

E- Distribuție Banat SA

Report of the Directors

For the Financial Exercise Ended on December 31, 2018

March 2019

1. General considerations

In 2018, E-Distributie Banat SA (hereinafter referred to as “the Company”) achieved a turnover of 495,380,062 (2017: 483,205,577) of which revenues from the distribution of active electricity and reactive energy 444,636,408 (2017: 440,797,119). The Company distributed electricity to approximately 0.908 million consumers (2017: 0.899 million consumers), the total amount of electricity distributed to final consumers being approximately 4,422,894 Mwh (2017: 4,363,116 Mwh).

The average electricity distribution price for the entire year 2018 was 96.3 RON / Mwh (2017: 97.2 RON / Mwh).

The company distributed 3,634,502 Mwh (2017: 3,228,945 Mwh) to eligible consumers at an average rate of 84.2 RON / Mwh (2017: 77.3 RON / Mwh) and 788,392 Mwh (2017: 1,134,172 Mwh) to captive consumers at an average rate of 152.3 RON / Mwh (2017: 153.7 RON / Mwh).

2. The structure of the share capital

As of December 31, 2018, the share capital is 382,153,800, being divided into 38,215,380 shares with a par nominal value of RON 10.

On December 31, 2018, the shareholding structure of the Company is as follows:

- ENEL SpA., holding 19,491,234 shares with a par nominal value of RON 10 each, representing 51.0036% of the share capital;
- ENEL Investment Holding B.V., holding 0 shares (2017: 19,491,234 shares), with a nominal value of 10 lei each, representing 0% (2017: 51.0036%) of the share capital;
- Societatea de Administrare a Participațiilor in Energie (SAPE), holding 9,503,502 shares, with a par nominal value of RON 10 each, representing 24.8683% of the share capital;
- FONDUL PROPRIETATEA S.A., holding 9,220,644 shares, with a par nominal value of RON 10 each, representing 24.1281% of the share capital.

As of December 31, 2018, the Company holds 50% of the share capital of Enel Servicii Comune, having a value of 16,500,000 (December 31, 2017: 16,500,000).

3. Internal control

In accordance with the provisions of the decision of the Company’s Board of Directors on June 27, 2008, the internal control of the Company is entrusted to the internal control structures of Enel Romania SRL.

The process of managing internal controls is structured in the following subprocesses:

- Defining the purpose and communicating methodologies and work instructions;
- Mapping / updating processes / internal controls and related risks;
- Evaluation of internal controls with regard to definition and operation by the process manager;
- Monitoring the internal controls tested by the external specialized partner;
- Identifying deficiencies and implementing the remediation plan;
- Strengthen the results of the evaluation of internal controls.

4. Summary of operations 2018 and 2019

During 2018, the Company met its main objectives:

The most important achievements of the Company in 2018 were as follows:

- Modernization / construction of about 20 km of high voltage overhead power lines;
- Modernization works in 2 HT / MT transformation stations (Padurea Verde - 110 kV primary equipment, Victoria - HT and MT equipment);
- Works for the remote control of the HT / MT Lugoj transformer station;
- Replacement of 4 HT / MT transformers in transformer stations (Dumbravita, Fratelia, IRUM, Bucovina);
- Modernization of 113 existing transformer substations, modernization of 4 supply points, installation of 11 new transformer substations and amplification of transformer power in 7 transformer substations-for network strengthening;
- Modernization / construction works of about 14 km of underground medium voltage power lines, replacing 5 km of insulation;
- Modernization / construction works of about 47 km of medium voltage network;
- Modernization / construction works of about 263 km of low voltage network;
- Remote control separator assembly works on medium voltage overhead lines: 89 pcs;
- Continuation of actions related to the implementation and consolidation of processes that support safety at work, both for ENEL staff and for contractors;
- Continuing the actions of developing the remote-control system in order to increase the quality of the distribution service;
- Continuing the actions of developing the remote-control system in order to increase the quality of the distribution service;
- Continuation of technical unification for products and equipment in order to standardize the network and improve the distribution service
- Updating the CROS / CRM DISCO application;
- Continuation of the project implementation for the installation of intelligent measurement systems, being installed a number of 49,453 smart meters and 413 hubs.

For 2019, the Company aims to carry out the following investment projects:

- Removal of meters at the property limit to reduce network losses;
- Switching to 20 kV medium voltage electrical distribution networks (10 kV);
- Continuing the actions of developing the remote-control system in order to improve the quality of the distribution service;
- Continuation of actions for the development of the smart-meter system for household customers;
- Network modernization / construction works in order to ensure a sizing of the network capacity in accordance with the power required for the connection of future users;
- Modernization of transformer stations, transformer substations, medium voltage, and low voltage lines, in order to improve the quality of the distribution service

5. Personnel connected issues

The Company's human resources policy focuses on the following directions:

- The development of new activities or relatively recent legislative changes requires the adaptation and / or development of the competencies of existing staff; thus, the recruitments are also focused

on profiles that were not found in the Company until now, and the training plan was adapted accordingly (commercial quality improvement programs, etc.);

- Continuation of the Company's concerns for a culture of safety (defensive driving courses, Play Safe events), for the continuous improvement of processes and for the improvement of the internal knowledge transfer mode (Train of Trainers programs);
- Creating and applying new training programs dedicated to employees who have promoted in the management of the various departments, with emphasis on ENEL values and behaviors as well as on the application of modern leadership principles;
- Continuing the process of alignment with the group's policies, by updating the local documents (procedures, instructions) so as to ensure legislative compliance, group integration and, at the same time, the adequate and efficient functioning of the activities at local level; RACI matrices are used to clarify the processes and roles of managers.

In 2018, a new salary system was implemented in order to better cover the current needs for remuneration of performance, as well as to increase employee motivation, encourage competitiveness and increase involvement and the spirit of innovation.

6. Environmental issues

During 2018, the Company continued to carry out programs related to waste management, monitoring of environmental factors, reducing the level of pollution in all facilities, total environmental expenses amounting to approximately RON 1,202,876 (2018: 1,035,272).

Mainly, the expenditures were made for:

- Collection, transport and disposal of urban and assimilated waste (sanitation) amounting to 157,123;
- Collection and transport of wastewater, stormwater drainage, sewerage network (canal, rainwater) amounting to 79,195;
- Specific environmental taxes (Environmental fund 3%, tax for emissions from fixed sources - thermal power plants, approval fees) amounting to 57,701;
- Prevention of soil, subsoil and water pollution amounting to 237,512:
 - Collection, transport and disposal of hazardous waste (collection and disposal of emulsions, sludge, soil and stones);
 - Analyzes of mineral oil samples from EDB transformers;
 - Acquisition of biodegradable absorbent materials;
 - Water analysis;
 - Construction of 2 transformer retention tanks in Victoria and Bujac HT station;
- Internal training on environmental protection in the amount of 115,631;
- Expenses with the personnel dedicated to the environmental protection activity amounting to 510,751;
- ISO 14001 SRAC audit expenses amounting to 5,239;
- Expenditures for biodiversity protection (installation of stork nest supports, installation of electrical insulating sheaths to avoid electric shock to birds) amounting to 38,464;
- Acquisition of materials for environmental protection and equipment for monitoring environmental factors in amount of 1,260.

7. Risk management

As a risk management policy, the Company considers the following:

- identification of the major categories of risks existing within the Company and preparation of a risk assessment report;
- identification and implementation of periodic reporting methods regarding the Company's activity for monitoring the existing risks;
- implementation of risk assessment and monitoring models, defined at the level of the Enel Group.

8. Financial information

8.1 Main elements of Balance sheet as on 31 December 2019

	Balance at the beginning of the year	Balance at the end of the year
FIXED ASSETS		
I. INTANGIBLE ASSETS	28,927,336	25,288,787
II. TANGIBLE ASSETS	1,892,497,803	1,688,440,790
III. FINANCIAL ASSETS	16,529,684	16,529,684
FIXED ASSETS - TOTAL	1,937,954,823	1,730,259,261
CURRENT ASSETS		
I. INVENTORIES	1,840,605	2,499,387
II. RECEIVABLES	126,271,044	167,382,056
III. SHORT-TERM INVESTMENTS	-	-
IV. CASH AND BANK ACCOUNTS	1,292,718,197	1,287,661,918
CURRENT ASSETS - TOTAL	1,420,829,846	1,457,543,361
EXPENDITURE IN ADVANCE	1,362,258	1,079,971
DEBTS: AMOUNTS TO BE PAID WITHIN ONE YEAR	221,373,499	277,695,997
DEBTS: AMOUNTS TO BE PAID IN MORE THAN ONE YEAR	-	-
PROVISIONS	43,790,038	33,845,353
DEFERRED INCOME	409,451,044	435,595,308
CAPITAL AND RESERVES		
CAPITAL		
I. CAPITAL	382,153,800	382,153,800
II. CAPITAL REWARDS	9,146,618	9,146,618
III. RESERVES	1,127,138,025	1,126,885,940
IV. PROFIT OR LOSS CARRIED OUT	1,103,313,352	1,135,455,711
V. PROFIT OR LOSS OF THE FINANCIAL YEAR	82,779,432	(211,896,134)
VI. DISTRIBUTION OF PROFIT	18,998,881	
CAPITALS - TOTAL	2,685,532,346	2,441,745,935

8.2 Main items Profit and loss account for the financial year ended December 31, 2019

Item	Financial year ended December 31, 2017	Financial year ended December 31, 2018
OPERATING INCOME	550,529,840	533,694,897
OPERATING EXPENSES	463,154,406	746,917,820
PROFIT OR LOSS FROM OPERATION	87,375,434	(213,222,923)
FINANCIAL REVENUE	6,446,447	26,436,532
FINANCIAL EXPENSES	938,621	1,139,453
FINANCIAL PROFIT OR LOSS	5,507,826	25,297,079
TOTAL INCOME	556,976,287	560,131,429
TOTAL EXPENSES	464,093,027	748,057,273
GROSS PROFIT OR LOSS	92,883,260	(187,925,844)
INCOME TAX	10,103,828	23,970,290
NET PROFIT OR LOSS OF THE FINANCIAL YEAR	82,779,432	211,896,134

8.3 Economic and financial indicators

	2017	2018
1 Liquidity indicators		
Current liquidity indicator	6,45	5.25
Immediate liquidity indicator	6,44	5.24
2 Activity indicators		
Number of days of storage	159	101
Inventory turnover rate	2.29	1.68
Rotation speed of customer flows	114	122
Speed of credit-supplier rotation	119	148
Rotation speed of fixed assets	0,25	0.29
Rotation speed of total assets	0,14	0.16
3 Profitability indicators		
Return on capital (%)	3.46	n/a
Gross sales margin (%)	19.22	n/a

The turnover rate of supplier loans increased slightly due to the increase in debt to suppliers at the same time as the increase in the costs of purchasing goods. The increase in debts to suppliers was also generated by the increase in investments in the fourth quarter of 2018 compared to the fourth quarter of 2017.

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generated by the increase in investments in the fourth quarter of 2018 compared to the fourth quarter of 2017.

The turnover rate of customer receivables increased due to the increase in the average balance of receivables at a higher rate than the increase in the level of turnover.

The increase of the inventory turnover rate, respectively the decrease of the number of storage days was due to the significant increase of the goods' costs and of the expenses with the protection equipment, with a higher rate than the increase of the average stock.

The turnover rate of fixed assets as well as that of total assets increased slightly due to the increase in turnover while the assets registered a slight decrease.

9. Coverage of the loss related to the financial year ended on December 31, 2018

At the end of the 2018 financial year, the Company registered a total loss of 211,896,134. The Company's management propose to cover it by distribution to the carried forward income statement (account 117).

11. Events subsequent to the balance sheet date

In accordance with the provisions of the Privatization Contract applicable to the Company and those of Law no. 137/2002 regarding some measures for accelerating the privatization, the Company restarted the process of increasing the share capital with the value of the lands for which the Certificates of Attestation of the Right to Property ("CARP") were issued, after the privatization, as well as the rectification or obtaining certificates for the lands used by the Company, in order to increase the share capital.

At this moment, 191 land positions have been identified, which could be the subject of a future incorporation in the share capital. For 103 of them, respectively those for which CADPs were obtained issued by the Ministry of Industry and Resources on behalf of the privatized entity, namely FDFEE Electrica Banat SA, the Company launched during 2016 an operation to increase the share capital of the Subscriber, operation in progress on December 31, 2018.

The relevant legislation issued by the Romanian state before the privatization of Electrica Banat allowed the registration of lands in the Company's patrimony in return for the increase of the share capital (if there is the related property documentation) or in an equity account called Other funds (account 719), with a distinct analytical "Lands not included in the share capital". Following the successive legislative accounting changes, the balance of this capital account was taken over by a reserve account (1068 "Other reserves").

Any other increases of share capital will be made following the decisions of the Extraordinary General Meeting of Shareholders which will be adopted in this regard depending on the clarification of CARP owner, as well as the entity entitled to receive shares following the respective share capital increases.

Chairman of the Board of Directors:

Mr. Giorgios Stassis

Financial manager:

Mr. Maurizio Rastelli

Directors

Ms. Federico Panone

Mr. Alexandru Burcea

Mr. Eduardo Marcenaro

Mr. Robert Alexandru Andrei

Mr. Catalin Niculita

BALANCE SHEET					F10
As on 31.12.2018					
	Name of issue	MFO 3751/ 2019	Note No.	Current balance on	
				01.01.2018	31.12.2018
	B			1	2
A	FIXED ASSETS				
	I. INTANGIBLE ASSETS				
	1. Settlement expenses (acct. 201-2801)	01	01		
	2. Development expenses (acct. 201 - 2803-2903)	02	02		
	3. Concessions, patents, licenses, trademarks, rights and similar assets and other intangible assets (acct.205 + 208 - 2805 - 2808- 2905 - 2908)	03	03	28,927,336	25,288,787
	4. Goodwill (acct. 2071-2807-2907)	04	04		
	5. Intangible assets for the exploration and evaluation of mineral resources (acct. 206 - 2806 - 2907)	05	05		
	6. Advance payments (acct. 4094-1904)	06	06		
	TOTAL: (row 01 to 06)	07	07	28,927,336	25,288,787
	II. TANGIBLE ASSETS				
	1. Land and buildings (acct. 211 + 212 - 2811 - 2812 - 2912 - 2911)	08	08	1,310,421,036	1,088,141,970
	2. Technical and machinery installations (acct. 213 + 223 - 2813 - 2913)	09	09	512,972,954	490,345,657
	3. Other installations, machinery, and furniture (acct. 214 + 224 - 2814 - 2914)	10	10	3,694,730	4,326,607
	4. Real estate investment (acct.215-2815-2915)	11	11		
	5. Tangible assets in progress (acct. 235-2935)	12	12	65,409,083	105,626,556
	6. Real estate investments in progress (acct.235 - 2935)	13	13		
	7. Tangible assets for the exploration and evaluation of mineral resources (acct.216-2816-2916)	14	14		
	8. Productive biological assets (acct. 217 + 227 -2817 -2917)	15	15		
	9. Advances (acct. 4093-1903)	16	16		
	TOTAL: (row 08 to 16)	17	17	1,892,497,803	1,688,440,790
	III. FINANCIAL ASSETS				
	1. Shares in subsidiaries (acct. 261-2961)	18	18	16,500,000	16,500,000
	2. Loans to group's entities (acct. 2671 + 2672 -2964)	19	19		
	3. Shares held by associated entities and jointly controlled entities (acct.262 + 263 - 2962)	20	20	29,684	29,684
	4. Loans to associates and jointly controlled entities (acct.2673 + 2674-2965)	21	21		
	5. Other fixed assets (acct.265 - 2963)	22	22		
	6. Other loans (2675 + 2676 + 2677 + 2678 + 2679 -2966-2968)	23	23		
	TOTAL (row 18 to 23)	24	24	16,529,684	16,529,684
	FIXED ASSETS - TOTAL (row 07 + 17+ 24)	25	25	1,937,954,823	1,730,259,261
B	CURRENT ASSETS				
	I. INVENTORIES				
	1. Raw materials and consumables (acct. 301+321+302+322+303+323+/-308+351+358+381+328+/-388-391-392-3951-3958-398)	26	26	1,840,605	2,499,387
	2. Production in progress (acct.331 + 332 + 341 +/- 348 - 393 - 3941 - 3952)	27	27		

	3. Finished goods and commodities (acct. 345+346+/-348+354+ 356+357+361+326+/-368+371+327+/-378-3945-3946-3953- 3954-3956-3957-396-397-4428)	28	28		
	4. Advances (acct. 4091)	29	29		
	TOTAL (rows 26 to 29)	30	30	1,840,605	2,499,387
	RECEIVABLES				
	1. Commercial receivables (acct.2675+2676+2678+2679-2966-2968+4092+411+411+413+418-4902-491)	31	31	116,284,858	144,449,525
	2. Amounts receivable from affiliates entities (acct 451- 495)	32	32		
	3. Amounts receivable from associates and jointly controlled entities (acct 453 - 495)	33	33		
	4. Other receivables (425+4282+431+436+437+4382+441+4424+ + 4428+ 444 + 445 + 446+ 447+ 4482 +4582 + 461 + 473-496*+ 5187)	34	34	9,986,186	22,932,531
	5. Share Capital subscribed and not paid (acct. 456-495)	35	35		
	6. Receivables representing dividends distributed during the financial year (acct. 463)	36	35a		
	Total (rows 31 to 35+35a)	37	36	126,271,044	167,382,056
	II. SHORT-TERM INVESTMENTS				
	1.Shares in affiliates entities (acct.501-591)	38	37		
	2. Other short-term investments (acct.505 + 506 + 507 + 508 - 595 - 596 - 598 + 5113 + 5114)	39	38		
	Total (rows 37 to 38)	40	39		
	III. CASH AND BANK ACCOUNTS (acct. 5112 + 512 + 531 + 532 + 541 + 542)	41	40	1,292,718,197	1,287,661,918
	CURRENT ASSETS - TOTAL (rows 31 + 37 + 40 + 41)	42	41	1,420,829,846	1,457,543,361
C	DEFERRED EXPENSES (acct.471 + 474) (rows 44 + 45)	43	42	1,362,258	1,079,971
	Amounts to be repaid within a period of up to one year (out of acct 471)	44	43	1,362,258	1,079,971
	Amounts to be repaid longer than a period of one year (out of 471*)	45	44		
	TOTAL ASSETS				
D	DEBTS: AMOUNTS TO BE PAID WITHIN A PERIOD OF UP TO ONE YEAR				
	1. Loans from the bond issue (acct. 161 + 1681-169)	46	45		
	2. Amounts owed to credit institutions (acct.1621 + 1622 + 1624 +1625 + 1627 + 1682 + 5191 + 5192 + 5198)	47	46		
	3. Advances received on account of orders (acct. 419)	48	47	55,775,811	70,790,391
	4. Trade payables - suppliers (acct. 401 + 404 + 408)	49	48	146,446,607	188,537,318
	5. Trade payments effects (acct .403 + 405)	50	49		
	6. Amounts owed to group's entities (ct. 1661 + 1685 + 2691 + 451)	51	50		
	7. Amounts owed to associated entities and jointly controlled entities (acct. 1663 + 1686 + 2692 + 453)	52	51		
	8. Other liabilities, including tax and debts to social insurance (acct. 1623 + 1626 + 167 + 1687 + 2693 421+423+ 424 + 426 + 427 + 4281 + 431 + 436 + 437 + 4381 +441 + 4423 + 4428 + 444 + 446 + 447 + 4481 + 455+ 456 + 457 + 4581 + 462 + 4661+ 473 + 4761 + 509 +5186 + 5193 + 5194 + 5195 + 5196 + 5197)	53	52	19,151,081	18,368,288
	TOTAL (row 46 to 52)	54	53	221,373,499	277,695,997
E	NET CURRENT ACCOUNTS / NET CURRENT LIABILITIES (rows 41 + 43- 53- 70-73- 76)	55	54	1,171,566,926	1,132,633,614
F	TOTAL ASSETS MINUS CURRENT LIABILITIES (rows 25 + 44 +54)	56	55	3,109,521,749	2,862,892,875

G	LIABILITIES: AMOUNTS TO BE PAID IN A PERIOD LONGER THAN ONE YEAR				
	1. Loans from bond issues (acct. 161 + 1681-169)	57	56		
	2. Amounts owed to credit institutions (acct.1621 + 1622 + 1624 +1625 + 1627 + 1682 + 5191 + 5192 + 5198)	58	57		
	3. Advance payments for orders (acct. 419)	59	58		
	4. Trade payables - suppliers (acct.401 + 404 + 408)	60	59		
	5. Trade payments effects (acct. 403 + 405)	61	60		
	6. Amounts owed to group's entities (ct. 1661 + 1685 + 2691 + 451)	62	61		
	7. Amounts owed to associates and jointly controlled entities (acct.1663 + 1686 + 2692 + 453)	63	62		
	8. Other liabilities, including tax debts for social security (acct. 1623+1626+167+1687+2693 +421+423+424+426+427+4281+431+436+437+4381+441 +4423+4428+444+446+447+4481+455+456+4581+462+473+509+ 5186+5193+5194+5195+5196+5197)	64	63		
	TOTAL (row 56 to 63)	65	64		
H	PROVISIONS				
	1. Provisions for employees' benefits (acct.1515+1517)	66	65	29,831,871	26,981,249
	2.Provisions for taxes (1516)	67	66		
	3. Other provisions (1511 + 1512 + 1513 + 1514 + 1518)	68	67	13,958,167	6,864,104
	TOTAL PROVISIONS (rows 65 to 67)	69	68	43,790,038	33,845,353
I	DEFERRED INCOME				
	1. Investment grants (acct. 475) (row 70+71)	70	69	2,330,740	2,193,490
	Amounts to be repaid within a period of up to one year (out of acct.475 *)	71	70	137,248	123,722
	Amounts to be repaid over a period longer than one year (out of acct.475 *)	72	71	2,193,492	2,069,768
	2. Deferred income (acct.472) - total (row 74+75), out of which:	73	72		
	Amounts to be repaid within one year (acct.472 *)	74	73		
	Amounts to be repaid over a period longer than one year (acct.472 *)	75	74		
	3. Deferred income related to assets received by transfer from customers (acct. 478) (rows 76+77)	76	75	407,120,304	433,401,818
	Amounts to be repaid within a period of up to one year (out of acct.478 *)	77	76	29,114,431	48,169,999
	Amounts to be repaid over a period longer than one year (out of acct. 478 *)	78	77	378,005,873	3 85,231,819
	Negative goodwill (acct.2075)	79	78		
	TOTAL (rows 69+72+75+78)	80	79	409,451,044	435,595,308
J	CAPITAL AND RESERVES				
	I. CAPITAL				
	1. Paid-in subscribed capital (acct. 1012)	81	80	382,153,800	382,153,800
	2. Unpaid subscribed capital (acct. 1011)	82	81		
	3. Company's patrimony (acct. 1015)	83	82		
	4. The patrimony of the national research-development institutes (acct. 1018)	84	83		
	5. Other equity items (acct. 103)	85	84		
	TOTAL (row 81 to 84)	86	85	382,153,800	382,153,800
	II. CAPITAL's PREMIUMS (acct. 104)	87	86	9,146,618	9,146,618
	III. RESERVE FROM REVALUATION (acct. 105)	88	87	950,892,596	950,640,511
	IV. RESERVES				
	1. Legal reserves (acct. 1061)	89	88	76,430,760	76,430,760
	2. Statutory or contractual reserves (acct. 1063)	90	89		-

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(all amounts are in RON unless otherwise mentioned)

3. Other reserves (acct. 1068)	91	90	99,814,669	99,814,669	
TOTAL (row 88 to 90)	92	91	176,245,429	176,245,429	
Own shares (acct 109)	93	92			
Equity linked to equity instruments (acct. 141)	94	93			
Losses related to equity instruments (acct.149)	95	94			
V. RETAINED EARNINGS, (acct.117)	Balance C	96	95	1,103,313,352	1,135,455,711
	Balance D	97	96	0	0
VII. PROFIT OR LOSS OF THE EXERCISE (acct.121)	Balance C	98	97	82,779,432	0
	Balance D	99	98	0	211,896,134
The distribution of profit (acct. 129)	100	99	18,998,881		
OWN EQUITY – TOTAL (rows 85+86+87+91-92+93-94+95-96+97-98-99)	101	100	2,685,532,346	2,441,745,935	
Private patrimony (acct. 1016)	102	101			
Public patrimony (acct.1017)	103	102			
EQUITY- TOTAL (row100+ 101+ 102) (row25+41+42-53-64-68-79)	104	103	2,685,532,346	2,441,745,935	

*) Accounts to be distributed according to the nature of the respective elements.

**) Debit balances of the respective accounts.

***) Credit balances of the respective accounts

1) The amounts entered in this line and taken from account 2675 to 2679 represent the receivables related to financial leasing contracts and other assimilated contracts, as well as other fixed receivables, due in a period of less than 12 months.

2) The provisions of the Order of the Minister of Public Finance and of the Minister Delegate for Budget no. 668/2014 for the approval of the Specifications regarding the elaboration and updating of the centralized inventory of the real estate, private property of the state and of the real rights subject to the inventory, with the subsequent modifications and completions

DIRECTOR,
Federico Panone
General Manager

PREPARED BY,
Maurizio Rastelli
Economic Manager

PROFIT AND LOSS ACCOUNT			
AS ON 31.12.2018			
Item	Row	Financial exercise	
		2017	2018
A	B	1	2
1.Net turnover (rd. 02 + 03 - 04 +06)	01	483,205,577	495,380,062
Production sold (acct.701 + 702 + 703 + 704 + 705 + 706 + 708)	02	480,104,064	488,867,195
Income from the sale of goods (acct. 707)	03	3,101,513	6,512,867
Commercial discounts granted (acct.709)	04		
Interest income registered by the entities deregistered from the General Register and which still have leasing contracts in progress (ct.766 *)	05		
2.Revenues from operating grants related to turnover (acct.7411)	06		
Income related to the cost of production in progress (acct. 711 + 712)	Balance C	07	
	Balance D	08	
3.Income from the revaluation of tangible and intangible assets (acct. 721+755)	09	9,757,650	12,428,019
4. Revenues from the revaluation of tangible assets (ct. 755)	10	33,289,585	
5.Revenue from real estate investments (acct. 725)	11		
6.Income from operating grants (acct.7412 + 7413 + 7414 + 7415 + 7416 + 7417 + 7419)	12		
7.Other operating income (751+758+7815), of which	13	24,277,028	25,886,816
- revenue from negative goodwill (acct 7815)	14		
-revenue from investment grants (acct. 7584)	15	20,411,914	20,351,576
OPERATING REVENUES – TOTAL (row 01+07-08+09+10+11+12+13)	16	550,529,840	533,694,897
8.a)Expenditure on raw materials and consumables (acct. 601 + 602)*	17	6,089,314	6,294,545
Other material expenses (acct. 603+604+606+608)	18	146,396,557	136,111,637
b) Other external expenditures (with energy and water) (acct.605)	19	4,813,974	4,909,811
c) Expenditure on goods (acct. 607)	20	2,842,571	5,190,048
Trade receipts received (acct.609)	21	20,502	2,927
9.Personnel costs (row 23+24), out of which:	22	69,935,611	72,134,715
a) Salaries and allowances (acct. 641+642+643+644)	23	56,081,151	68,979,613
b) Expenditure on insurance and social protection (acct.645)	24	13,854,460	3,205,102
10.a) Value adjustments on intangible assets, tangible assets (rows 26-27)	25	133,793,564	413,500,360
a.1) Expenses (acct.6811 + 6813 + 6816 + 6817)	26	135,409,097	413,500,360
a.2) Income (acct.7813 + 7816)	27	1,615,533	
b) Value adjustments for current assets (rows 29-30)	28	8,420,091	7,846,566
b.1) Expenditure (acct.654 + 6814+6818)	29	12,574,581	9,547,908
b.2) Revenues (acct.7813+7818)	30	4,153,890	1,701,342
11.Other operating expenses (row 32 to 38)	31	104,533,445	110,877,752
11.1. Expenditure on external benefits (acct. 611 + 612 + 613 + 614 +615 + 621 + 622 + 623 + 624 + 625 + 626 + 627 + 628)	32	80,068,569	93,948,986
11.2. Expenses with other fees, taxes, and similar charges (acct. 635 + 6586)*	33	6,820,758	7,616,807

11.3. Environment protection expenditures (acct.652)	34	208,457	241,060
11.4. Expenses from revaluation of intangible assets (acct. 655)	35	14,276,537	
11.5 Expenditure on calamities and other similar events (acct.6587	36		
11.6. Other expenses (acct.651 + 6581 + 6582 + 6583 +6588)	37	3,159,124	9,070,899
Expenditures with refinancing interests registered by the entities deregistered from the General Register and which still have ongoing leasing contracts (acct.666 *)	38		
Adjustments for provisions (rows 40-41)	39	-13,650,819	-9,944,687
- Expenditure (acct. 6812)	40	12,099,255	6,907,988
- Income (7812)	41	25,750,074	16,852,675
OPERATING EXPENSES - TOTAL (rows 17 to 20 - 21 +22 + 25 + 28 + 31 + 39)	42	463,154,406	746,917,820
OPERATING PROFIT OR LOSS:			
-Profit (row 16-42)	43	87,375,434	0
- Loss (row 42-16)	44	0	213,222,923
12.Income from shares in associated entities and controlled jointly entities (acct.7611+7612+7613)	45	727,618	453,242
- of which, the income from affiliated entities	46		
13.Interest income (acct.766 *)	47	5,459,356	25,125,996
- of which, the income affiliated entities	48		
14.Income from operating grants for interest due (acct. 7418)	49		
15.Other financial income (acct. 762+764+765+767+768+7615)	50	259,473	857,294
Of which revenues from financial assets (acct7615)	51		
FINANCIAL REVENUE - TOTAL (row 45 + 47 + 49 + 50)	52	6,446,447	26,436,532
16.Value adjustments on financial assets and financial investments held as current assets (rows 54-55)	53		
-Expenditures (acct,686)	54		
-Income (acct,786)	55		
17.Interest Expenses (acct,666 *)	56		
- of which, the expenses in relation to the entities in the group	57		
Other financial expenses (acct,663 + 664 + 665 + 667 + 668)	58	938,621	1,139,453
FINANCIAL EXPENDITURE - TOTAL (row 53 + 56 + 58)	59	938,621	1,139,453
FINANCIAL PROFIT OR LOSS):			
- Profit (row 52-59)	60	5,507,826	25,297,079
- Loss (rows 59-52)	61	0	0
TOTAL REVENUE (row 16 + 52)	62	556,976,287	0
TOTAL EXPENDITURE (row 42 + 59)	63	464,093,027	187,925,844
18.GROSS PROFIT OR LOSS:			
- Profit (rows 62-63)	64	92,883,260	0
- Loss (rows 63-62)	65	0	187,925,844
19.Income tax (acc, 691)	66	10,103,828	23,970,290
20.Tax-specific activities (acct. 695)	67		
21. Other taxes not shown above (ct.698)	68		
22. NET PROFIT OR LOSS OF THE FINANCIAL YEAR:			
- Profit (rd. 64 - 65 - 66 - 67 - 68)	69	82,779,432	0
- Loss (rd. 65 + 66 + 67 + 68 - 64)	70	0	211,896,134

Report of the Directors

(all amounts are in RON unless otherwise mentioned)

*) Accounts to be distributed according to the nature of the respective elements.

Line 23 - also includes the rights of the collaborators, established according to the labor legislation, which are taken from the debit turnover of the account 621. Expenses with the collaborators ", analytically" Individual collaborators ".

DIRECTOR,
Federico Panone
General Manager

PREPARED BY,
Maurizio Rastelli
Economic Manager

**INFORMATIVE DATA
On 31.12.2018**

- Ron -

1. Data regarding registered result	Row MFO 10/2019	Row	No. of units	Amounts	
A		B	1	2	
Units with profit	01	01			
Units with losses	02	02		211,896,134	
Units with no profit and no losses	03	03			
II Data regarding due payments	Row		Total, out of which:	For current activity	For investment activity
A	B		1=2+3	2	3
Due payments-total (row 05 +09 + 15 to 17+18)	04	04	33,700,172	26,081,426	7,618,746
Outstanding suppliers - total (row 06 to 08)	05	05	33,700,172	26,081,426	7,618,746
- over 30 days	06	06	7,562,050	7,264,735	297,315
- over 90 days	07	07	11,184,582	6,788,884	4,395,698
- over 1 year	08	08	14,953,540	12,027,807	2,925,733
Outstanding liabilities to social security - total (row 10 to 14)	09	09			
- contributions to state social insurance paid by employers, employees and other assimilated persons	10	10			
- Contributions to social security health fund	11	11			
- Contribution to supplementary pension	12	12			
- Contributions for unemployment	13	13			
- Other social debts	14	14			
Outstanding liabilities to special funds and other funds	15	15			
Outstanding obligations to other creditors	16	16			
Taxes not paid on time to the state budget	17	17			
- Contribution for work	18	17a			
Taxes not paid to on time to local budgets	19	18			
III. Average number of employees	Row		30.12.2017		30.12.2018
A		B	1		2
Average number of employees	20	19	750		717
The actual number of existing employees at the end of financial exercise, December 31	21	20	725		709

A	Row	Amounts (RON)
	B	1
Royalties paid during the reporting period, grants received and due receivables	22	21
- royalties for the public goods paid from the state budget	23	22
Mining royalties paid to the state budget	24	23
Oil royalties paid to the state budget	25	24
Rent paid during the reporting period for lands 1)	26	25
Gross income from paid services by non-residents, including:	27	26
- income tax to the state	28	27
Gross income from paid services by non-residents in Member States of the European Union, including:	29	28
- income tax to the state	30	29
Subsidies received during the reporting period, including:	31	30

subsidies received during the reporting period related to assets	32	31		
subsidies related to income, of which:	33	32		
subsidies to stimulate employment **)	34	33		
Outstanding claims that have not been received within the time limits provided in commercial contracts and / or legislation in force, including:	35	34		
outstanding receivables from entities in the majority or wholly state-owned	36	35		92,543,381
outstanding claims from private sector entities	37	36		
V. Meal vouchers to employees				92,543,381
The value of meal vouchers to employees	38	37		
The equivalent value of the vouchers granted to other categories of beneficiaries, other than employees	39	37a		
			Row	30.12.2017
				30.12.2018
VI. Costs incurred for research – development activity***)				
A			B	
				1
				2
Costs incurred for research - development, including:	40	38		
- After the financing source (row 40+41)	41	39		0
- from public funds	42	40		
- from private funds	43	41		
- After the nature of expenses (row 43+44)	44	42		0
- Current expenses	45	43		
- Capital expenses	46	44		
VII. Innovation costs ***)				30.12.2017
				30.12.2018
Innovation costs	47	45		
VIII. Other Information				30.12.2017
				30.12.2018
Advance payments for intangible assets (acct. 4094)	48	46		
- advances granted to non-resident non-affiliated entities for intangible assets (from ct. 4094)	49	46a		
- advances granted to non-resident affiliated entities for tangible assets (from ct. 4093)	50	46b		
Advance payments for tangible assets (acct. 4094)	51	47		
- advances granted to non-resident non-affiliated entities for intangible assets (from ct. 4094)	52	47a		
- advances granted to non-resident affiliated entities for tangible assets (from ct. 4093)	53	47b		
Financial assets, in gross amounts (row 49+54)	54	48		8,894
Shares in affiliated subsidiaries, equity, other investments and bonds as gross amounts (row 50+51+52+53)	55	49		
- non-quoted shares issued by residents	56	50		
- shares issued by residents	57	51		
- shares and social parts issued by non-residents	58	52		
- Holdings of at least 10%	59			
- bonds issued by non-residents	60	53		
Receivables, as gross amounts (row 55+56)	61	54		8,894
- receivables in RON and expressed in RON, whose settlement is made on the rate of a currency (of acct. 267)	62	55		8,894
- foreign currency receivables (from acct. 267)	63	56		
Trade receivables, advances to suppliers and other similar accounts, as gross amounts (acct. 4091+4092 + 411 +413 + 418), including:	64	57	149,224,362	183,538,591
- trade receivables in relation to non-resident affiliates, advances for purchases of goods of the nature of stocks and for the provision of services granted to non-resident	65	58		

affiliated suppliers and other assimilated accounts, in gross amounts in relation to non-resident affiliates (from acct. 4091 + from acct. 4092 + from acct. 411 + from acct.413 + from acct.418)				
- trade receivables in relation to non-resident affiliates advances for purchases of goods such as inventories	66	58a	109,078	161,400
Uncollected trade receivables in arrears (from acct. 4092 + from acct. 411 + from acct. 413)	67	59	34,734,740	71,685,641
Claims in relation to employees and similar accounts (acct. 425 + 4282)	68	60	15,530	34,120
Claims in relation to social security and state budget (acct. 431 + 437 + 4382 + 441 + 4424 + 4428 + 444 + 445 + 446 + 447 + 4482), (row 62 to 66)	69	61	350,502	826,830
- claims in relation to social security budget (acct.431 +437+4382)	70	62	350,502	803,830
- tax claims in connection to State budget (acct. 436+441 +4424+4428+444+446)	71	63		
- grants receivable (acct.447)	72	64		
- special funds - taxes and similar payments (acct.447)	73	65		
- other claims in connection to state budget (acct.4482)	74	66		23,000
Claims of the entity in relationships with affiliated entities (acct.451)	75	67		
- receivables from non-resident affiliates (from acct. 451)	76	68		
- trade receivables from non-resident affiliates (from acct. 451), of which:	77	69		
-Claims in relation to social security and uncollected state budget on set deadline (from acct. 431 + from acct. 437 + from acct. 4382 + from acct. 441 + from acct. 4424 + from acct. 4428 + from acct. 444 + from acct. 445 + from acct. 446 + from acct. 447 + from acct. 4482)	78	70		
Other claims (acct. 453 + 456 + 4582 + 461 + 471 + 473), (row 101 to 103)	79	71	13,839,286	24,294,229
- Settlements on participating interests, settlement with shareholders / associates regarding capital, settlement on venture operations (acct.453+456+4582)	80	72		
- other receivables related to natural and legal persons other than claims in connection with public / state institutions) (from acct. 461 + from acct. 471 + from acct.473)	81	73	13,831,827	24,276,070
- amounts taken from account 542, representing cash advances granted by law and not settled until June 30 (from acct. 461)	82	74	7,459	18,159
Interest receivable (acct. 5187) , including:	83	75	2,143,996	5,262,026
- from non residents	84	76		
The loans granted to economic operators *****)	85	77		
Short-term investments as gross amounts (acct. 501 + 505 + 506 + from acct.508), row 79 to 82)	86	78		
- non-quoted shares issued by residents	87	79		
- shares issued by residents	88	80		
- bonds issued by non-residents	89	81		
- shares issued by collective investment	90	82		
Other amounts receivable (acct. 5113 + 5114)	91	83		
Cash in RON and foreign currency (row 85+86)	92	85		
-in RON (acct.5311)	93	86		
-in foreign currency (acct.5314)	94	87		
Current accounts with banks in domestic and foreign currency (row 88+90)	95	87	1,292,609,672	1,287,581,423
-in RON (acct. 5121), of which:	99	88	1,292,587,262	1,287,475,609
- current accounts with nonresident banks in RON	97	89		
-in foreign currency (acct. 5124), of which:	98	90	22,410	105,814
- Current accounts at nonresident banks in foreign currency	99	91		
Other current accounts with banks and letters of credit, (rd.93 + 94)	100	92	108,525	80,495
- amounts being settled, letters of credit and other receivables, in lei (ct. 5112 + from ct. 5125 + 5411)	101	93	108,525	80,495
- amounts in settlement and letters of credit in foreign currency (from ct. 5125+ 5414)	102	94		
Liabilities (row 96 + 99+102+103 + 106 + 108+110+111 + 116 + 119+122 + 128)	103	95	628,493,803	711,097,816

Short-term external bank loans (loans received from non-resident financial institutions for which the duration of the credit agreement is less than 1 year) from acct. 519), (row 97 + 98)	104	96		
- in RON	105	97		
-in foreign currency	106	98		
Long-term external bank loans (loans received from non-resident financial institutions for which the duration of the credit agreement is longer than or equal to 1 year (from acct. 162), (row 100 + 101)	107	99		
- in RON	108	100		
-in foreign currency	109	101		
Loans from the state treasury and related interest (acct. 1626 + acct. 1682)	110	102		
Other loans and related interest (acct. 166+ 167 + 1685 + 1686 + 1687) (row 104+105)	111	103		
- in RON and expressed in RON, whose settlement is made on the rate of a currency	112	104		
- in foreign currency	113	105		
Other loans and similar liabilities (ct. 167), of which:	114	106	598,159	561,513
-the value of the concessions received (from ct. 167)	115	107		
Trade payables, advances received from customers and other similar accounts, in gross amounts (acct. 401 + 403 + 404 + 405 + 408 + 419), of which:	116	108	202,222,418	259,327,709
- trade payables in relation to non-resident non-affiliated entities, advances received from non-resident non-affiliated customers and other assimilated accounts, in gross amounts in relation to non-resident non-affiliates (from ct. 401 + from ct. 403 + from ct. 404 + from ct. 405 + from ct 408 + from ct 419)	117	109		16,171,147
- trade payables in relation to non-resident affiliates, advances received from non-resident affiliates and other similar accounts, in gross amounts in relation to non-resident affiliates (from ct. 401 + from ct. 403 + from ct. 404 + from ct. 405 + from ct. 408 + from ct. 419)	118	109a	48,598,193	56,256,184
Liabilities related to personnel and similar accounts (acct. 421 + 423 + 424 + 426 + 427 + 4281)	119	110	2,424,589	2,448,014
Debts related to the social insurance budget and the State budget (ct. 431 + 436 + 437+ 4381 +441 +4423 + 4428 + 444 + 446 + 447 + 4481) (lines 112 to 115)	120	111	11,006,773	9,160,975
-liabilities related to the social insurance budget (acct.431 + 437 + 4381)	121	112	2,280,759	2,737,820
-- fiscal liabilities in connection with the state budget (ct.436 + 441 + 4423 + 4428 + 444 + 446)	122	113	8,264,759	5,949,974
-special funds - taxes and similar payments (acct.447)	123	114	461,255	473,181
- other liabilities in connection to State budget (acct.4481)	124	115		
Liabilities in relationships with affiliated entities (acct.451)	125	116		
- debts with non-resident affiliated entities 2) (from ct. 451), of which:	126	117		
- with an initial maturity of more than one year	127	118		
- trade payables with non-resident affiliates regardless of maturity (from ct. 451)	128	118a		
Amounts due to shareholders / associates (acct.455)	129	119		
- amounts due to shareholders / associates natural entities	130	120		
- amounts due to shareholders / associates legal entities	131	121		
Other liabilities (acct. 453 + 456 + 457 + 4581 + 462 + 472 + 473 + 478 + 269 + 509) row (158 to 162)	132	122	412,241,864	439,599,605
- settlements of participation interest, settlements with shareholders / associates capital, venture settlement operations (acct.453+456+457+4581)	133	123		
- subsidies which were not resumed (from acct. 472)	134	124	5,121,560	6,197,787
- payments to be made for financial fixed assets and short-term investments (ct.269 + 509)	136	125		
- advance income related to assets received by transfer from customers (ct. 478)	137	126	407,120,304	433,401,818
Interests to be paid (acct. 5186)	138	127		
To non-residents	139	128		
The loans received from operators *****)	140	128a		
Subscribed capital (acct. 1012), of which:	141	129	382,153,800	382,153,800
- listed shares 2)	142	130		
-non listed shares 3)	143	131	382,153,800	382,153,800
- social parts	144	132		
Capital subscribed and paid in by non-residents (from acct. 1012)	145	133		

Patents and licenses (from acct. 205)	146	134				
IX. Information on collaborators' expenses			31.12.2017	31.12.2018		
Information on collaborators expenses (acct. 621)	147	136	92,400	118,440		
X. Information on assets in the public domain			31.12.2017	31.12.2018		
The value of goods in the public domain under management	148	137				
The value of goods in the public domain in concession	149	138				
The value of goods in the public domain leased	150	139				
XI. Information regarding the goods from the private property of the state subject to inventory cf. OMFP no. 668/2014			31.12.2017	31.12.2018		
Net accounting value of goods 6)						
			Amount (RON)	% 7)	Amount (RON)	% 7)
A	B	Col.1	Col.2	Col.3	Col.4	
Paid-in share capital (ct. 1012) 7 /, (row 142 + 145 + 149 + 150 + 151 + 152)	152	141	382,153,800	X	382,153,80	X
- owned by public institutions, (rd. 143 + 144)	153	142				
- owned by public institutions of central subordination	154	143				
- owned by public institutions of local subordination	155	144				
- owned by state-owned companies, of which:	156	145	95,035,020	24,87	95,035,020	24,87
- with full state capital	157	146	95,035,020	24,87	95,035,020	24,87
- with majority state capital	158	147				
- with state minority capital	159	148				
- owned by autonomous companies	160	149				
- owned by companies with private capital	161	150	287,118,780	75,13	287,118,78	75,13
- owned by natural persons	162	151				
- owned by other entities	163	152				
			Amounts (RON)			
A	B	2017		2018		
XIII. Dividends / payments due to the state or local budget, to be distributed from the profit of the financial year by national companies, national companies, companies and autonomous regies, of which:	164	153				
- to central public institutions;	165	154				
- to local public institutions;	166	155				
- to other shareholders in which the state / territorial administrative units / public institutions directly / indirectly hold shares or participations! regardless of their share.	167	156				
XIV. Dividends / payments due to the state or local budget and transferred during the reporting period from the carried forward profit of national companies, national companies, companies and autonomous utilities, of which:	168	157				
- dividends / payments from the profit of the previous financial year, from which transfers:	169	158				
- to central public institutions	170	159				
- to local public institutions	171	160				
- to other shareholders in which the state / territorial administrative units / public institutions directly / indirectly hold shares or participations regardless of their share.	172	161				
- dividends / payments from the profit of the financial years prior to the previous year, of which transferred:	173	162				
- to central public institutions	174	163				
- to local public institutions	175	164				
- to other shareholders in which the state / territorial administrative units / public institutions directly / indirectly hold shares or participations regardless of their share	176	165				
XV. Dividends distributed to shareholders / associates from retained earnings			2017	2018		
Dividends distributed to shareholders / associates during the reporting period	177	165a				

XVI. Interim dividend distributions according to Law no. 163/2018		No.	2017	2018
- interim dividends distributed		<i>B</i>		
XVII. Receivables taken over by assignment from legal entities *****)	178	166	2017	2018
Receivables taken over by assignment from legal entities (at nominal value), of which:	179	167		
- receivables taken over by assignment from affiliated legal entities	180	168		
Receivables taken over by assignment from legal entities (at acquisition cost), of which:	181	169		
- receivables taken over by assignment from affiliated legal entities		No.		
XVIII. Income from agricultural activities*****)		<i>B</i>	2017	2018
Income from agricultural activities	182	170		

DIRECTOR,
Federico Panone
General Manager

PREPARED BY,
Maurizio Rastelli
Economic Manager

*) Subsidies for stimulating employment (transfers from the state budget to the employer) - represent the amounts granted to employers to pay graduates of educational institutions, stimulating the unemployed who are employed before the expiration of the unemployment period, stimulating employers who are employed for an indefinite period unemployed persons over 45 years of age, unemployed single family members or unemployed persons who within 3 years from the date of employment meet the conditions to request a partial early retirement pension or to grant an old-age pension or for other situations provided by the legislation in force on the unemployment insurance system and the stimulation of employment.

**) It will be completed with the expenses incurred for the research-development activity, respectively the fundamental research, the applicative research, the technological development, and the innovation, established according to the provisions of the Government Ordinance no. 57/2002 on scientific research and technological development, approved with amendments and completions by Law no. 324/2003, with subsequent amendments and completions. Expenditure will be completed in accordance with Implementing Regulation (EU) no. 995/2012 of the Commission of 26 October 2012 establishing the rules for the implementation of Decision no. 1.608 / 2003 / EC of the European Parliament and of the Council on the production and development of Community statistics in the field of science and technology, published in the Official Journal of the European Union, L series, no. 299 / 27.10.2012.

***) To be completed with the expenses incurred for the innovation activity according to the Implementing Regulation (EU) no. 995/2012 of the Commission of 26 October 2012 establishing the rules for the implementation of Decision no. 1.608 / 2003 / EC of the European Parliament and of the Council on the production and development of Community statistics in the field of science and technology, published in the Official Journal of the European Union, L series, no. 299 / 27.10.2012.

****) The category of economic operators does not include the entities regulated and supervised by the National Bank of Romania, respectively the Financial Supervision Authority, the reclassified companies in the public administration sector and the non-profit institutions in the service of households.

*****) For the receivables taken over by assignment from legal entities, both their nominal value and their acquisition cost will be completed.

For the status of 'affiliated legal entities', the provisions of art. 7 pt. 26 lit. c) and d) of Law no. 227/2015 on the Fiscal Code, with subsequent amendments and completions.

« » **) according to art. 11 of the Delegated Regulation (EU) no. 639/2014 of the Commission of 11 March 2014 supplementing Regulation (EU) no. Regulation (EC) No 1307/2013 of the European Parliament and of the Council laying down rules on direct payments to farmers under support schemes under the common agricultural policy and amending Annex X to that Regulation,

(1) ..income from agricultural activities is income obtained by a farmer from his agricultural activity within the meaning of Article 4 (1) (c) of that Regulation (R (EU) 1307/2013), on his holding, including Union support from the European Agricultural Fund. Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD), as well as any national aid granted for agricultural activities, with the exception of complementary national direct payments Pursuant to Articles 18 and 19 of Regulation (EU) No 1095/2010. 1307/2013.

Revenue from the processing of agricultural products within the meaning of Article 4 (1) (d) of Regulation (EU) No 182/2011 1307/2013 of the holding are considered as income from agricultural activities provided that the processed products remain the property of the farmer and that such processing results in another agricultural product within the meaning of Article 4 (1) (d) of Regulation (EU)) no. 1307/2013.

Any other income is considered income from non-agricultural activities.

2. For the purposes of paragraph 1, 'revenue' means gross revenue, before deduction of related costs and taxes.

1) Rents paid for occupied land (agricultural crops, pastures, hayfields, etc.) and related to commercial spaces (terraces, etc.) belonging to private owners or public administration units will be included, including rents for the use of water lustre for recreational purposes or for other purposes (fishing, etc.).

2) The value entered in the row 'debts with non-resident affiliated entities (from ct.451), of which:' It is NOT calculated by summing the values from the rows "with an initial maturity of more than one year 'and' trade payables with non-resident affiliated entities regardless of maturity (from ct.451) '.

3) In the category 'Other debts in connection with natural persons and legal persons, other than debts in connection with public institutions (state institutions), the subsidies related to the existing incomes in the balance of account 472 will not be included.

4) Securities that confer property rights over companies, which are negotiable and tradable, according to the law.

5) Securities that confer property rights on companies that are not traded.

6) It will be completed by the economic operators affected by the provisions of the Order of the Minister of Public Finance and of the Minister Delegate for Budget no. 668/2014 for the approval of the Specifications regarding the elaboration and updating of the centralized inventory of the real estate privately owned by the state and of the real rights subject to the inventory, with the subsequent modifications and completions.

7) In the section 'XII Spilled share capital' at row 61 -171 in col. 2 et al. 4 entities will enter the percentage corresponding to the share capital held in the total paid-up share capital registered at row 160.

8) This line includes the dividends distributed according to Law no. 163/2018 for the amendment and completion of the Accounting Law no. 82/1991, amending and supplementing the Companies Law no. 31/1990, as well as the amendment of Law no. 1/2005 regarding the organization and functioning of the cooperation.

STATUS OF FIXED ASSETS						
As of 31.12.2018						
						RON
Items of fixed assets	R O w	Gross values				
		Initial balance	Increase	Decrease		Final balance (col.5=1+2-3)
				Total	Of which: discharging and scrapping	
A	B	1	2	3	4	5
I. Intangible assets						
Establishment expenses and development expenses	01				X	
Other fixed assets	02	75,386,686	4,550,655		X	79,937,341
Advance payments for intangible assets	03				X	
Intangible assets for exploration and evaluation of mineral	04				X	
TOTAL (row 01 to 04)	05	75,386,686	4,550,655		X	79,937,341
II. Tangible assets						
Lands	06	35,501,732	1,719,892	3,249	X	37,218,375
Buildings	07	1,274,919,304	93,807,585	898,606		1,367,828,283
Technical installations and	08	512,972,954	63,462,111	40,773		576,394,292
Other installations, machinery and furniture	09	3,694,730	1,124,250			4,818,980
Real estate investments	10					
Tangible assets for exploration and evaluation of mineral	11					
Productive biological assets	12					
Tangible fixed assets in progress	13	65,836,057	42,050,510			107,886,567
Real estate investments in progress	14					
Advances granted for tangible fixed assets	15					
TOTAL (row 06 to 15)	16	1,892,924,777	202,164,348	942,628		2,094,146,497
III. Financial assets	17	16,529,684			X	16,529,684
FIXED ASSETS – TOTAL(row 05+16+17)	18	1,984,841,147	206,715,003	942,628		2,190,613,522

Items of fixed assets	Row	Initial balance	Depreciation during the year	Depreciation related to fixed assets removed from the record	Depreciation at the end of the year (col.9=6+7-8)
A	B	6	7	8	9
1. Intangible assets					
Establishment expenses and development expenses	19				
Other fixed assets	20	46,459,350	8,161,114		54,620,464
Intangible assets for exploration and evaluation of mineral resources	21				
TOTAL (row 19+20+21)	22	46,459,350	8,161,114		54,620,464
II. Tangible fixed assets					
Lands	23				
Buildings	24		87,595,602	20,625	87,574,977
Technical installations and machines	25		82,896,672	11,798	82,884,874
Other machinery and furniture installations	26		492,373		492,373
Real estate investments	27				
Tangible assets for exploration and evaluation of mineral	28				
Productive biological assets	29				
TOTAL (row 23 to 29)	30		170,984,647	32,423	170,952,224
DEPRECIATIONS - TOTAL (row22+30)	31	46,459,350	179,145,761	32,423	225,572,688

Report of the Directors

(all amounts are in RON unless otherwise mentioned)

Items of fixed assets	Row	Initial balance	Adjustments made during the year	Adjustment resumed in revenue	Final balance (col. 13=10+11-12)
A	B	10	11	12	13
1. Intangible assets					
Establishment expenses and development expenses	32				
Other fixed assets	33		28,090		28,090
Intangible assets for exploration and evaluation of mineral resources	34				
TOTAL (row 32 to 34)	35		28,090		28,090
Tangible assets					
Lands	36				
Buildings	37		229,329,711		229,329,711
Technical installations and machines	38		3,163,761		3,163,761
Other installations, machinery and furniture	39				
Real estate investments	40				
Tangible assets for exploration and evaluation of mineral resources	41				
Productive biological assets	42				
Tangible fixed assets in progress	43	426,974	1,833,037		2,260,011
Real estate investments in progress	44				
TOTAL (row 36 to 44)	45	426,974	234,326,509		234,753,483
III. Financial assets	46				
DEPRECIATION ADJUSTMENTS - TOTAL (row .35+45+46)	47	426,974	234,354,599		234,781,573

DIRECTOR,
Federico Panone
General Manager

PREPARED BY,
Maurizio Rastelli
Economic Manager

According to the provisions of pet. 1.11 paragraph 4 of Annex no. 1 to OMF no.58 / 14.01.2021, in order to submit the annual financial statements for the financial year 2020 on paper and in electronic format or only in electronic form, signed with a qualified digital certificate, the zip file will also contain the first page of the annual financial statements listed with the help of the assistance program elaborated by the Ministry of Public Finance, signed and scanned in black and white, legible".

Provisions regarding the obligations of economic operators regarding the preparation of annual reports provided by the accounting law

A. preparation of annual reports

1. Annual financial statements, according to art. 28 para. (1) of the accounting law:

- submission deadline -150 days from the end of the financial year;

2. Annual accounting reports, according to art. 37 of the accounting law:

- submission deadline -150 days from the end of the financial year, respectively of the calendar year
- entities that submits annual accounting reports:
 - the entities that apply the Accounting Regulations comply with the International Financial Reporting Standards, approved by OMFP no. 2,844 / 2016, with subsequent amendments and completions;
 - entities that have opted for a financial year other than the calendar year;
 - the subunits opened in Romania by companies resident in states belonging to the European Economic Area
 - legal entities under liquidation, according to the law - within 90 days from the end of the calendar year.

They submit annual financial statements and annual accounting reports:

- entities that apply the Accounting Regulations comply with the International Financial Reporting Standards, approved by OMFP no. 2,844 / 2016, with subsequent amendments and completions; and
- entities that have opted for a financial year other than the calendar year.

3. Declaration of inactivity, according to art. 36 para. (2) of the accounting law, submitted by the entities that did not carry out activity from settlement until the end of the financial reporting year:

- submission deadline - 60 days from the end of the financial year

B. Correction of errors included in the annual financial statements and annual accounting reports - can be performed only under the conditions of the Procedure for correction of errors contained in the annual financial statements and annual accounting reports submitted by economic operators and non-profit legal entities, approved by OMFP no. 450/2016, with subsequent amendments and completions.

Accounting errors, as defined by the applicable accounting regulations, shall be corrected in accordance with those regulations. As a result, in case of their correction, no other set of corrected annual financial statements / annual accounting reports can be submitted.

C. The reporting method in case of returning to the calendar year, after choosing a financial year different from the calendar year, according to art. 27 of the accounting law

Whenever the entity chooses a financial year different from the calendar year, the provisions of art. VI para. (1) - (6) of OMFP no. 4,160 / 2015 regarding the modification and completion of some accounting regulations.

In case of return to the calendar year, the accounting law does not provide for the submission of any notification in this regard.

According to the provisions of art. VI para. (7) of the said order, if the entity changes its chosen date for the preparation of annual financial statements so that the reporting year becomes the calendar year, the balance sheets reported starting with the next financial year¹⁾ refer to January 1, respectively December 31, and the turnovers of the income and expenditure accounts correspond to the current financial year²⁾, respectively to the financial year preceding the reporting year.

For example, if a company that had a fiscal year other than the calendar year chooses to return to the calendar year beginning January 1, 2021, it prepares accounting reports as follows:

- for December 31, 2020 - annual accounting reports;
- for December 31, 2021-annual financial statements.

D. The accounting of the amounts received from the shareholders / associates - is performed in the account 455³⁾. Amounts due to the shareholders / associates".

If the loans are received from affiliated entities, their equivalent value is recorded in account 451 "Settlements between affiliated entities".

¹⁾ This refers to the first financial year for which the annual financial statements are restated at the level of a calendar year.

²⁾ This is the first financial year that becomes a calendar year again.

Thus, according to the example presented above, the balance sheets included in the annual financial statements concluded on 31 December 2021 refer to 1 January 2021 and 31 December 2021, respectively, and the turnovers of the income and expenditure accounts correspond to the current financial year (2021), respectively for the financial year preceding the reporting year (2020).

³⁾ See, in this sense, the provisions of point 349 of the accounting regulations, according to which the amounts deposited or temporarily left by the shareholders / associates at the disposal of the entity, as well as the related interests, calculated under the law, are recorded in the accounting in separate accounts (account 4551 "Shareholders / associates - current accounts", respectively account 4558 "Shareholders / associates - interest on current accounts")