of 5,422,459 RON.

16. Result per share

The result per share within the last two years is:

	December 31, 2019	December 31, 2018
Profit of the year	58,876,719	60,676,014
The number of ordinary stocks at the beginning and the end of the period	8,657,528	8,657,528
Basic and diluted earnings per share (RON/share)	6.80	7.01

17. Operating Revenues

a) Turnover-related Revenues

	December, 31 2019	December, 31 2018
Revenues from transport services Import Subsystem:	402,017,178	380,578,849
Revenues from transport services Domestic Subsystem	295,631,981	290,158,582
Revenues from transport services Domestic Subsystem	106,385,197	90,420,267
Revenues from rents	1,593,145	1,483,157
Other revenues included in the turnover	4,212,018	3,078,164
Total turnover revenues	407,822,341	385,140,170

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

In 2019, the transported volumes per subsystems, as compared to the same period of the previous year, are the followings:

	December, 31 2019	December 31, 2018
Domestic Subsystem	3,487,317	3,492,613
Import Subsystem	3,637,426	3,362,335
Total quantities (tons)	7,124,743	6,854,948

The total volume of transported products has increased by 3,9% in 2019 as compared to the previous year, given the decrease by 0.2% of the quantity transported on the domestic transport subsystem and the increase by 8.2% of the quantity transported on the import subsystem.

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

In 2018 and 2019 the following tariffs have been applied:

Tariffs for transport services on the Domestic Subsystem:

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Period	Transport tariff (RON/ton)	Approved by Order NAMR no.
January 01, 2018 – June 18, 2018	79,75	32/2016
June 19, 2018 – December 30, 2019	84,37	117/2018
Starting December 31, 2019	87,53	427/2019

Revenues from transport services on Import Subsystem:

Period	Installments	Arpechim Refinery	Ploiesti Basin (Petrobrazi and Petrotel Lukoil refineries)	Petromidia Refinery	Approved by NAMR Order No.
	Thousand tons/months	RON/ton	RON/ton	RON/ton	
January 01, 2018 June 18, 2018	< 100	38.85	38.00	8.00	32/2016
	>100	16.60	16.00	7.33	
June 19, 2018 - December 30, 2019		38.85	38.00	27.00*)	117/2018
	>120	16.60	16.00	24.74*)	
Starting December 31, 2019	< 120	40.40	39.50	15.00	427/2019
	>120	17.25	17.00	12.85	

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

b)

	December, 31 2019	December, 31 2018
Revenues from consumption modernization quota	32,097,771	28,826,395
Earnings from disposal of assets	-	63,539
Other revenues	3,082,694	4,680,730
Total other Operating Expenses	35,180,465	33,570,664

The revenues from the reserve representing the modernization quota hold 91.24% of other operating revenues, registering an increase of 11.35% as compared to 2018.

On monthly basis the reserve related to the modernization quota is written back to revenues, at the level of amortization of the fixed assets financed out of this source.

18. Operating Expenses

a) Stocks and Utilities Expenses

	December, 31 2019	December, 31 2018
Expenses with consumables	6,060,639	5,549,304
Other material expenses	1,445,374	1,375,968
Other expenses with energy and water	13,088,645	11,163,548
Merchandise Expenses	98,658	86,818
Total expenses regarding stocks and utilities	20,693,316	18,175,638

b) Personnel expenses

The personnel-related expenses include the expenses with salaries and related contributions, benefits and bonuses granted to the employees and the allowances associated with the contracts of mandate of the directors and the members of the Board of Administration.

	December 31, 2019	December, 31 2018
Salaries expenses	128,070,012	113,577,891
Obligations regarding employees bonuses	18,120,216	14,879,200
Other personnel expenses	3,155,020	3,007,560
Remunerations of the directors with mandate contract and the administrators	2,859,609	1,556,673
Expenses with contributions due by the Employer	7,696,076	7,244,306
Total operating expenses	159,900,933	140,265,630

The personnel expenses are being detailed as follows:

Salaries expenses

	December 31,2019	December 31,2018
Expenses with basis salaries and related benefits	121,359,896	111,031,603
Quarterly premiums	6,171,739	2,043,282
Support for retirement	463,120	457,622
Support for marriage	75,257	45,384
Total salary-related expenses	128,070,012	113,577,891

The expenses with basis salaries of the employees and the related benefits have increased in 2019, as compared to 2018, mainly, following salaries indexation in average with 5% as of 01.01.2019 and 300 RON/employees starting 01.10.2019.

Pursuant to the provisions of the Collective Labor Agreement in force, the company has granted the following benefits to its employees: quarterly premiums, retirement supports, marriage supports.

Based on the positive financial results, during 2019 there have been granted to the employees premiums amounting to 6,171,739 RON, as compared to 2,043,282 RON awarded in 2018, falling into the fund approved by the budget.

Obligations related to employees benefits

	December, 31 2019	December, 31 2018
Employees share of profit	5,083,747	2,969,000
Meal vouchers	5,117,145	5,233,770
Social expenses provided at Art. 25 of Law no. 227/2015 of the Fiscal Code, subsequent amendments and completions	5,668,217	4,916,059
Other expenses as per CLA	2,251,107	1,760,371
Total	18,120,216	14,879,200

The value of bonuses granted to the employees has increased in 2019 as compared to 2018, mainly due to the payment of the amounts representing the employees share of profit (in 2018 the amounts representing the employees share of profit amounted to 2,969 thousand RON and in 2019 amounting to 5,084 RON).

As per the provisions of the Collective Labour Agreement in force, the Company has granted the employees benefits as social expenses provided at Art. 25 of Law no. 227/2015 on the Fiscal Code Fiscal consisting of: holiday and treatment vouchers, including the related transport, presents given to the employees, birth grant, funeral and serious diseases, humanitarian grants, and other social expenses as per CLA.

In 2019 were registered increases to the expenses with birth grant, funeral and serious diseases, humanitarian grants as both the number of events and the quantum provided by CLA granted for a part thereof (the increase of the salary average earnings by introducing the contributions to the employee).

Also, in 2019 was registered an increase of the bonuses granted to the employees as gift tickets as compared to 2018, considering framing into BVC.

Other personnel expenses

	December, 31 2019	December, 31 2018
Expenses with severance payments related to personnel layoffs	3,155,020	3,007,560
Total	3,155,020	3,007,560

The position "Other personnel expenses" includes the expenses with severance payments granted as per CLA related to personnel layoffs performed in June and November 2019, namely May and July 2018.

Expenses with the remuneration of the directors with mandate and the administrators

	December, 31 2019	December, 31 2018
Allowance of the directors with mandate	1,373,180	493,307
Allowance of the members of the Board of Administration	1,486,429	1,063,366
Total	2,859,609	1,556,673

The expenses related to the allowances associated to the mandate contracts of the directors and the administrators register a decrease as compared to 2018, mainly due to the conclusion of two new mandate contracts: for the Economic Director and the Deputy Director General.

Expenses with contributions due by the Employer

	December 31, 2019	December, 31 2018
The contribution of the company to the facultative pensions fund	3,033,858	3,002,771
The contribution of the company to the volunteer health insurance company	1,515,835	1,508,148
Precautionary labor contribution and other contributions	3,146,383	2,733,387
Total	7,696,076	7,244,306

Employees

During 2019, the average number of employees has evolved as follows:

	December, 31 2019	December, 31 2018
Employees with leading positions	95	79
Employees with leading positions	1,492	1,556

Total	1,587	1,635
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c) Expenses related to external services

	December 31, 2019	December 31, 2018
Railway transport expenses	60,907,554	54,440,473
Rentals and royalties expenses	31,333,432	31,288,966
Third-parties pumping expenses	4,773,525	4,748,131
Expenses with maintenance and repairs	2,540,652	1,921,310
Decontamination expenses, environmental factors monitoring	658,627	439,593
Expenses with travels, deployments and transfers	1,312,205	754,584
Expenses with transport of goods and personnel	49,914	64,739
Postal expenses and telecommunication charges	525,332	522,936
Other services performed by third parties	5,001,440	4,877,258
Total Expenses related to external services	107,102,681	99,057,990

The royalties and rental expenses contain the oil royalty that represents the amount due by the company, as holder of the oil agreement, to the State budget, under the law, for the use of goods State public property during the oil operations.

They are being calculated as per the Oil Law no. 238/2004, by application of a quota of 10% on the value of the gross revenues achieved out of oil transport operations via the National Transport System.

d) Other expenses

	December, 31 2019	December, 31 2018
Taxes, fees and similar levies related expenses	2,148,829	2,122,899
Expenses with compensations, fines and penalties	121,132	76,658
Granted donations (sponsorship)	684,078	536,396
Expenses with environmental protection	89,480	78,690
Modernization quota establishment - related expenses	31,080,415	41,825,050
Other operating expenses	795,979	292,076
Other expenses	34,919,912	44,931,769

In 2019 the expenses registered with other taxes, fees and assimilated levies comprise, mainly, the expenses local taxes and expenses with the contribution to the special fund, due based on Law no.448/2006 regarding the protection and promotion of the rights of people with disabilities. The chapter "Other reserves" regarding the modernization quota through other operating expenses, in compliance with the provisions of the GD no. 168/1998 further amendments and with the provisions of the Fiscal Code approved pursuant to Law no. 227/2015, further amendments and updates.

19. Net Financial Result

	December, 31 2019	December, 31 2018
Interest revenues	7,853,469	4,853,077
Revenues from operations with securities and Other financial instruments	-	603,682
Other financial revenues	20,407	5,596
Total financial revenues	7,873,876	5,462,355
Expenses regarding interests related to leasing contracts	253,191	-
Other revenues	65,046	10,790
Total financial expenses	318,237	10,790
Net Financial Result	7,555,639	5,451,565

The financial revenues have increased by 44.15% in 2019 as compared to 2018, and the financial expenses increased by 76.11 % in the current year, as compared to the preceding year, resting at a very reduced level compared to the revenues (4.04% in 2019, namely 0.20% in 2018). Due to this evolution, the net financial result has increased by 38.6% in 2019 as compared to 2018.

20. The Fiscal Framework

The tax and feea returns are subject to revision and correction of the fiscal authorities, generally for a period of five years following the fill-in thereof.

The fiscal legislation in Romania is very heavy and changes permanently according to the internal and external economic-financial context, being regulated by a multitude of normative acts: laws, government decisions for the approval of the norms of application, simple and emergency ordinances, orders, instructions, stipulations, circulars etc.

There is no question of facile approach thereof by the contributors especially because it is being, generally, maintained an abusive practice from the fiscal bodies in what concerns the interpretation of the legal provisions established even by law.

The modernization of the fiscal legislation in Romania does not provide clarity and accessibility in the application of the provisions of the Fiscal Code, by the systematic restructuring of the fiscal norms, as well as of those regarding the fiscal procedure and there still is the risk that the fiscal authorities adopt different stands in relation to the interpretation of these aspects, having as consequence, the calculation of additional liabilities and interests/penalties payments, delay penalties and fines.

By way of Law no. 207/2015 regarding the New Code of Fiscal Procedure, were amended certain principles regarding the interpretation of law, where at the interpretation of the fiscal legislation is being applied the principle «*in dubio contra fiscum*», meaning in case of doubt regarding the fiscal norm, is being applied the interpretation in favor of the taxpayer.

Still, before considering such interpretation, every public officer must clarify the said test, applying to the legislator's wish and the meaning of the law, verify the point of views expressed in the substantiation notes, statements of reasons (...). Meaning, must be observed the spirit of the law taken as a whole and what was the purpose for creating this law. If and only if, by way of these norms, the meaning of the norm was not clarified, then it is to apply the interpretation rule in favor of the taxpayer, targeting the protection of the taxpayer against abusive enforcement of the Law by the fiscal organ, but also for the improvement of the relation between the fiscal administration and the taxpayer, in order to avoid potential conflicts.

The management considers having recorded, in a proper manner, the fiscal liabilities in the financial statements

21. Engagements and Contingencies

Capital engagements

The company has no other capital engagements granted.

Guarantees granted to third parties

The guarantees granted to third parties are exposed in the table below:

	December 31, 2019	December 31, 2018
Non-current receivables (Note 7)	805,498	855,582
Other receivables (Note 9)	282,465	307,942
Total	1,087,963	1,163,524

Garanțiile acordate terților sunt prezentate separat la:

- linia de imobilizări financiare (Nota 7)
 - linia de alte creanțe cele care vor fi recuperate în termen mai mic de 12 luni (Nota 9)
- La finele anului 2019, Societatea nu are în evidență alte angajamente acordate terților.

Received Guarantees

The received guarantees are exposed in the table below:

	December 31, 2019	December 31, 2018
Performance guarantees transferred in the company's accounts	41,299	73,081
Execution bank guarantees received from clients	28,717,891	28,681,735
Execution bank guarantees received from suppliers	14,614,859	10,605,991
Performance guarantees established by the beneficiaries in separate accounts at Conpet discretion	5,984,039	4,764,843
Total	49,358,088	44,125,650

Contingencies

Charging

Our company believes all due amounts due for fees and taxes have been paid and registered at the balance date.

22. Related Parties

In 2019, the Company has carried out the following procurement from related parties:

Procurement from related parties

Partner	Unsettled amounts at December, 31 2018	Procurement (Period 01.01 -31.12.2019)	Settlements in Period 01.01 - 31.12.2019	Unsettled amounts at December 31, 2019
SNTFM CFR Marfă S.A.	3,320,405	73,016,731	71,262,033	5,075,103

**The amounts are VAT exclusive*

23. Audit Expenses

The Company's Audit for the year 2018 was performed by BDO AUDIT SRL. By the OGMS Resolution No. 6/30.09.2019 was approved the appointment of the company BDO AUDIT SRL as the financial auditor of the Company, for a three years period (2019, 2020, 2021). The fees are being set based on the agreement concluded between the two parties. All the paid fees refer to audit services on the individual financial statements prepared in compliance with the International Financing Reporting Standards ("IFRS") and the requirements of the Order of the Ministry of Finance 2844/2016 and to services for the revision of the interim financial statements prepared at the date of June 30, 2019 in compliance with IAS 34.

24. Risks Management

Within CONPET SA the Internal Control Management System has been implemented and developed. Implementation of Standard 8 requirements "Risk Management" was a priority in the organization by documentation and application of provisions of PS-MI-18 "Risk management" system procedure. There were identified, evaluated and centralized risks that may affect the achievement of processes, specific objectives, compliance obligations and significant environmental aspects. Within CONPET a Register of these risks has developed, with measures for keeping them under control, responsible persons and deadlines for implementation of measures.

Complex processes and activities carried out within Conpet SA may generate risks coming from various areas such as:

(a) Exchange Rate Risk

The company may be exposed to fluctuations of the exchange rate of the currencies by means of cash and cash equivalents, short-term investments, long term loans or trade liabilities expressed in foreign currencies.

The functional currency of the Company is the Romanian Leu (RON). At present, the Company is exposed to the exchange rate risk through cash and cash equivalents, as well as through the procurements made in a currency different from the functional currency. The currencies exposing the Company to such a risk are mainly EUR, USD and GBP. The debts in foreign currency are subsequently expressed in RON, at the exchange rate of the date of the balance sheet, communicated by the Romanian National Bank. The resulting differences are included in the profit and loss account, but do not affect the cash flow up to the moment of the liquidation of the liability.

December 31, 2019	Value	RON	EUR	USD	GBP
Cash and cash equivalents	238,576,951	238,476,349	94,576	5,598	428
Trade receivables and other short-term and long-term receivables	43,054,198	42,921,283	132,915	-	-
Monetary debts					
Suppliers/various creditors	(32,809,520)	(29,726,810)	(3,082,710)	-	-
Net exposure in the statement of the financial position	248,821,629	251,670,822	(2,855,219)	5,598	428

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December 31, 2018	Value	RON	EUR	USD	GBP
Monetary assets					
Cash and cash equivalents	259,682,354	259,552,684	82,475	13,018	34,178
Short-term investments	-	-	-	-	-
Trade receivables and other short-term and long-term receivables	44,011,204	43,726,072	285,132	-	-
Monetary debts					
Suppliers/various creditors	(20,321,868)	(18,486,204)	(1,835,663)	-	-
Net exposure in the statement of the financial position	283,371,691	284,792,551	(1,468,057)	13,018	34,178

(b) Credit risk

Credit risk is the risk that the company bear the financial loss due to the failure of contractual obligations by a customer or counterpart to a financial instrument, and this risk results mainly from trade receivables, cash and cash equivalents and short-term investments of the company.

The maximum exposure to the proceeds risk at the reporting date was:

	December 31, 2019	December, 31 2018
Trade receivables and other receivables on short and long term	43,054,198	44,011,204
Total	43,054,198	44,011,204

The Company carries-out trade relations with approved third-parties exclusively on a contractual basis, which justifies the credit financing. The Company's management closely monitor the exposure to the trade credit risk.

The financial assets which may submit the Company to the encashment risk, are mainly the trade liabilities.

The company implemented a series of policies according to which is being provided that the sale of services is being performed by clients with rapid proceeds. The net value of receivables (no depreciation adjustments) represents the maximum amount exposed to the encashment risk.

At December 31, 2019 the Company holds cash and cash equivalents in amount of 238,576,951 RON (at December 31, 2018: 259,682,354 RON). The cash is held in banks, among which we recall BCR, Raiffeisen Bank, BRD Groupe Societe Generale, Banca Transilvania, Unicredit Bank, OTP Bank, Piraeus Bank, Credit Europe Bank, Exim Bank, Garanti Bank, Libra Bank etc).

The credit risk related to trade receivables is reduced due to the regular encashment of the transport services. Despite the significant concentrations, the clients base being extremely reduced, the management appreciates that the trade credit risk is reduced.

The statement of the seniority of receivables of the **clients** at the date of drafting the statement of the financial standing is the following:

	Gross Value December 31, 2019	Impairment December 31, 2019	Net vaues December 31, 2019
Not reaching maturity	38,885,905	-	38,885,905
Maturity exceeded between 1-30 days	48,275	-	48,275
Maturity exceeded between 30-60days	-	-	-

The Company CONPET S.A.
 Explanatory notes to the interim financial statement at Tuesday, December 31, 2019
 (All amounts are expressed in LEI, if not otherwise indicated)

Maturity exceeded between 60-90 days	-	-	-
Maturity exceeded between 90 days-1 year	1,287	-	1,287
More than 1 year	341,524	341,524	-
Total	39,276,991	341,524	38,935.467

	Gross value December 31, 2018	Impairment December 31, 2018	Net value December 31, 2018
Not reaching maturity	37,016,470	-	37,016,470
Maturity exceeded between 1-30 days	91,282	-	91,282
Maturity exceeded between 30-60days	1,657	-	1,657
Maturity exceeded between 60-90 days	297	-	297
Maturity exceeded between 90 days-1 year	4,343	-	4,343
More than 1 year	716,044	716,044	-
Total	37,830,093	716,044	37,114.049

Seniority statement of **other receivables** at the date of preparation of the statement of the financial standing is:

	Gross Value December 31 2019	Impairment December 31 2019	Gross value December 31 2018	Impairment December 31 2018
Not reaching maturity	6,424,129	3,394,735	9,553,936	3,820,630
Total	6,424,129	3,394,735	9,553,936	3,820,630

We hereby mention the fact that, for the **non-current receivable under 1 year and advances for services** in amount of 308,268 RON (note 9) have not been performed depreciation impairments as the respective receivables have not reached maturity.

The dynamics in the impairments for the depreciation of receivables of the **clients** were the followings:

	2019	2018
Balance at January 1	716,044	698,234
Increases during the year	6,508	23,227
Write-backs during the year	(381,028)	(5,417)
Balance at December 31	341,524	716,044

The movements in the impairments for the depreciation of **other receivables** were the followings::

	2019	2018
Balance at January 1	3,820,630	2,752,468
Increases during the year	90,750	1,083,919
Write-backs during the year	(516,645)	(15,757)
Balance at December 31	3,394,735	3,820,630

(c) LIQUIDITY RISK

The liquidity risk is the Company's risk to face difficulties in the achievement of the liabilities associated with the financial debts that are being settled in cash or by the transfer of other financial asset. The Company's approach in the liquidity management consists in providing, as much as possible, that it will always dispose of enough liquidities to pay the maturity liabilities, both under normal and stress conditions, without bearing unacceptable losses or endanger the Company's reputation.

The liquidity risk is managed by the Company's management by the application of a permanent insurance policy of liquidities meant to cover the settlement of the due financial liabilities.

2019		Over 1 years	Over 1 years	Over 5 years
Trade liabilities	27,179,134	27,179,134	-	-
Other liabilities	45,497,209	41,914,858	3,582,351	-
Total	72,676,343	69,093,992	3,582,351	-

2018		Over 1 years	Over 1 years	5 years
Trade liabilities	20,047,043	19,154,131	892,913	-
Other liabilities	40,485,367	40,485,367	-	-
Total	60,532,410	59,639,498	892,913	-

(d) The Personnel Risk and the Waging System

On December 31st 2018, the structure according to age is not balanced, the age category with the highest rate ratio in the company was the personnel where the age is ranging between 51-60 years old (46.15%), followed by the category where the age is ranging between 41-50 years old (32.83%) and between 31 40 years old (12.32%).

The average age of CONPET personnel is high enough (years old), the advantage being that 53.3% of the personnel has over 20 years of experience in the company, which stands for the stability and professionalism of the company's employees, but also accumulation of knowledge and skills, some take many years of experience to be gained.

However, the risk of personnel in the future is the company to deal with staff shortages due to staff departures experienced natural causes.

The level of this analyzed risk was low; this is a high tolerability risk and for the control thereof have been set medium and long-term measures by way of the personnel policy and the monitoring of the personnel fluctuations (personnel input/output in/from the company). In this regard, the urgent need of vacant posts occupancy is carefully monitored, according to the needs required by organizational entity, the complexity and diversity of activities, skills needed and the responsibility related posts.

(e) The risk determined by the correlation with the global market

The events on the world financial market bear direct and indirect impact on the evolution of the Romanian economy, fact reflected in the evolution of the Romanian capital market within the last years.

Romania's economy, like any other emerging economy, is sensitive to activity fluctuations at world level.

The political, economic, social events on the world market bear significant impact on the specific economic climate where CONPET is carrying out its business.

(f) Capital Market Risk

The Romanian capital market, when referring to the current state of development, may be included in the frontier market category, markets that present higher risks as compared to the emerging or developed markets. This risk might be determined by fortuity events specific to a frontier market, considered a highly volatile market, particularly in the current global context.

As regards the level of transactions performed or market capitalization, the Bucharest Stock Exchange is being defined as a limited size stock exchange, therefore occurring risks related to the limited liquidity of the market, as well as the high volatility of the price of the traded stocks.

The reduced liquidity of the market may determine the incapacity to buy or sell of shares of the company, without bearing a significant impact on the price of that share, thus generating also a fluctuating evolution of the shares price.

(g) Legislative-related Risks

The frequent amendment of the normative acts, here included those that bear direct impact on CONPET business may trigger risks for the company.

CONPET effort to constantly comply with the legislative requirements facing continuous change may generate significant additional costs and the potential future amendments of the legislative framework may bear side effects on CONPET business and profitability (tax augmentation, introduction of new taxes and fees, reduction or suspension of certain fiscal facilities etc.).

Moreover, a possible increase in the level of the royalty paid for the use of the national Transport System may affect the financial statements and financial projections. An increase of the level of the royalty shall reflect into an augmentation of the transport tariff and, subsequently, the consequences may be seen on two lines: in the decrease of the crude transported quantities and over the pump price of the finite products resulted from the crude oil processing.

An important risk is being represented by the loss of the facility regarding the expenses borne by the Romanian State in order to provide the guard and protection of the pipelines by gendarmes, regulated by GD no. 1107 dated November 14, 2012, which amends and complements GD no. 1468/2005.

(h) Risk of disputes

The Risk related to litigation, which comes from the faulty manner in which the legal status of under/over crossed land by major pipeline transport has been regulated. CONPET was and currently is engaged in a series of trials where the owners of those lands claim for the transport pipelines be either lifted, or moved to other sites and the expense be borne by the company.

One of the major risks the company is currently exposed to, as concessionaire of the Crude oil, rich gas, ethane and condensate national transport system drives its sources in the legal regime of the lands under/over crossed by the transport major pipelines instituted pursuant to the provisions of Petroleum Law no. 238/2004. The number of private properties under/over crossed by pipelines is very high and there is a possibility that more and more owners bring proceedings in Court against the Company in order to obtain substantiated compensations based on the simple presence of the pipelines on their lands. Due to the defective way in which the legal regime of the lands under/over crossed by the transport major pipelines has been regulated, CONPET was and currently is engaged in a series of trials where the owners of those lands claim for the transport pipelines be either lifted, or moved to other sites (and the expense be borne by CONPET), or be granted annual compensations representing consisting amounts of money. Moreover, even some public authorities have laid claim pecuniary about the presence of components belonging to NTS, on the lands owned or managed by them.

Within the last years, the Company prepared various legislative proposals to amend Law no 238/2004 - Petroleum Law, hoping for a coherent and clear regulation of the legal regime of lands under/over crossed by the transport major pipelines. Essentially, these proposals are based on the following assumptions:

- public property (of the major pipelines) must coexist with private ownership of land, which leads to the conclusion that the state must be acknowledged the exercise free of charge to certain categories of rights real (encumbrances etc.) for the presence of the pipes on the ground;
- CONPET must fully compensate the landowner for any action that would require temporary occupation of land for repair or damage suffered by owners due to damage.

(i) Risk related to the regulation and authorization

Risk related to the regulation and authorization, which is significant given that the company must periodically shall regularly obtain and renew a number of opinions, permits, certifications (for railway shunting activity). The Company is subject to a large amount of regulations in various fields, aspects which sometimes leads to additional costs and delays in the commencement or

completion of works, with possible negative effects (such as technical failures followed by loss of product shipped which give rise to sanctions from the authorities).

The core business of CONPET, namely transport via pipelines and railway tanks has a significant environmental impact, which involves obtaining and renewing permits that regulate the activity of the company, obtaining building permits, based on all the necessary permits for work subcontracted from repair and investment programs, permits and certifications (AFER) for railway shunting activity, obtaining the INSEMEX authorization for all sectors etc.

The company's activity is subject to a large amount of regulations in various fields, which, if not respected, can lead to sanction or suspend the operations of the company.

(j) The Market Risk

The Market risk arises from reducing the amount of crude oil transported to the refineries. This makes the utilization of the transport system to be very low.

Following the petrochemical industry restructuring in Romania, the crude oil, condensate and rich gas transported quantities lowered, thing that negatively influenced the system's degree of use. Given the conditions, by the support of the major stakeholder, the Ministry of Energy and the National Authority for Mineral Resources (NAMR), CONPET pays efforts to identify new opportunities that lead to the increase of the degree of use of the system, nevertheless involving into regional projects started in its business area.

(k) Operational Risks

Operational risk comes from the Degradation of the National Pipeline Transport System due to the low level of utilization (small quantities, reduced frequency) and Escalation of the criminal acts related to pipeline attacks bearing significant impact on the Pipelines National Transport System and environment;

The analyzed level of operational risk associated to the "degradation of the NTS" is large; it is an intolerable risk for which have been set urgent measures to control it, such as the redefinition of the transport infrastructure according to demand-side and identification of new potential beneficiaries of the services delivered by the company.

The results and the company's business may be influenced by specific operational risks, including the following:

- escalation of the criminal behavior of attack to the pipelines with significant impact on the National Transport System via Pipelines and the environment;
- degradation of the National Pipeline Transport System due to the low level of utilization (small quantities, reduced frequency).
- impossibility of railway transport programs exclusively due to the railway operator.

Closing of an oil extraction point attracts each time the start of a procedure for identifying additional opportunities to exploit the NTS.

(l) Environmental-related Aspects

- *Identification of environmental aspects and environmental impact assessment*
- All the activities performed, included in the application domain of SSM
- materials, goods and services that can generate impacts on the environment and are supplied/executed by suppliers/deliverers.
- New projects and developments/modernizations.
- installations / equipment within a working site whose operation has been partially or entirely ceased following conservation, namely closure of the working site and that have generated or may generate impacts on the environment.

Updating the environmental aspects lists and impacts associated thereof, as well as their centralization is performed everytime changes of the following nature occur:

- Technology modification;
- Modernization and introduction of new installations, equipment, use of raw materials, materials;

- Occurrence of new requirement, environmental regulations or the amendments of the existing ones;
- decommissioning of installations, equipment.
- conservation/restart, closing the working sites
 - after completion of actions disposed for ASM treatment

Considering the significant environmental aspects identified at company's level, the measures from the inspection reports/memos – authorities, with regards to the compliance with the legal requirements and other applicable requirements etc is being prepared **The Plan of Actions for the achievement of the environmental objectives at the company's level.**

- *Assessments of compliance with legal requirements and other environmental requirements*

The assessment of the compliance with the legal requirements and other requirements applicable to the environmental aspects, was provided by: inspections carried out by environmental authorities (representatives of environment and waste waters central and local authorities), inspections carried out by HSEQ responsables and the personnel of the Environment Authorizations Bureau, internal audits carried out by the internal auditors inside the company. The personnel within the sectors, namely the HSEQ responsible perform scheduled inspections, as per the annual Chart of inspection with regards to the compliance of the legal requirements and other applicable requirements, but also unscheduled inspections as per the attributions of the job description.

The environment and water management authorities are carrying out scheduled audits in CONPET sites, unscheduled and thematic with regards to the observance of the legal requirements and other environmental regulations, not having been found major non-compliances.

In order to check the compliance with the legal requirements, at the level of year 2018 have been recorded 70 inspections.

- *Pollutions bearing significant impact on the environment*

While pumping the crude oil, on the transport pipelines accidental pollutions may occur, triggering the contamination of the geological environment. Therefore, in 2019 there have been reported accidental pollutions in the areas: Oarja (județul Argeș), Cuza Vodă, Năvodari, Poarta Albă (județul Constanța), siloz Biochem (județul Călărași), Imeci (județul Covasna), Țuicani, Cătunu (județul Dâmbovița), Brazi, Găgeni, Mărginenii de Jos, Dițești, Pietroșani, Măgurele, Ciobani, Bărăitaru, supratraversare pârâu Doftăneț, Avicola Băicoi, Matița, (județul Prahova), Jilavele, Armășești, Fetești (județul Ialomița), Schela (județul Galați), Mârșa, Găiseni (județul Giurgiu), Cungrea (județul Olt), Botorani (județul Vâlcea), Poieni (județul Teleorman). 2019 expenses for the decontamination of the affected areas reached 627,052.03 RON.

25. Ulterior Events

- Ulterior to the date of 31.12.2019, during 13.01.2020-06.03.2020, the Court of Auditors Prahova has performed an audit mission that had the following objectives: the statement, evolution and manner of administration of the public and private patrimony of the state and legality of the achievement of revenues and performance of expenses during 2019.

Following this mission, the external public auditors of the Court of Auditors have issued a control report and have formulated 7 recommendations related to the measures required for removing misconducts found.

- CONPET has elaborated a Plan of Measures for prevention and control of employees contamination with coronavirus (COVID -19), as well as identification of the scenarios regarding ensuring the continuity of the activity at the working sites of the company, given the occurrence of cases of infection with COVID-19.

As of the beginning of this situation, Conpet has taken special protection measures of the employees and limitation of a potential extension of COVID – 19. Therefore, there have been implemented measures of prevention and protection in all the working sites where the employees perform their activities, which include: limitation of visitors access, being allowed only in imperious conditions, on condition they respect the disinfection rules set out at Conpet level, enhancing the actions regarding the hygiene and disinfection of the company's assets, limitation of internal displacements at the work sites, settlement of minimum personnel needed for the good performance of the operations and for ensuring the continuity of the crude oil transport, given the coronavirus ouybreak.(Covid-19).

CONPET S.A. is a financially stable company, which has the capacity of rapidly and efficiently implementing all the emergency measures required for the protection of its employees' health, as well as for the safe operation and performance of the transport activity via the Crude oil National Transport System. In the context of Coronavirus outbreak (Covid-19), is being ensured the continuity of the company's business. In what concerns the company's Financial Statements of the company related to 2019, the activity is not affected and the adjustment thereof is not required.

These preliminary financial statements and the related notes, from page 2 to page 57 have been authorized for issue and signed by the company management at March 24, 2020.

Director General
PhD. Eng. Timur-Vasile Chis

Economic Director,
Econ Sanda Toader