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

QUARTERLY REPORT

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

For the period ended March 31, 2017

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REPORT AND ISSUER IDENTIFICATION DATA

Quarterly report concluded in compliance with:	Law no. 297/2004 regarding the capital market and CNVM Regulation no. 1/2006 regarding the issuers and the securities operations
Report Date	May 12, 2017
Issuer's Name	CONPET S.A.
Registered offices	No, 1-3, Anul 1848 Street, Ploieşti, Prahova County, Zip Code 100559
Telephone/facsimile	0244 401360 / 0244 516451
E-mail / Internet	conpet@conpet.ro / www.conpet.ro
TIN at the Trade Register Office, Trade Registry Number	1350020 J29/6/22.01.1991
The regulated market trading the issued securities	Bucharest Stock Exchange, Premium
Subscribed and paid-up share capital	28,569,842.40 RON
Main features of the issued securities	8,657,528 shares with a nominal value of 3.3 RON/share,
Total market value	969,643,136 RON (112 RON/share at 31.03.2017)
Accounting standard applied	Financial Reporting International Standards – „Interim Financial Reporting"
Auditing	The Simplified Interim Financial Statements concluded at December 31, 2017 are not audited

ECONOMIC – FINANCIAL STATEMENT

The evolution of the main performance indicators related to the period ended 31.03.2017, as compared to the budget and the same period last year, is as follows:

Achieved 2017 Q1	2017 Q1 Budget	Variation Achieved 2017 Q1/Budget[▲/▼%]	Indicators	Achieved 2017 Q1	Achieved 2016 Q1	Variation Achieved Quarter 1 2017/2016 [▲/▼%]
			PERFORMANCE INDICATORS BoA/ Director General			
33.23	26.49	▲ 25.5 %	EBITDA (million RON)	33.23	32.03	▲3.7 %
84.74%	93.04%	▼ 8.3pp	Operating Expenses (%Turnover)	84.74%	85.01%	▼0.3pp
59	58	▲ 1.7 %	Productivity (RON/employee)	59	60	▼1.7 %
11	6	▲83.3 %	Number of technical breakage	11	8	▲37.5 %
2	2		Number of broker's reports	2	4	
13	25		BSE position - capitalization	13	14	
			OPERATIONAL INDICATORS			
1,532	1,437	▲6.6 %	Total transported quantities (thousand tons	1,532	1,789	▼14.3 %
50.35	56.50	▼10.9 %	Operating costs/ton (RON/ton)	50.35	44.57	▲13.0 %
			OTHER FINANCIAL INDICATORS			
99.31	96.49	▲2.9 %	Total operating Revenues (million RON)	99.31	100.81	▼1.5 %
77.17	81.20	▼5.0 %	Operating Expenses (million RON)	77.17	79.71	▼3.2 %
22.30%	15.84%	▲6.5pp	Operating profit margin (% Operating Revenue)	22.30%	20.93%	▲1.4pp
19.50%	13.53%	▲6.0pp	Net profit margin (% total revenues)	19.50%	18.09%	▲1.4pp
22.14	15.28	▲44.9 %	EBIT (million RON)	22.14	21.10	▲4.9 %
2.26	1.52	▲48.7 %	EPS (net profit/share)	2.26	2.13	▲6.1 %
			INVESTMENT ACHIEVEMENT INDICATORS			
6.55	**4.59**	**▲42.7 %**	**Investments - total, out of which: (mRON)**	**6.55**	**7.96**	**▼17.7%**
4.75	*3.40*	*▲39.7 %*	Investments – public domain (million RON)	*4.75*	*7.40*	*▼35.8 %*
1.80	*1.19*	*▲51.3%*	Investments - operating area (million RON)	*1.80*	*0.56*	*▲221.4%*

Company Results

- **Financial Results**

The company's financial results in 2017Q1 YoY is as follows:

- EBITDA achieved in 2017 Q1 2017 (33.3 million RON) recorded 3.7% increase YoY (32.03 million RON).
- The Operating profit (EBIT) grew by 4.9%, from 21.10 million RON in 2016 Q1 to 22.14 million RON in 2017;

- In 2017 Q1, turnover amounted to 91.06 million RON, lower by 2.9% YoY (93.77 million RON).
- The operating revenues recorded a slight decrease (1.5%) from 100.81 million RON in 2016 to 99.31 million RON in 2017.

- **Operational Result**

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

Transport sub-system	Achieved 2016 Q1	2017 Q1 Budget	Achieved 2017 Q1
Domestic (thousand tons)	926	882	887
Import (thousand tons)	863	555	645
Total (thousand tons**)**	**1,789**	**1,437**	**1,532**

- **Investments**

  The investment programme had in mind the continuation of works for the rehabilitation of the major lines for crude oil and rich gas transport, as well as investment works on the installation, equipment and ancillary facilities related to the Crude oil National Transport System.

During 01.01.2017-31.03.2017, CONPET achieved investments amounting to 6.55 million RON, as compared to 7.96 million RON reported during 2016 Q1.

- **The company's shares**

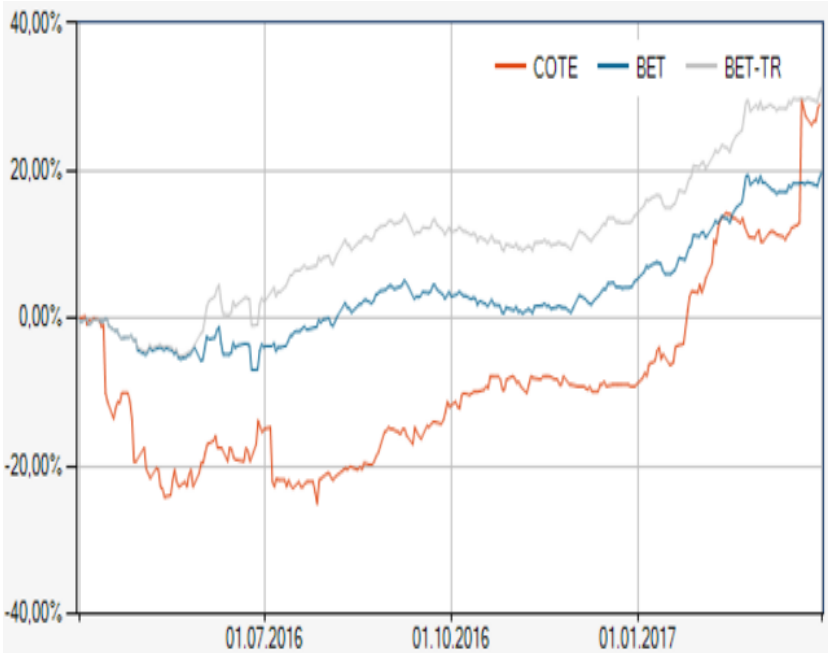
  The market capitalization amounted to 964.64 million RON (112.00 RON/share) at 31.03.2017 as compared to 682.21 million RON (78.80 RON/share) at 31.12.2016.
  The net profit per share related to 2017 Q1 is 2.26 RON/share, registering 6.1% increase versus 2.13 RON/share registered in 2016 Q1.

The evolution of COTE share

Average trading volume	
Last month	723.858
Last 3 months	468.398
Last 6 months	270.117
Last 12 months	286.626

Issue Info	
Total no. of shares	8,657,528
Nominal value of share (RON/share)	3.30
Share capital (RON)	28,569,842.40
Total 52 weeks	
No.of trades	9,989
Volume	897,132
Value	72,516,424.80
52 weeks high	117.00
52 weeks low	64.80
Stock Market indicators	
Capitalization	969,643,136
PER	15,34
P/BV	1.27
EPS	7.30
DIVY	6.52
Dividend (2015)	7.29

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



Price Statistics	
% 1 month	14.82%
% 3 months	37.84%
% 6 months	42.86%
% vs BET 1 month	14.82%
% vs BET 3 months	33.26%
% vs BET 6 months	35.15%
% YDT	39.59%
% YOY	26.73%

Within the first three months of 2017 have been recorded 3,605 transactions, with a trading volume amounting to 295,560 shares, the total value of trades amounting to 29,509,054 RON. All along this period, the minimum trading price was 78.80 RON/share, and the maximum price was 117.00 RON/share. On average, were traded 4,691 shares/day, the average value of one trading day being 468,398 RON/day (63 days).

The price series of the shares issued by the company CONPET S.A. followed an ascending trend within the first three months of the year. The lowest trading price of shares was reached in the first day of the period reviewed, while the maximum trading price was reached within the second half of March, when the price of COTE shares reached a new historical high registered in February 2017.

On 28.02.2017, were traded on the DEAL – type auxiliary market 23,757 COTE shares with a value of 2,304,429 RON, at an average price of 97.00 RON/share. A new trade took place on 16.03.2017, on the DEAL – type auxiliary market, when were traded 7,500 COTE shares in amount of 723,000 RON, at an average price of 96.40 RON/share.

Starting 20.03.2017, the company CONPET S.A. is in the constituency of the most important capital market indices in Romania, respectively BET and BET-TR. Consequently,CONPET S.A. is included in 7 out of 9 indices of Bucharest Stock Exchange: BET, BET-TR, BET-XT, BET-XT-TR, BET-BK, BET-NG, BET Plus.

During the analyzed period, the trading price grew by 40.35%.

During 01.01.2017-31.03.2017 were issued two analysis report by the following brokerage firms: Swiss Capital S.A. – a report dated 23.01.2017 and WOOD&Company on 08.02.2017.

At the end of March, the company CONPET S.A. had a capitalization amounting to 969,643,136 RON, ranking 14 in “Top 25 issuers after capitalization” .

The Financial-Accounting Statements

The simplified interim financial statements at the date and for the three months period ended March 31, 2017 were concluded in compliance with IAS 34-Interim Financial Reporting.

Statement of the Financial Standing on March 31, 2017

-RON-

	March 31, 2017 (unaudited)	December 31, 2016 (audited)
ASSETS		
Non-current assets		
Tangible assets	398,674,180	403,468,873
Intangible assets	1,732,461	1,971,202
Financial investments	535,652	656,965
Total non-current assets	**400,942,293**	**406,097,040**
Current assets		
Inventories	8,172,319	8,548,131
Trade receivables and other receivables	35,077,733	42,356,060
Short-term investments	163,397,584	163,053,678
Cash and cash equivalents	273,909,081	244,598,286
Prepaid expenditure	980,146	255,475
TOTAL Current assets	**481,536,863**	**458,811,630**
TOTAL ASSETS	**882,479,156**	**864,908,670**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Subscribed and paid-up share capital	28,569,842	28,569,842
Legal Reserves	5,713,968	5,713,968
Revaluation Reserves	31,340,182	32,957,666
Other reserves	541,758,429	536,238,701
Retained earnings	193,591,424	122,395,850
Result of the period	19,549,685	71,546,604
Share of profit	-	(1,710,000)
Total shareholders' equity	**820,523,530**	**795,712,631**
Deferred revenues		
Investment Subsidies	1,434,649	1,468,191
Deferred revenues	15,340	15,791
Total deferred revenues	**1,449,989**	**1,483,982**
Long-term debts		
Deferred corporate tax	1,671,210	1,671,210
Long-term provisions	3,483,822	3,542,697
Total long-term debts	**5,155,032**	**5,213,907**
Current debts		
Commercial debts	16,816,800	20,657,756
Current income tax	3,800,318	3,901,860
Other debts	24,114,849	26,516,050
Short-term provisions	10,618,638	11,422,484
Total current debts	**55,350,605**	**62,498,150**
Total debts	**60,505,637**	**67,712,057**
Total current debts	**882,479,156**	**864,908.670**

At 31.03.2017, the fixed assets recorded 1.3% increase as compared to 31.12.2016, decrease triggered by the excess over the value of amortization of the fixed assets (11.09 million RON) as compared to the volume of achieved investments (6.55 million RON).

The current assets recorded an increase by 22.73 million RON (4.9%), from 458.81 million RON at 31.12.2016 to 481.54 million RON at 31.03.2017, mainly determined by the 29.65 million RON increase in (cash and short-term investments) availabilities.

At 31.03.2017, the availability related to the modernization quota was of 196.25 million RON, 8.77 million RON higher thanin late 2016 (187.48 million RON).

The receivables decreased by 7.28 million RON (17.2%), from 42.36 million RON at 31.12.2016, to 35.08 million RON, due to the diminution of the receivables to be collected from the transport activity by 3.67 million RON and to the proceeds of other debts.

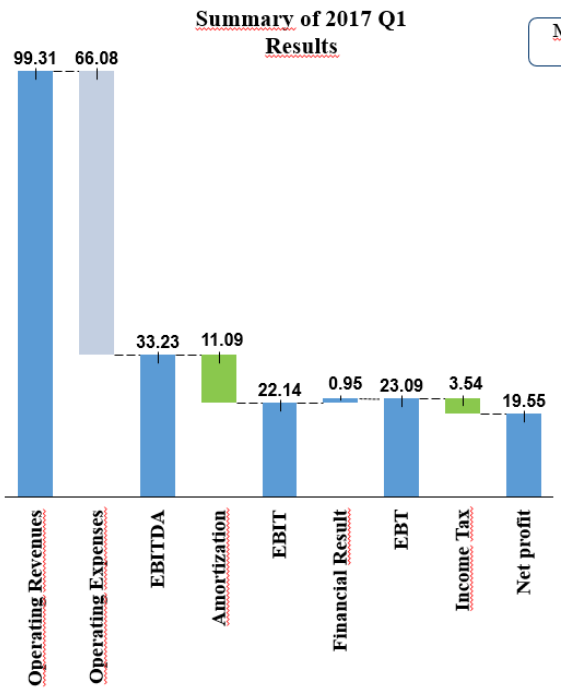
The shareholders' equity at 31.03.2017 recorded 24.81 million RON increase (3.1%) as compared to the value at 31.12.2016, determined by modifications to the following elements:

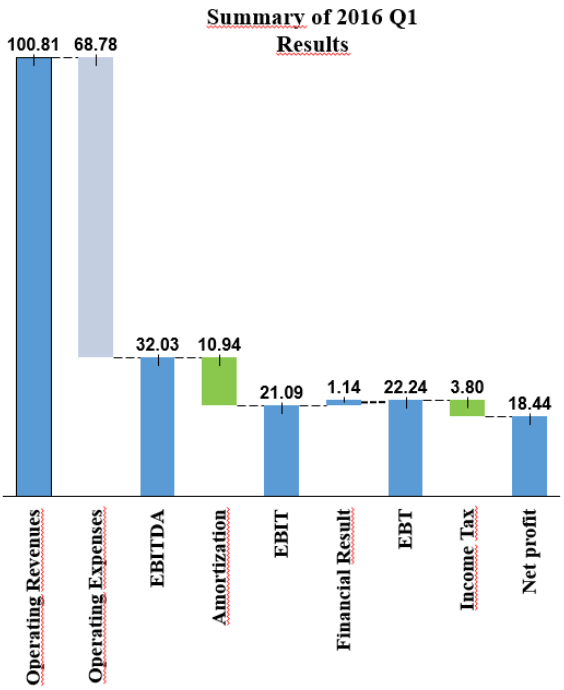
- Result of the period – net profit of 2017 Q1 amounted to 19.55 million RON,
- Other reserves – 5.52 million RON increase is determined in particular by the augmentation of the reserve representing the modernization quota, which increased at 31.03.2017 by 5.52 million RON as compared to 31.12.2016;
- The aggregate impact of the other capital elements generate a diminution of approximately 0.26 million RON.

At 31.03.2017, the long-term debts record 1.13% decrease as compared to 31.12.2016 due to the reversal of a part of the provision for retirement benefits.
The current debts recorded 7.15 million RON decrease as compared to 31.12.2016.
The decrease was mainly generated by the diminution of the commercial debts by 3.84 million RON and of other debts by 2,40 million RON, representing mainly obligations related to personnel.

2017 Quarter 1 Financial Results

In 2017 Q1, CONPET registered an increase in profitability, reaching a net profit of 19.55 million RON, higher by 1.11 million RON as compared to 2016 Quarter 1 (18.44 million RON). The synthesis of the results, 2017 Quarter 1 - 2016 Quarter 1, is as follows :





The evolution of the main financial indicators from the profit and loss account, during January – March 2017 YOY, is exposed in the table below.

Profit &Loss Account

RON	March 31, 2017 (unaudited)	March 31, 2016 (unaudited)
Operating revenues		
Turnover revenues	91,061,430	93,772,785
Other revenues	8,247,911	7,037,118
Total operating revenues	**99,309,341**	**100,809,903**
Operating expenses		
Inventory related expenses	(1,521,337)	(1,345,258)
Expenses with energy and water	(3,061,856)	(2,630,954)
Personnel expenses	(24,763,359)	(24,397,326)
Value adjustments regarding the tangible/intangible assets	(11,090,011)	(10,937,424)
Value adjustments related to current assets	26,689	37,844
Expenses related to external services	(24,278,178)	(25,763,045)
Other expenses	(13,340,126)	(15,313,571)
Provisions adjustments	862,722	636,594
Total Operating expenses	**(77,165,456)**	**(79,713,140)**
Operating Profit	**22,143,885**	**21,096,763**
Financial revenues	956,947	1,158,469
Financial expenses	(9,343)	(17,984)
Financial profit	**947,604**	**1,140,485**
Profit before income tax	**23,091,489**	**22,237,248**
Expenses with the current income tax	(3,541,804)	(3,793,387)

Profit for the period	**19,549,685**	**18,443,861**
TOTAL YEAR'S RELATED GLOBAL RESULT	**19,549,685**	**18,443,861**

Operating Revenues

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

Achieved 2017 Q 1	Budget 2017 Q1	Variation Achieved 2017 Q1/Budget [▲/▼%]	Indicators Thousand RON	Achieved 2017 Q1	Achieved 2016 Q1	Variation Achieved Q1 2017/2016 [▲/▼%]
			Revenues from transport services Domestic Subsystem			
887	*882*	▲*0.5%*	*Thousand tons*	*887*	*926*	▼*4.2%*
71,417	*70,780*	▲*0.9%*	*Thousand RON*	*71,417*	*74,118*	▼*3.6%*
			Revenues from transport services Import Subsystem			
645	*555*	▲*16.2%*	*Thousand Tons*	*645*	*863*	▼*25.3%*
18,356	*16,031*	▲*14.5%*	*Thousand RON*	*18,356*	*19,127*	▼*4.0%*
			Total revenues from transport services			
1,532	**1,437**	**▲6.6%**	***Thousand Tons***	**1,532**	**1,789**	***▼14.4%***
89,773	**86,811**	**▲3.4%**	***Thousand RON***	**89,773**	**93,245**	***▼3.7%***
317	*311*	▲*1.8%*	Revenues from rents	*317*	*345*	***▼8.1%***
971	*152*	▲*536.3%*	Other revenues	*971*	*183*	▲*432.1%*
91,061	***87,274***	***▲4.3%***	***Turnover***	***91,061***	***93,773***	***▼2.9%***
7,341	*7,899*	***▼7.1%***	*Write-back of reserve constituted based on the expenses with the modernization quota*	*7,341*	*6,887*	***▲6.6%***
907	*1,314*	▼*30.9%*	*Other revenues*	*907*	*150*	▲*504.7%*
8,248	**9,213**	**▼10.5%**	**Other operating revenues**	**8,248**	**7,037**	**▲17.3%**
99,309	**96,487**	**▲2.9%**	**Total operating revenues**	**99,309**	**100,810**	***▼1.5%***

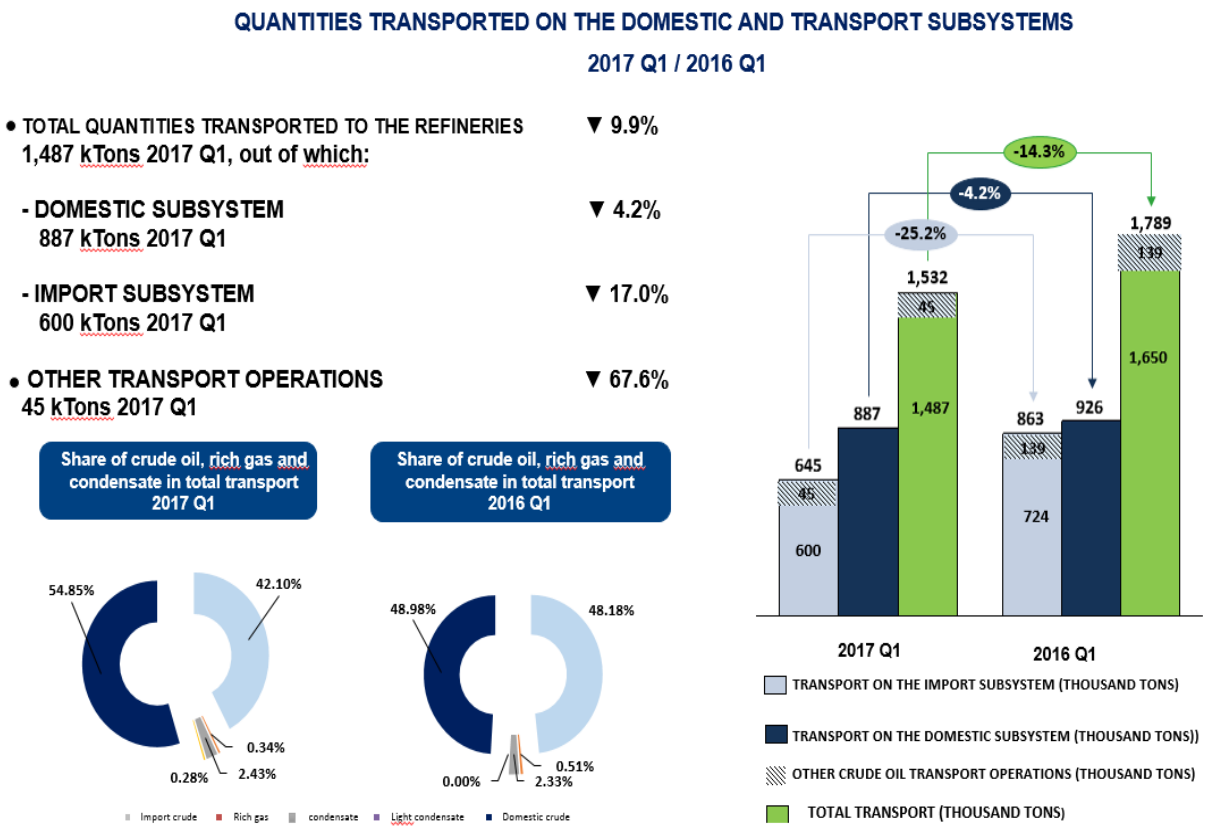
Transport Tariffs

The tariffs applied for the transport of crude oil, rich gas, condensate and ethane are regulated by the NAMR and are distinguished per transport subsystems, as follows:

- for the transport supply of crude oil, rich gas, and condensate on the domestic subsystem were applied the following tariffs: 78.64 RON/ton during 01.01.2016 - 08.02.2016 as per the NAMR Order no. 199/2013 and 79.75 RON/ton starting 09.02.2016, the tariff being approved by NAMR pursuant to Order no.32/2016.
- the transport tariffs for the transport on the import subsystem for the period 01.01.2016 - 08.02.2016 were those approved by NAMR pursuant to Order no.

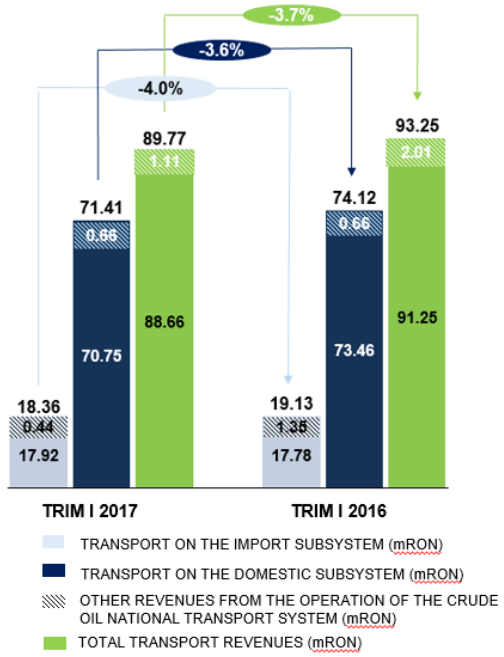
12/2015. Starting 09.02.2016, the tariffs were updated upon Order no. 32/2016. The tariffs are applied per refineries, by transported quantities batches, being implemented bracket tariff.:

Period	Arpechim		Ploiesti Basin		Petromidia	
	kTons/month	RON/month	kTons/month	RON/month	kTons/month	RON/month
1 Jan. – 8 Feb. 2016	< 60	30.71	< 60	28.03	< 100	7.85
	60 - 100	29.04	60 - 100	27.27	100 - 150	7.19
	100 - 150	28.85	100 - 150	26.18	150 - 200	6.57
	> 150	25.27	> 150	23.06	> 200	4.58
9 Jan. – 31 Dec. 2016	< 100	38.85	< 100	38.00	< 100	8.00
	> 100	16.60	> 100	16.00	> 100	7.33



REVENUES ACHIEVED FROM THE TRANSPORT ON THE DOMESTIC AND IMPORT SUBSYSTEM 2017 Q1 / 2016 Q1

- **TOTAL REVENUES FROM THE TRANSPORT TO THE REFINERIES** ▼ 2.8%
  88.66 mRON 2017 Q1, out of which:
  - **DOMESTIC SUBSYSTEM** ▼ 3.7%
    70.75 mRON 2017 Q1
  - **IMPORT SUBSYSTEM** ▲ 0.8%
    17.92 mRON 2017 Q1
- **OTHER TRANSPORT OPERATIONS** ▼ 44.8%
  1.11 mRON 2017 Q1



At 31.03.2017, the operating revenues grew by 2.9% as compared to the budget provisions and grew by 1.5% YoY.

The diminution of the total transport revenues by the amount of 3,472 thousand RON was due to the decrease of the transported quantities by 257 thousand RON as compared to the quantities transported in 2016 Quarter 1. This decrease was mainly due to the close down of the refinery Lukoil Ploiesti due to the technological overhaul performed during 25.02.2017-31.03.2017.

As compared to the budget provisions, the transport revenues record an increase by 2,962 thousand RON due to exceeding the quantities transported by 95 thousand tons.

The revenues from the crude oil, rich gas and condensate transport services account for 90.4% in total operating revenues.

The company achieved revenues from other activities, different from the transport service, amounting 1.3 million RON and include revenues from lands rental, telecommunication equipment, tanks manoeuvre etc.

During January- March 2017, the company recorded other operating revenues in aomunt of 8,248 thousand RON representing mainly, the amortization of fixed assets financed from the write-down of the modernization quota (89%) and the gain obtained from the sale of operating product – rich gas from Ticleni- Petrobrazi transport pipeline.

Operating Expenses

The operating expenses achieved in 2017 Quarter 1, as compared to 2016 Quarter I and the budget provisions are as follows:

Achieved 2017 Q1	Budget 2017 Q1	Variation Achieved Q1 2017/Budget [▲/▼%]	Indicators Thousand RON	Achieved Q1 2017	Achieved Q1 2016	Variation Achieved Q1 2017/2016 [▲/▼%]
1,521	**1,707**	**▼10.9%**	**Material expenses, of which:**	**1,521**	**1,345**	▲13.1%
728	822	▼11.4%	*-expenses with consumables*	728	750	▼2.9%
417	428	▼2.6%	*-fuel expenses*	417	416	▲0.2%
3,062	**3,235**	**▼5.4%**	**Other external expenses (with energy and water)**	**3,062**	**2,631**	**▲16.4%**
24,763	**26,027**	**▼4.9%**	**Personnel expenses, of which:**	**24,763**	**24,397**	**▲1.5%**
18,295	18,658	▼1.9%	*-salaries expenses*	18,295	17,935	▲2%
5,008	5,096	▼1.7%	*- expenses related to insurances, social protection and other legal obligations*	5,008	4,932	▲1.5%
1,461	2,273	▼35.8%	*-other personnel expenses*	1,461	1,531	▼4.6%
11,090	***11,202***	**▼1.0%**	**Expenses with the amortization of tangible and intangible assets**	**11,090**	***10,937***	**▲1.4%**
24,278	***25,494***	**▼4.8%**	**Expenses with external services,** of which:	**24,278**	***25,763***	**▼5.8%**
373	*809*	▼53.9%	*-maintenance (maintenance, current and capital repairs)*	373	*407*	▼8.3%
13,980	*13,606*	▲2.8%	*- expenses with the crude oil transport by rail*	13,980	*14,980*	▼6.7%
49	*401*	▼87.8%	*-expenses with decontamination works*	49	*22*	▲123.2%
6,879	6,563	▲4.8%	*-oil royalty*	6,879	7,121	▼3.4%
2,997	*4,116*	▼27.2%	*-other services performed by third parties*	2,997	*3,233*	▼7.3%
-27	**0**		**Value adjustments regarding the current assets**	**-27**	**-38**	▲28.9%
-863	**0**		***Provisions-related adjustments***	**-863**	**-637**	▼35.5%
13,340	**13,539**	**▼1.5%**	***Other operating expenses, of which***	**13,340**	**15,314**	**▼12.9%**
12,861	*12,581*	▲2.2%	*-modernization quota expenses*	*12,861*	*14,305*	▼10.1%
77,165	**81,204**	**▼5.0%**	**Total operating expenses**	**77,165**	**79,713**	**▼3.2%**

The operating expenses achieved during January- March 2017 decreased by 3.2% YOY, from 79.7 million RON to 77.2 million RON and are 5% lower than the budget (81.2 million RON).

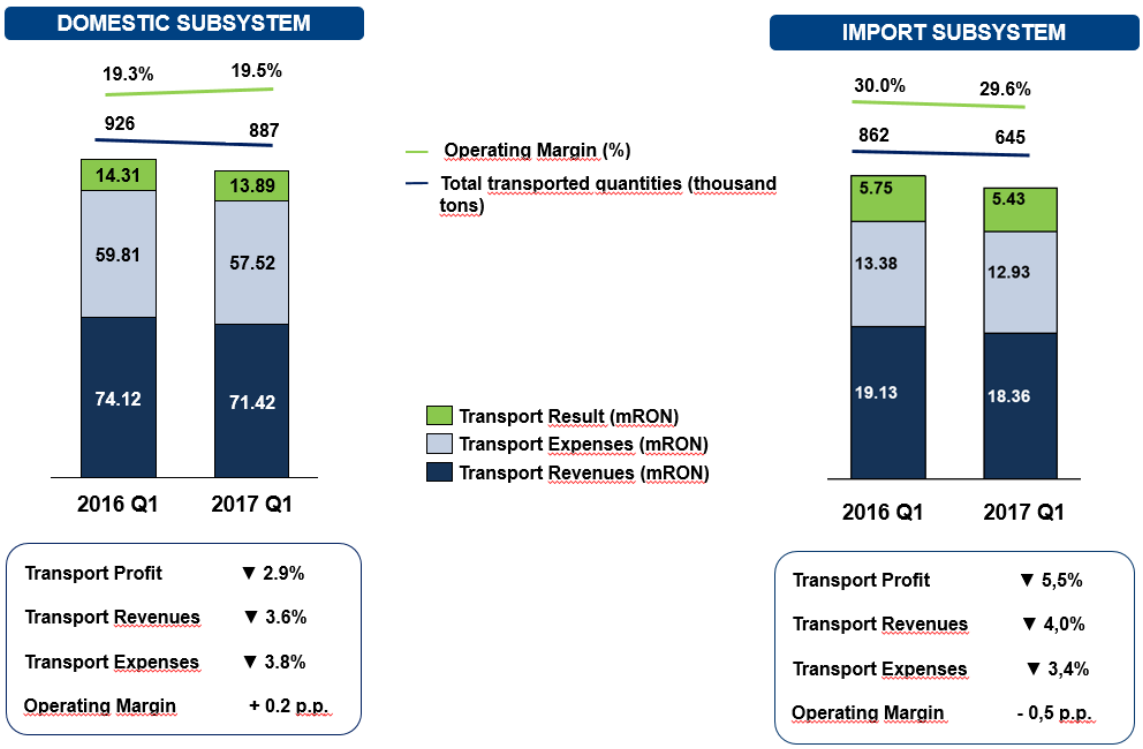
The operating costs triggered by the operation of the two transport sub-systems (domestic and import) are 3.7% lower in Quarter 1 2017 YOY.

The cost per ton in 2017 Quarter 1, as compared to 2016 Q1 grew by 12.3% (from 40.92 RON/ton in 2016 to 45.97 RON/ton in 2017), duet o the decrease of the total transported quantity by 257 thousand tons.

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

- the domestic subsystem generated in 2017 a cost/ton higher by 0.40%, from 64.58 RON/ton to 64.84 RON/ton, generated by the decrease of the transported quantities by 39 thousand tons (4.2%);
- the import subsystem records and increase of the cost/ton by 29.09%, from 15.52 RON/ton to 20.03 RON/ton, duet o the decrease of the transported quantity by 217 thousand tons, drop mainly influenced by the close-down of PetrotelLukoil ploiesti Refinery during 25.02.2017-04.04.2017 for technological breakdown.

The profitability of the transport subsystems is as follows:



Operating Profit

In the first 3 months 2017, EBITDA has increased by 3.7% (1,200 thousand RON) as compared to the similar period of the previous year.

EBITDA evolution at 3 months was mainly sustained by the improvement of the operating costs control (exclusively the depreciation), whose reduction by 3.9% (2.700 thousand RON) has offset the adverse impact in the profit and loss account of the reduction of the operating income by 1.5% (1,500 thousand RON), following the diminution of the transport demand on the domestic subsystem by 40 thousand tons (decrease by 4.2%) and on the import subsystem by 217 thousand tons (decrease by 25.2%).

As compared to the provisions of BSE, EBITDA is 25.5% (6.749 thousand RON) higher, being influenced by the increase by 2.9% of the income achieved out of the increase of the crude oil transported quantities on the import subsystem, as well as by keeping the operating costs (exclusively of depreciation) by 5.6% (3,927 thousand RON) under the budgeted value.

The domestic transport subsystem has registered a profit 2.9% lower than the one obtained in the similar period of the year 2016 (13.89 million RON 3 months 2017 as compared to 14.31 million RON 3 months previous period), due o the decrease by 4.2% of the tranported quantities.

The import transport subsystem has registered a profit 5.5% lower than the one achieved in quarter I 2016 (5.43 million RON 3 months 2017 as compared to 5.75 million RON 3 months 2016) following the descrease by 25% of the transported quantities, mainly due to the close-down of the refinery Petrotel Lukoil for the technological overhaul.

Operating profit (EBIT)

EBIT has registered an increase 5% higher as compared to 3 months 2016 (22,144 thousand RON, from 21,097 thousand RON).

Gross Profit

The profit before tax has registered an increase by 3.8% as compared to 3 months 2016 (23, 091 thousand RON from 22,237 thousand RON).

Financial Result

The financial result registered in Quarter I 2017 was positive (948 thousand RON), though decreasing by 16.9% as compared to the previous year, determined by the decrease of the interest income by 17.4% .

Net Profit

The profit after tax has registered an increase by 6% as compared to 3 months 2016 (19,550 thousand RON from 18,444 thousand RON).

Cash-flow statement for the period 01.01.2017 – 31.03.2017 vs. 01.01.2016 – 31.03.2016

(DIRECT METHOD) **Lei**

	Name of the Element	January 1 – March 31, 2017	January 1 – March 31, 2016
	Cash flows from operating activities:		
+	Proceeds from services supply	100,608,178	98,803,668
+	Proceeds from interests related to banking investments	549,947	329,376
+	Other proceeds	261,226	387,143
-	Payments to the suppliers of goods and services	(29,839,109)	(31,244,701)
-	Payments to and on behalf of the employees	(24,767,373)	(24,645,797)
-	VAT payments	(12,975,516)	(12,301,040)
-	Corporate tax payments	(3,901,860)	(2,368,619)
-	Other payments regarding operating activities	(9,239,562)	(8,648,209)
A	***Net cash from operating activities***	***20,695,931***	***20,311,821***
	Cash flows from investment activities:		
+	Proceeds from sale of tangible assets	1,419,516	-
+	Proceeds from modernization quota	12,860,960	14,305,324
+	Proceeds from short-term financial investments	-	137,903,997
+	Proceeds from interests related to government securities	-	1,574,603
-	Payments for purchase of tangible assets	(8,333,572)	(10,894,550)
-	Payments for short-term financial investments	-	(103,989,806)
B	***Net cash from investment activities***	***5,946,904***	***38,899,568***
	Cash flows from financing activities:		
+	Proceeds dividends transferred to Depozitarul Central	2,739,395	2,044,338
-	Paid dividends	(91,143)	(45,283)
C	***Net cash from financing activities***	***2,648,252***	***1,999,055***
	Net increase of the cash and cash equivalents=A+B+C=D2-D1	***29,291,087***	***61,210,444***
D1	***Cash and cash equivalents at the begining of the period***	***244,597,901***	***124,120,815***
D2	***Cash and cash equivalents at the end of the period***	***273,888,988***	***185,331,259***
	To which is being added:		
	Government securities as government bonds and treasury bills	*161.888.767*	*219.424.365*
	Total availabilities at the end of the period	***435.777.755***	***404.755.624***

Capital Expenses (Investment)

The investment projects within CONPET targets, mainly, the increase of the efficiency of the transport and operating activity under seif conditions of the National Transport System (ROM.SNT).
The investments are being financed out of own sources made up of the modernization quota (for the modernization of the assets in the public domain and new investment) and other own sources.
The synthesis of the investment objectives achieved in the first 3 months of the year 2017, on types of works and assets membership, as compared to the program for the same period and total year 2017 is being presented as follows:

thousand RON

Name	Program 2017	Cumulated 3 months 2017		
		Program	Achieved	%
TOTAL, of which:	**64,269**	**4,587**	**6,552**	**143%**
Public Domain	51,317	3,394	4,755	140%
Operating Domain	12,952	1,193	1,797	151%

The investments achieved in the first 3 months of the year 2017 amounted to 6,552 thousand RON, of which, on financing sources:

- the modernization quota – 4,755 thousand RON;
- other own sources – 1,797 thousand RON.

The investment program:

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

The main investment objectives commissioned in the first 3 months of the year 2017 were :

- modernization LED lightening insallation Băicoi;
- modernization telephone offices PABX within the locations Ploieşti 1848, Ploieşti Garaj, Poiana Lacului, Bărăganu and Moineşti;
- optimization access network Ethernet multiplexers;
- fencing Marghita ramp;
- climatization and monitoring locations telecommunications system;
- modernization of the integrated application system rail wagons weighing in Bărbăteşti, Biled, Pecica, Marghita and Petrobrazi ramps;
- independent endowments and equipment.

The total value of these investment objectives represented 2,458 thousand RON and was made out of both the modernization quota (943 thousand RON), as well as from other own sources (1,515 thousand RON).

Procurement

The procurement activity was performed based on the annual procurement program approved also according to the Internal Procedural Procurement Norms.
During 01.01.2017-31.03.2017 the company has concluded no services procurement contract with a value higher than 100,000 Euro and no works procurement contract with a value higher than 500,000 Euro.

Economic – financial Indicators

Name of indicator	Calculation Formula	January - March 2017	January - March 2016
1. Current liquidity indicator	Current assets/Current Debts	10.74	11.09
2. Customer debit speed of rotation (days)	Customers average balance/ Turnover x 90 days	36	35
3. Fixed assets speed of rotation (times)	Turnover/fixed assets	0.23	0.24

Current liquidity indicator measures the company's ability to perform its short-term obligations. The obtained value of 10.74 is above the recommended value, it is acceptable and is 2. The indicator’s evolution reflects a good company's ability to cover the current liabilities on account of current assets.
Customer debit speed of rotation expresses the effectiveness of the company in collecting its receivables. The indicator registers an ascending level, resulted in the collection of receivables at 36 days.
Fixed assets speed of rotation evaluates the efficiency of the fixed assets activity by

examining the turnover value generated by a certain amount of assets. The level of this indicator is 0.23 rotations related to the year 2017 Quarter 1.

The capital debt degree indicator, calculated both in relation to the total equity and to the fixed capital, expresses the credit risk management effectiveness. The company did not contract any average or long term loans.

Other issues

Litigations

The most important litigations in which the company is involved are presented as follows**:**

- **File no. 5555/2/2014* – Bucharest Court of Appeal (substantive matter, on the dock of the Bucharest Tribunal with the initial number 33317/3/2007)**

Parties: The Authority for the Valorification of the State's Assets, MECMA (OPSPI) - Plaintiff

CONPET S.A., Fondul Proprietatea S.A., Registrului Independent Regisco S.A., Securities and Exchange Commission - Accused

Object of the request: Action for the personal recovery of possession for a number of 524.366 shares in the equity of the company CONPET S.A. and the obligation to do

Remarks: Through the ruling no. 118/30.01.2015 the Bucharest Court of Appeal issues the appeal declared by the appellants-plaintiffs the Energy Department within the Ministry of Economy and the Ministry of Economy acting as successor of the Ministry of Economy, Commerce and Business Environment. Accepts the request formulated by the appellants-plaintiffs the Energy Department within the Ministry of Economy and the Ministry of Economy acting successor of the Ministry of Economy, Commerce and Business Environment in contradiction to the accused Fondul Proprietatea SA. Finds that the right of ownership of the plaintiff Ministry of Economy for the 524.366 shares in CONPET SA obliges the accused to carry on the required endeavors for the enrolment in the shareholders' registry. The Energy Department within the Ministry of Economy and the Fondul Proprietatea S.A. have formulated a recourse.

Through the ruling no. 802/19.04.2016 of the High Court of Cassation and Justice admits the recourses declared by the recurrent-plaintiff Ministry of Energy and the recurrent-accused Fondul Proprietatea SA against the civil ruling no. 118/A dated January 30th2015, issued by the Bucharest Court of Appeal – 5th Civil Section. Annuls the appealed decision and sends the cause to be once again judged by the same court. Rejects the recourse declared by the recurrent-plaintiff Ministry of Energy against the conclusion dated April 3rd2015, issued by the same court.

Through the recourse request, Fondul Proprietatea S.A has requested:

- the admission of the recourse such as it was formulated;
- the complete changing of the Civil ruling no. 118/A dated 30.01.2015, issued by the Bucharest Court of Appeal, 5th Civil Section
- and, as a consequence, rejects as being groundless the action for the personal recovery of possession initially formulated by A.V.A.S. (currently the Ministry of Energy, Small and Medium Enterprises and of the Business Environment and the Ministry of Economy, Commerce and Tourism) and
-court charges.

The Ministry of Energy, Small and Medium Enterprises and of the Business Environment (successor with regard to the rights and obligations of the Energy Department) has formed a recourse against the ruling issued by the Bucharest Court of Appeal, 5th Civil Section, in the Council Chamber's hearing dated April 3rd2015, requesting:
Based on the provisions of art.281, 3rd indication of the Civil Procedure Code and of the art. 304, points 7, 8 and 9 of the Civil Procedure Code, the admission of the recourse, the change of the recurred conclusion namely to make it clear the meaning of the disposition of the Civil Ruling no. 118/A/30.01.2015 and the acknowledgment of the property right for the shares in CONPET SA as belonging to the Ministry of Energy, Small and Medium Enterprises and of the Business Environment and not to the Ministry of Economy, Commerce and Tourism.
Moreover, the Ministry of Energy, Small and Medium Enterprises and of the Business Environment (successor in rights and obligations of the Energy Department) has formulated a recourse also against the Civil Ruling no. 118/A/30.01.2015 issued by the Bucharest Court of Appeal, 5th Civil Section, requesting:
The admission of the recourse, the partial change of the recurred ruling, namely to acknowledge the ownership right of the plaintiff the Ministry of Energy, Small and Medium Enterprises and of the Business Environment (and not of the Ministry of Economy, Commerce and Tourism for the 524.366 shares in CONPETSA.
Procedural status: Appeal - retrial
Hearing: 05.05.2017

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

Parties: Cojocaru Irinel - plaintiff
CONPETS.A. – accused
Object: Action for the personal recovery of possession for a land with the surface of 2500 square meters, located in Ploieşti, Rezervoarelor Street.
Procedural status: Substantive
Hearing: 24.05.2017

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

Parties: CONPET S.A. - accused
ICIM S.A. - accused

E.T.H. Arhitectural Systeme S.R.L. through the judicial liquidator company Dăscalescu & Co– plaintiff

Object: CLAIMS [litigation amount: 1.146.784,7 lei to which it is added the damages (penalties/interests)

Procedural status: Substantive

Hearing: 11.04.2017

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

Parties: CONPET SA – accused

Societatea Naţională de Transport Gaze Naturale Transgaz SA- accused

Moraru Daniel – plaintiff

Moraru Nicoleta Valentina – plaintiff

Object: Moraru Daniel and Moraru Nicoleta Valentina have formulated a summons requesting the court that, through the ruling which it will issue, to dispose:

- the obligation of the accused to remove the constructions built by them without the right on the plaintiff's land, located in the built-up area of the Tg. Ocna locality, 7 Magura Street, with the cadastral number 2165, and in case of refusal our authority (our note, that of the plaintiff's) to remove on our expense (our note, that of the accused);

- the obligation of the accused to pay the court fees occasioned by the present trial

Remarks: On 01.03.2016, the court rejects as groundless the summons. The ruling was appeal by the plaintiffs.

Through the conclusion dated 13.03.2017 it is accepted the functional lack of competence of the 1st Civil Section and, consequently: Declines the competence to solve the cause in the 2nd Civil Section of the Bacau Tribunal and passes it to a competent one in order to be solved.

Procedural status: Appeal

Hearing: --

- **File no. 8425/281/2015 – Ploieşti Courthouse**

Parties: CONPET SA – counterclaimant

Panaitescu Mircea – plaintiff -accused

Object: Claims. Panaitescu Mircea has formulated a summons requesting the obligation for Conpet to pay the amount of 5.000 lei lack of usage and the annual rent of 12.000 lei. CONPEThas formulated a counterclaim through which it requested the right to seize the right of legal servitude and establish the annual rent.

Procedural status: Substantial

Hearing: 18.05.2017

- **File no. 16082/281/2015 – Ploieşti Courthouse**

Parties:CONPETSA - accused

Ovidenie Dumitru - plaintiff

Object: Personal recovery of possession. Ovidenie Dumitru formulates a summons requesting the obligation for CONPET to give back a land with the surface of 335 square meters in the Brazi Commune, T 31, PARCEL 178/19; bringing the land to its initial stage;

the payment of the lack of usage for the last 3 years. CONPET has formulated a request to show the holder of the real right.
Procedural status: Substantive
Hearing: 24.05.2017

- **File no. 14960/280/2015 – Piteşti Courthouse**

Parties: CONPET SA – accused
Cirstea Stelian and Cirstea Gherghina – reclamanţi
Object: Cirstea Stelian and Cirstea Gherghina, formulated summons requesting the court the obligation of the accused CONPET:
1. to pay the lack of usage from the time the property of the land was gained –namely on October 6th2014, the lack of usage which they temporarily estimate to be in the amount of 1.000 lei –later on being increased the fraction of the summons following the submission of the evidence.
2. to be obliged to remove the pipelines and installations afferent to the land which the property of the plaintiffs, and, to the degree in which this thing is not possible, to oblige the accused to pay the monthly amount equivalent to the counter-value of the rent for the land occupied and affected by the pipelines and the installations located on it –at the level of the rents practices on the free market.
Procedural status: Substantive
Hearing: 25.04.2017

- **File no. 21382/281/2015 – Ploieşti Courthouse**

Parties: CONPET-accused
Iordache Margareta - plaintiff
Object: Iordache Margareta formulates a summons requesting the obligation of the accused CONPET to pay the counter-value for the lack of usage of the tenement which is the property of the plaintiff, land located in the Blejoi Commune, Ploieștori village, strip ground 24, parcel 187/15, for the three years previous to the forming of the action.
Procedural status: Substantive
Hearing: 02.05.2017

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

Parties: CONPET SA – accused
UAT Pecica City - plaintiff
Object: UAT of the Pecica city has formulated a summons through which it requested:
Mainly: -the obligation of the accused CONPET S.A. to deviate the crude oil pipeline which traverses a number of 22 parcels in the built-in land, destined for the construction of tenements, which are our property, with a total surface of 20.287 square meters
- the obligation of the accused CONPET S.A. to pay the amount of 65.000 euro representing the counter-value of the house located on the parcel no. A141.7760/5/174, enrolled in the Land Register no. 306869 since this cannot be capitalized by the said entity.
Subsidiary:

- the obligation of the accused CONPET S.A. to pay the annual rent, for the duration of the pipeline's existence, following the encumbering of the surfaces shown above with regard to the legal servitude exercised by SC CONPET SA;
- the obligation of the accused CONPET S.A. to award some damages for the period 31.10.2014-31.05.2016 following the limitations of the attributes of the ownership right for the 22 built-in land parcels and the decrease of the circulation value of the land on the real estate market following the restrictions imposed through the Order 196/2006 of A.N.R.M. with regard to buildings;
-the obligation of the accused SC CONPET S.A. that every 3 years to adapt the amount of the damages to the circulation value at that time of some of the similar lands and with regard to the future provisions of A.N.R.M;
- establishment, by the court of justice, of the due date at which annually the damages will be paid, following that the failure to pay by the due date hearing to impose the payment of the legal interest afferent to the amount received as damage for the delayed period;
- the awarding of the court charges occasioned in the case, in case of opposition.

Procedural status: Substantive
Hearing: 18.05.2017

- **File no. 7558/270/2016 – Oneşti Courthouse**

Parties: CONPET SA – accused
Urecheşti Commune – plaintiff
Object: Comuna Urecheşti formulates a summons requesting the court of justice:
1. the obligation of the accused-debtor to the payment of the amount of 9.088 lei, representing the rent not paid by the Urecheşti Commune, Bacău county, for the field occupied by the crude oil pipeline, for the years 2015 and 2016;
2. the obligation of the accused to the payment of the fiscal accessories in the amount of 1.318 lei;
3. the payment of the land tax, for the years 2015 and 2016, in the amount of 32 lei;
4. the obligation of the accused to pay the court charges.

Procedural status: Substantive
Hearing: 03.05.2017

Shareholding Structure

The shareholding Structure at reference date 31.03.2017 is the following:

Name of shareholder	No. of shares	%
THE ROMANIAN STATE BY THE MINISTRY OF ENERGY	5,083,372	58.7162
Legal persons	2,803,082	32.3774
Natural persons	771,074	8.9064
TOTAL	**8,657,528**	**100%**

THE BOARD OF ADMINISTRATION

The company CONPET S.A. is administered by a Boardo f Adminstration made of 7 memebers, appointed by the Ordinary General Meeting of Shareholders for a 4 years period.

At 31.03.2017 the composition of the Board of Adminstration is the following:

- Dan Weiler
- Liviu Ilași
- Cristiana Chiriac
- Darius Dumitru Meșca
- Radu Bugică
- Roxana Elena Gheorghe
- Răzvan Ștefan Lefter

Presentation of the list of executive management members

In compliance with the organizational structure of the company approved pursuant to the BoA Decision no. 4/13.04.2016, all along the period 01.01.2017-31.03.2017,CONPET executive management had the following composition:

Ilaşi Liviu	Director General
Ionescu Gheorghe	Deputy Director General
Toader Sanda	Director, Economic Direction
Niță Aurel Mircea	Director, Corporate Governance, HR and Communication Direction
Buzatu Dan	Director, Maintenance Development Direction
Dumitrache Mihaela Anamaria	Head of the Legal, Regulated Activities Department

Cases of non-compliance to the financial obligations
Not applicable

Amendments of the shareholders' rights
Not applicable

The organizational structure of CONPET S.A. includes:

The company organization is depicted in the Organizational Chart, this one being a pyramid organizational structure, specific to a functional - hierarchical type organizational structure.

The organizational structure of CONPET S.A. comprises the following levels of hierarchy:

- General Meeting of Shareholders;
- Board of Administration;
- Director General;
- Deputy Director General;
- Executive Directions;
- Departments;
- Chief Engineer;
- Functional services and bureaus;
- Transport Divisions;
- Sectors;
- teams, pumping stations, loading/unloading ramps, warehouses, work sites (operational entities).

According to this organizational structure, the management is being performed based on efficiency and professional responsibility criteria.

CONPET S.A. is structured based on the following principles:

- flexibility in relation to the market economy requirements;
- efficiency of the management IT system;
- efficiency of the functional relations;
- enhancing responsibility based on decentralization of the decision-taking;
- increasing focus on the critical factor of success;
- observance of the legal requirements on the organization and operation of the trade companies.

The duties of every entity are set pursuant to the company' Rules on Organization and Functioning.

Affiliated Parties

During January-March 2017, the company CONPET S.A. performed the following affiliated party transactions:

Partner	Non-settled amounts On December 31, 2016	Procurement 2017 Q1	Settlement in Q1 2017	Non-settled amounts March 31, 2017
SNTFM CFR Marfă SA	5,902,301	18,318,329	17,667,344	6,553,286

Significant Events

March 7, 2017

Pursuant to the Resolution of the General Meeting of Shareholders no. 1/07.03.2017 was approved the Revenues and Expenditure Budget and the Investments Program for 2017.

Subsequent Events

On 26.04.2016, the Ordinary General Meeting of Shareholders approved the annual financial statements for 2016 financial year and the net profit allocation related to 2016 financial year and of certain amounts from the retained earnings, as follows:

- 4,756,310 RON – employees share of profit;
- 1,710,000 RON- other allocations stipulated by law (exception from the payment of the reinvested income tax);
- 143,562,274 RON - dividends due to shareholders from the net profit related to 2016 financial year and of certain amounts from the retained earnings;

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

The shareholders entitled to receive dividends are those registered in the Shareholders' Consolidated Registry (held by Depozitarul Central" S.A.) at the registration date approved by the Ordinary General meeting of Shareholders, respectively 30.06.2017, in proportion to the participation to the share capital. (ex-date 29.06.2017).

The Ordinary General Meeting of Shareholders approved, in the meeting held on 26.04.2017, the settlement of the date of July 20, 2017 as date of payment, respectively the calendar date when the revenues distribution related to the holding of secrities becomes certain.

In the same meeting, OGMS did not approved the distribution of the "amount of 80,000,000 RON as dividends, to the company's shareholders, in proportion to the participation thereof to the share capital, out of the company's distributable reserves

representing other reserves – own financing source", additionally introduced on the Agenda, upon request of FondulProprietatea contained in letter no. 13.960/06.04.2017.

Presentation of the Interim Financial Statements

The simplified interim financial statements at the date and for the three months period ended March 31, 2017 have been prepared in compliance with IAS 34 Interim Financial Reporting.

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

The simplified interim financial statements at the date and for the three months period ended March 31, 2017 included in this report are not audited and have not been revised by a external auditor.

Accounting Policies

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

Chairman of the Board of Administration
Dan Weiler

Director General
Liviu Ilasi

Economic Director
Sanda Toader

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

Simplified Interim Financial Statements
on the date and for the six months period ended March 31, 2017

Prepared as per the
International Financing Reporting Standard 34 ”Interim Financial Reporting”
adopted by the European Union

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STATEMENT OF THE FINANCIAL STANDING ON MARCH 31, 2017

In RON	March, 31 2017 (unaudited)	December 31, 2016 (audited)
ASSETS		
Non-current assets		
Tangible assets	398,674,180	403,468,873
Intangible assets	1,732,461	1,971,202
Financial investments	535,652	656,965
Total non-current assets	**400,942,293**	**406,097,040**
Current assets		
Inventories	8,172,319	8,548,131
Trade receivables and other receivables	35,077,733	42,356,060
Short-term investments	163,397,584	163,053,678
Cash and cash equivalents	273,909,081	244,598,286
Prepaid expenditure	980,146	255,475
TOTAL Current assets	**481,536,863**	**458,811,630**
TOTAL ASSETS	**882,479,156**	**864,908,670**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Subscribed and paid-up share capital	28,569,842	28,569,842
Legal reserves	5,713,968	5,713,968
Revaluation reserves	31,340,182	32,957,666
Other reserves	541,758,429	536,238,701
Retained earnings	193,591,424	122,395,850
Result of the period	19,549,685	71,546,604
Share of profit	-	(1,710,000)
Total shareholders' equity	**820,523,530**	**795,712,631**
Deferred revenues		
Investment Subsidies	1,434,649	1,468,191
Deferred revenues	15,340	15,791
Total deferred revenues	**1,449,989**	**1,483,982**
Long-term debts		
Deferred corporate tax		
Long-term provisions	1,671,210	1,671,210
	3,483,822	3,542,697
Total long-term debts	**5,155,032**	**5,213,907**

Current debts		
Commercial debts	16,816,800	20,657,756
Current income tax	3,800,318	3,901,860
Other debts	24,114,849	26,516,050
Short-term provisions	10,618,638	11,422,484
Total current debts	**55,350,605**	**62,498,150**
Total debts	**60,505,637**	**67,712,057**
TOTAL SHAREHOLDERS' EQUITY AND DEBTS	**882,479,156**	**864,908,670**

Director General,
Eng.Ilași Liviu

Economic Director,
Econ.Toader Sanda

STATEMENT OF THE PROFIT OR LOSS AND OTHER GLOBAL RESULT ELEMENTS FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2017

	March 31, 2017 (unaudited)	March 31, 2016 (unaudited)
Operating revenues		
Turnover revenues	91,061,430	93,772,785
Other revenues	8,247,911	7,037,118
Total operating revenues	**99,309,341**	**100,809,903**
Operating expenses		
Inventory related expenses	(1,521,337)	(1,345,258)
Expenses with energy and water	(3,061,856)	(2,630,954)
Personnel expenses	(24,763,359)	(24,397,326)
Value adjustments regarding the tangible/intangible assets	(11,090,011)	(10,937,424)
Value adjustments related to current assets	26,689	37,844
Expenses related to external services	(24,278,178)	(25,763,045)
Other expenses	(13,340,126)	(15,313,571)
Provisions asjustments	862,722	636,594
Total operating expenses	**(77,165,456)**	**(79,713,140)**
Operating profit	**22,143,885**	**21,096,763**
Financial revenues	956,947	1,158,469
Financial expenses	(9,343)	(17,984)
Financial profit	**947,604**	**1,140,485**
Profit before income tax	**23,091,489**	**22,237,248**
Expenses with the current income tax	(3,541,804)	(3,793,387)
Profit for the period	**19,549,685**	**18,443,861**
TOTAL YEAR RELATED GLOBAL RESULT	**19,549,685**	**18,443,861**
Result per share	**2.26**	**2.13**

Director General,
Eng.Ilași Liviu

Economic Director,
Econ.Toader Sanda

STATEMENT OF THE CHANGES IN EQUITY FOR THE PERIOD ENDED MARCH 31, 2017 (UNAUDITED)

	Share capital	Legal reserves	Revaluation reserves	Other reserves	Retained earnings	Profit or loss for the year	Share of profit	Total Shareholders' Equity
Balance at January 1, 2016	**28,569,842**	**5,713,968**	**32,957,666**	**536,238,701**	**122,395,850**	**71,546,604**	**(1,710,000)**	**795,712,631**
Gobal result of the year						19,549,685		19,549,685
Augmentation of modernization quota fund				12,860,960				12,860,960
Diminution of modernization quota fund				(7,341,232)				(7,341,232)
Write-back of surplus on revaluation, by the influence of the current income tax			(1,617,484)		1,358,970			(258,514)
Transfer of prior year's profit to retained earnings					69,836,604	(69,836,604)		-
Distribution provided by law out of the current year's profit - exemption from the reinvested corporate tax						(1,710,000)	1,710,000	-
Balance at March 31, 2017	**28,569,842**	**5,713,968**	**31,340,182**	**541,758,429**	**193,591,424**	**19,549,685**	**-**	**820,523,530**

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CASH-FLOW STATEMENT FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2017 (UNAUDITED)

(DIRECT METHOD) **RON**

	Name of the Element	January 1 – March 31, 2017	January 1 – March 31, 2016
	Cash flows from operating activities:		
+	Proceeds from services supply	100,608,178	98,803,668
+	Proceeds from interests related to banking investments	549,947	329,376
+	Other proceeds	261,226	387,143
-	Payments to the suppliers of goods and services	(29,839,109)	(31,244,701)
-	Payments to and on behalf of the employees	(24,767,373)	(24,645,797)
-	VAT payments	(12,975,516)	(12,301,040)
-	Corporate tax payments	(3,901,860)	(2,368,619)
-	Other payments regarding operating activities	(9,239,562)	(8,648,209)
A	***Net cash from operating activities***	***20,695,931***	***20,311,821***
	Cash flows from investment activities:		
+	Proceeds from sale of tangible assets	1,419,516	-
+	Proceeds from modernization quota	12,860,960	14,305,324
+	Proceeds from short-term financial investments	-	137,903,997
+	Proceeds from interests related to government securities	-	1,574,603
-	Payments for purchase of tangible assets	(8,333,572)	(10,894,550)
-	Payments for short-term financial investments	-	(103,989,806)
B	***Net cash from investment activities***	***5,946,904***	***38,899,568***
	Cash flows from financing activities:		
+	Proceeds dividends transferred to Depozitarul Central	2,739,395	2,044,338
-	Paid dividends	(91,143)	(45,283)
C	***Net cash from financing activities***	***2,648,252***	***1,999,055***
	Net increase of the cash and cash equivalents=A+B+C=D2-D1	***29,291,087***	***61,210,444***
D1	***Cash and cash equivalents at the beginning of the period***	***244,597,901***	***124,120,815***
D2	***Cash and cash equivalents at the end of the period***	***273,888,988***	***185,331,259***
	To which is being added:		
	Government securities as government bonds and treasury bills	*161,888,767*	*219,424,365*
	Total availabilities at the end of the period	***435,777,755***	***404,755,624***

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