

E- Distribuție Muntenia SA

Report of the Directors

For the Financial Exercise Ended on December 31, 2018

March 2019

1. General considerations

In 2018, the Company achieved a turnover of 800,094,517 (2017: 750,558,664), of which revenues from the distribution of active electricity and reactive energy 732,150,622 (2017: 692,649,240).

The company distributed electricity to 1.303 million consumers in the current year (2017: 1,268), the total amount of electricity distributed to final consumers being 7,519,936 MWh (2017: 7,216,903).

The average electricity rate distributed for the whole year 2018 was 94.6 / Mwh (2017: 93.7).

During 2018, the Company distributed 5,806,896 Mwh (2017: 4,956,878) to eligible consumers at an average rate of 81.6 / Mwh (2017: 73.8) and 1,713,040 Mwh (2017: 2,260,025) to captive consumers at an average rate of 139 / Mwh (2017: 137.2).

2. The structure of the share capital

On 31.12.2018, the share capital of the Company is RON **271,365,250**, fully subscribed and paid-in and is divided into 27,136,525 registered shares, with a par nominal value of RON 10 each.

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

- a) Enel SpA, holding 21,166,477 shares, with a par nominal value of RON 10 each, in a total value of 211,664,770, representing 78% of the share capital;
- b) Enel Investment Holding BV holding 0 shares (2017: 21,166,477 shares), with a par nominal value of RON 10 each, with a total value of 0 (2017: 211,664,770) representing 0 (2017: 78%) of the share capital;
- c) Societatea de Administrare a Participatiilor in Energie (SAPE), holding 2,713,652 (2017: 2,713,652) shares, with a par nominal value of RON 10 each, with a total value of 27,136,520 (2017: 27,136,520) representing 10% (2017: 10% of the share capital); and
- d) Fondul Proprietatea SA, holding 3,256,396 (2017: 3,256,396) shares, with a par nominal value of RON 10 each, with a total value of 32,563,960 (2017: 32,563,960) representing 12% (2017: 12%) from the share capital.

The company has no subsidiaries or branches.

3. Internal control

In accordance with the provisions of the decision of the Company's Board of Directors on July 8, 2008, the internal control of the Company is entrusted to the internal control structures of Enel Romania S.R.L.

The process of managing internal control 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 control 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 in 2018 and projects for 2019

During 2018, the Company met its main objectives:

The most important achievements of the Company in 2019 were as follows:

- Modernization / construction of about 93 km of high voltage overhead power lines;
- Modernization / construction of about 10.25 km of high voltage underground power lines;
- Modernization / equipment replacement works in 5 transformer stations were completed (Nord, Cotroceni, Pajura, Popesti Leordeni, Mașini Grele);
- 12 IT / MT transformers were replaced in 4 stations in Bucharest (Filaret, Militari, Vulcan, Salaj, Obor, Balta Alba, Văcărești);
- The works at the new 110/20 kV TRANSILVANIA substation have been completed;
- Modernization works for the construction and equipment in Chitila and Mihai Bravu transformer stations have been completed;
- Modernization and remote control works for the Zahar station, Giurgiu county, have been completed;
- Part of the modernization works, part of the construction and equipment in the Chitila transformer station were started and completed.
- Modernization of 70 existing substations / supply points; replacement of 10 PTA / PTM with PTAB;
- Installation of 6 new transformer stations;
- Modernization / construction works of about 128 km of medium voltage power lines;
- Modernization / construction works of about 279 km of low voltage network;
- Re-starter replacement works on medium voltage overhead lines in Giurgiu County: 13 pieces;
- Continuation of actions related to the implementation and consolidation of processes that support safety at work, both for ENEL staff and for contractors;
- Concrete actions to facilitate the identification of the main measures meant to reduce energy losses in the distribution networks;
- Continuing the actions of developing the remote-control system in order to increase the quality of the distribution service;
- Continuing the technical unification for products and equipment in order to standardize the network and improve the distribution service;
- Implementation of the pilot project for the installation of smart metering systems, being installed a number of 76,961 smart meters pieces;
- Updating the CROS / CRM DISCO application.

In 2019, the Company intends to carry out the following investment projects:

- Replacement works of low voltage electrical networks and 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 to improve the quality of the distribution service;
- Continuing the actions of developing the smart meter system for household customers;
- Continuation of modernization works in the stations Nord, Pajura, Cotroceni, Mașini Grele;
- Continuation of modernization works and introduction in remote control of supply points and transformer stations;
- Continuation of the recloser installation works on the medium voltage lines in Giurgiu County;
- Modernization / construction of high voltage overhead / underground power lines that will ensure a higher transmission capacity and will increase safety in terms of energy supply to customers;
- Modernization / construction of medium voltage overhead / underground power lines that will ensure the improvement of the quality of the electricity distribution service;

- Continuation of the works for the amplification of the transformer station / stations in order to ensure the capacity of the connection network to the network of the new consumers;
- Commissioning of the E-Distributie WEBSITE Private Area.

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 skills of existing staff; thus, staff recruitment is also focused on profiles that were not found in the Company until now, and the training plan has been adapted accordingly (commercial quality improvement programs, etc.);
- Continuing Company's concerns for a culture of safety (defensive driving courses, Play Safe workshops), for the continuous improvement of processes and for the improvement of the internal way of knowledge transfer (Train of Trainers programs);
- 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 those responsible;
- Creating and applying new training programs dedicated to employees who have promoted in management position of various departments, with emphasis on the values and ENEL behaviors and the application of modern leadership principles.

6. Environmental issues

During 2018, the Company continued to carry out programs related to waste management, monitoring environmental factors, reducing the level of pollution in all facilities, total environmental expenses amounting to approximately RON 2,035,673 (2017: 1,353,084).

Mainly, the expenditures were for:

- Collection, transport and disposal of urban and assimilated waste (sanitation) in the amount of 69,102;
- Wastewater collection and transport, stormwater drainage, sewerage network (canal, pluvial water) in the amount of 148,824;
- Specific environmental taxes (Environmental fund - 3% and 2% of waste capitalization, tax for emissions from fixed sources - thermal power plants, approval fees, approval fees for waste transport forms, municipal tax Apa Nova) in the amount of 40,466;
- Prevention of soil, subsoil and water pollution of 1,296,296:
 - Collection, transport and disposal of hazardous waste (collection and disposal of emulsions) amounting to 9,968; removal of concrete columns in the amount of 15,070;
 - Analyzes of mineral oil samples from transformers in amount of 9,600;
 - Acquisition of biodegradable absorbent material;
 - Elimination of concrete columns in the amount of 64,551;
 - Rehabilitation of 7 transformer retention tanks and construction of 6 new retention tanks for the transformers in NORD, OBOR, COTROCENI, AFUMATI, PAJURA, MASINI GRELE, PHILIP MORRIS stations in the amount of 1,212,177;
 - Purchases of materials for environmental protection and equipment for monitoring environmental factors in the amount of 1,194;
 - Internal training on environmental protection in the amount of 168,835;
- Expenses with the personnel dedicated to the activity of environmental protection in the amount of 301,550;
- Audit ISO 14001 SRAC expenses in the amount of 3,520;

- Other expenses for biodiversity's protection by installing stork nests in Giurgiu, Calugareni, Bolintin, Buftea, Ilfov EST in the amount of 7,080.

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 preparing a risk assessment report;
- identification and implementation of periodic reporting methods regarding the Company's activity for monitoring existing risks;
- implementation of risk assessment and monitoring models, defined at the level of the Enel Group;
- implementation of a hedging system to cover foreign exchange exposures.

8. Financial information

8.1 Main elements of Balance sheet on 31 December 2018

	Balance at the beginning of the year	Balance at the end of the year
FIXED ASSETS		
I. INTANGIBLE ASSETS	39,447,995	34,486,995
II. TANGIBLE ASSETS	3,624,582,778	3,252,933,620
III. FINANCIAL ASSETS	-	-
FIXED ASSETS - TOTAL	3,664,030,773	3,287,420,615
CURRENT ASSETS		
I. INVENTORIES	2,785,158	3,623,733
II. RECEIVABLES	386,924,188	325,287,255
III. SHORT-TERM INVESTMENTS	-	-
IV. CASH AND BANK ACCOUNTS	2,269,065,057	2,512,921,189
CURRENT ASSETS - TOTAL	2,658,774,403	2,841,832,177
EXPENDITURE IN ADVANCE	1,262,748	1,438,592
DEBTS: AMOUNTS TO BE PAID WITHIN ONE YEAR	587,080,152	704,940,667
DEBTS: AMOUNTS TO BE PAID IN MORE THAN ONE YEAR		
PROVISIONS	77,035,643	69,134,842
DEFERRED INCOME	1,045,274,967	1,117,625,541
CAPITAL AND RESERVES		
CAPITAL		
I. CAPITAL	271,365,250	271,365,250
II. CAPITAL REWARDS	-	-
III. RESERVES	2,572,623,292	2,308,175,600
IV. PROFIT OR LOSS CARRIED OUT	1,720,668,403	1,774,340,216
V. PROFIT OR LOSS OF THE FINANCIAL YEAR	85,901,292	(114,890,732)
VI. DISTRIBUTION OF PROFIT	35,881,075	
CAPITALS - TOTAL	4,614,677,162	4,238,990,334

9.2 Main items Profit and loss account for the financial year ended December 31, 2018

Item	Financial year ended December 31, 2017	Financial year ended December 31, 2018
OPERATING INCOME	856,601,798	909,580,258
OPERATING EXPENSES	779,295,536	1,047,332,636
PROFIT OR LOSS FROM OPERATION	77,306,262	(137,752,378)
FINANCIAL REVENUE	22,486,362	44,353,240
FINANCIAL EXPENSES	13,891,332	2,737,990
FINANCIAL PROFIT OR LOSS	8,595,030	41,615,250
TOTAL INCOME	879,088,160	953,933,498
TOTAL EXPENSES	793,186,868	1,050,070,626
GROSS PROFIT OR LOSS	85,901,292	(96,137,128)
INCOME TAX	-	18,753,604
NET PROFIT OR LOSS OF THE FINANCIAL YEAR	85,901,292	(114,890,732)

8.3 Economic and financial indicators

	2018	2019
1 Liquidity indicators		
Current liquidity indicator	4.53	4.03
Immediate liquidity indicator	4.52	4.03
2 Activity indicators		
Rotation of inventories	6.25	9
Number of storage days	58	41
Turnover rate of debts -customer	134	122
Turnover rate of loans-suppliers	152	183
Turnover rate of fixed assets	0.20	0.24
Turnover rate of total assets	0.12	0.13
3 Profitability indicators		
Return on capital (%)	1.86	n/a
Gross sales margin (%)	11.44	n/a

Both the current liquidity indicator and the immediate liquidity indicator decreased compared to the previous year, as a result of the current debts at a higher rate than the increase in current assets.

The turnover rate of credit-suppliers has increased due to the increase in debt to suppliers, as well as due to the increase of costs with the acquisition of 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.

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

The increase in the turnover rate of stocks was due to the increase in the costs of goods and consumables as well as the reduction in the level of the average stock, which also led to a decrease in the number of storage days.

The turnover rate of fixed assets increased slightly due to the increase in turnover while fixed assets registered a slight decrease. The same upward trend is valid in the case of the turnover rate of total assets, given that the total value of assets has slightly decreased.

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

At the end of the 2018 financial year, the Company registered a total loss of 114,890,732.

The Company's management will propose to cover it by distribution in the carried forward income statement (account 117).

10. Events subsequent to the balance sheet date

In 2019, the Company will continue to carry out its distribution activity normally, as there are no significant elements or outside the specific course that will be brought to the attention of the shareholders and that will require changes in the financial statements.

Chairman of the Board of Directors:

Mr. Georgios Stassis

Financial manager:

Mr. Maurizio Rastelli

Directors

Ms. Federico Panone

Mrs. Alexandra Burcea

Mrs. Anca Stefiuc

Mr. Laurentiu Cazacu

BALANCE SHEET					
As on 31.12.2018					
Name of issue		Row no.	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	39,447,995	34,486,995
	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	39,447,995	34,486,995
	II. TANGIBLE ASSETS				
	1. Land and buildings (acct. 211 + 212 - 2811 - 2812 - 2912 - 2911)	08	08	2,193,183,545	1,977,540,802
	2. Technical and machinery installations (acct. 213 + 223 - 2813 - 2913)	09	09	1,208,544,314	1,025,313,365
	3. Other installations, machinery, and furniture (acct. 214 + 224 - 2814 - 2914)	10	10	3,759,771	3,833,572
	4. Real estate investment (acct.215-2815-2915)	11	11		
	5. Tangible assets in progress (acct. 235-2935)	12	12	218,498,756	245,649,489
	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	596,392	596,392
	TOTAL: (row 08 to 16)	17	17	3,624,582,778	3,252,933,620
	III. FINANCIAL ASSETS	18	18		
	1. Shares in subsidiaries (acct. 261-2961)	19	19		
	2. Loans to group's entities (acct. 2671 + 2672 -2964)	20	20		
	3. Shares held by associated entities and jointly controlled entities (acct.262 + 263 - 2962)	21	21		
	4. Loans to associates and jointly controlled entities (acct.2673 + 2674-2965)	22	22		
	5. Other fixed assets (acct.265 - 2963)	23	23		
	6. Other loans (2675 + 2676 + 2677 + 2678 + 2679 -2966-2968)	24	24		
	TOTAL (row 18 to 23)				
	FIXED ASSETS - TOTAL (row 06 + 16 + 17+ 24)	25	25	3,664,030,773	3,287,420,615
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	2,785,158	3,623,733
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	2,785,158	3,623,733
II. RECEIVABLES				
1. Commercial receivables (acct.2675+2676+2678+2679-2966-2968+4092+411+411+413+418-4902-491)	31	31	298,304,007	184,837,868
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	88,620,181	140,449,387
5. Share Capital subscribed and not paid (acct. 456-495)	35	35		
6. Receivables representing dividends distributed during the financial year (acct. 463)	36	35 a		
Total (rows 31 to 36)	37	36	386,924,188	325,287,255
III. 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		
IV. CASH AND BANK ACCOUNTS				
(acct. 5112 + 512 + 531 + 532 + 541 + 542)	41	40	2,269,065,057	2,512,921,189
CURRENT ASSETS - TOTAL (rows 31 + 37 + 40 + 41)	42	41	2,658,774,403	2,841,832,177
C DEFERRED EXPENSES (acct.471 + 474) (rows 44 + 45)	43	42	1,262,748	1,438,592
Amounts to be repaid within a period of up to one year (out of acct 471)	44	43	1,438,592	2,427,261
Amounts to be repaid longer than a period of one year (out of 471*)	45	44	1,262,748	1,438,592
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	197,594,130	236,092,467
4. Trade payables - suppliers (acct. 401 + 404 + 408)	49	48	320,961,019	354,872,672
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	68,525,003	113,975,528

	TOTAL (row 46 to 53)	54	53	587,080,152	704,940,667
E	NET CURRENT ACCOUNTS / NET CURRENT LIABILITIES (rows 42 + 44- 56- 741-74- 77)	55	54	1,984,778,351	1,958,535,467
F	TOTAL ASSETS MINUS CURRENT LIABILITIES (rows 25 + 45 +57)	56	55	5,648,809,124	5,245,956,082
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	48.046.026	40.203.116
	2.Provisions for taxes (1516)	67	66	4.659.942	4.659.942
	3. Other provisions (1511 + 1512 + 1513 + 1514 + 1518)	68	67	24.329.675	24.271.784
	TOTAL PROVISIONS (rows 66+67+68)	69	68	77.035.643	69.134.842
I					
	1. Investment grants (acct. 475) (row 71+72)	70	69	3,881,114	4,083,287
	Amounts to be repaid within a period of up to one year (out of acct.475 *)	71	70	306,853	___ , 304,497
	Amounts to be repaid over a period longer than one year (out of acct.475 *)	72	71	3,574,261	3,778,790
	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 77+78)	76	75	1,041,393,853	1,113,542,254
	Amounts to be repaid within a period of up to one year (out of acct.478 *)	77	76	87,871,795	179,490,138
	Amounts to be repaid over a period longer than one year (out of acct. 478 *)	78	77	953,522,058	934,052,116
	Negative goodwill (acct.2075)	79	78		
	TOTAL (rows 70+73+76+79)	80	79	1,045,274,967	1,117,625,541
J	CAPITAL AND RESERVES				
	I. CAPITAL				
	1. Paid-in subscribed capital (acct. 1012)	81	80	271,365,250	271,365,250
	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+82+83+84+85)	86	85	271,365,250	271,365,250

Report of the Directors

(all amounts are in RON unless otherwise mentioned)

II. CAPITAL's PREMIUMS (acct. 104)		87	86		
III. RESERVE FROM REVALUATION (acct. 105)		88	87	1.115.330.620	850.882.928
IV. RESERVES					
1. Legal reserves (acct. 1061)		89	88	54,273,050	54,273,050
2. Statutory or contractual reserves (acct. 1063)		90	89		
3. Other reserves (acct. 1068)		91	90	1,403,019,622	1,403,019,622
TOTAL (row 89 to 91)		92	91	1,457,292,672	1,457,292,672
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	1,720,668,403	1,774,340,216
	Balance D	97	96	0	0
VII. PROFIT OR LOSS OF THE FINANCIAL EXERCISE (acct.121)					
	Balance C	98	97	85,901,292	0
	Balance D	99	98	0	114.890.732
The distribution of profit (acct. 129)		100	99	35.881.075	
OWN EQUITY – TOTAL (rows 85+86+87+91-92+93-94+95-96 +97-98-99)		101	100	4.614.677.162	4,238,990,334
Private patrimony (acct. 1016)		102	101		
Public patrimony (acct.1017)		103	102		
EQUITY- TOTAL (row 100+101 +102) (row 25+41 +42-53-64-68-79)		104	103	4.614.677.162	4,238,990,334

*) 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 related receivables to financial leasing contracts and other assimilated contracts, as well as other fixed receivables, for a period less than 12 months

2) will be completed by the entities affected by the provisions of the Order of the Minister of Finance

public and the minister delegated 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**

**PREPARED BY
Maurizio RASTELLI
As Financial 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	750,558,664	800,094,517
Production sold (acct.701 + 702 + 703 + 704 + 705 + 706 + 708)	02	741,686,903	779,404,090
Income from the sale of goods (acct. 707	03	8,871,761	20,690,427
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		
	Balance D		
3.Income from the revaluation of tangible and intangible assets (acct. 721+755)	09	15,622,736	20,357,360
4. Revenues from the revaluation of tangible assets (ct. 755)	10		1,937,621
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	90,420,398	87,190,760
- revenue from negative goodwill (acct 7815)	14		
-revenue from investment grants (acct. 7584)	15	71,676,378	80,957,815
OPERATING REVENUES – TOTAL (row 01+07-08+09+10+11+12+13)	16	856,601,798	909,580,258
8.a)Expenditure on raw materials and consumables (acct. 601 + 602)*	17	13,097,817	11,946,184
Other material expenses (acct. 603+604+606+608)	18	297,869,953	268,536,637
b) Other external expenditures (with energy and water) (acct.605)	19	4,936,371	4,321,666
c) Expenditure on goods (acct. 607)	20	8,409,498	19,232,656
Trade receipts received (acct.609)	21	2,595	594
9.Personnel costs (row 23+24), out of which:	22	88,349,486	92,222,539
a) Salaries and allowances (acct. 641+642+643+644)	23	70,790,048	87,950,744
b) Expenditure on insurance and social protection (acct.645)	24	17,559,438	4,271,795
10.a) Value adjustments on intangible assets, tangible assets (rows 26-27)	25	220,205,690	233,138,956
a.1) Expenses (acct.6811 + 6813 + 6816 + 6817)	26	224,954,981	234,350,117
a.2) Income (acct.7813 + 7816)	27	4,749,291	1,211,161
b) Value adjustments for current assets (rows 29-30)	28	9,011,525	1,689,852
b.1) Expenditure (acct.654 + 6814+6818)	29	21,179,264	9,391,760
b.2) Revenues (acct.7813+7818)	30	12,167,739	7,701,908
11.Other operating expenses (row 32 to 38)	31	144,100,099	424,145,540
11.1. Expenditure on external benefits (acct. 611 + 612 + 613 + 614 +615 + 621 + 622 + 623 + 624 + 625 + 626 + 627 + 628)	32	119,675,768	130,735,616
11.2. Expenses with other fees, taxes, and similar charges (acct. 635 + 6586)*	33	11,128,685	11,691,022

11.3. Environment protection expenditures (acct.652)	34	130,256	186,841
11.4. Expenses from revaluation of intangible assets (acct. 655)	35		258,759,258
11.5 Expenditure on calamities and other similar events (acct.6587)	36		
11.6. Other expenses (acct.651 + 6581 + 6582 + 6583 +6588)	37	13,165,390	22,772,803
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	-6,682,308	-7,900,800
- Expenditure (acct. 6812)	40	6,375,617	7,526,042
- Income (7812)	41	13,057,925	15,426,842
OPERATING EXPENSES - TOTAL (rows 17 to 20 - 21 +22 + 25 + 28 + 31 + 39)	42	779,295,536	1,047,332,636
OPERATING PROFIT OR LOSS:			
-Profit (row 16-42)	43	77,306,262	0
- Loss (row 42-16)	44	0	137,752,378
12.Income from shares in associated entities and controlled jointly entities (acct.7611+7612+7613)	45		
- of which, the income from affiliated entities	46		
13.Interest income (acct.766 *)	47	8,169,971	43,425,117
- of which, the income affiliated entities	48		
14.Income from operating grants for interest due (acct. 7418)	49		
15.Other financial income (acct. 62+764+765+767+768+7615)	50	14,316,391	928,123
Of which revenues from financial assets (acct7615)	51		
FINANCIAL REVENUE - TOTAL (row 45 + 47 + 49 + 50)	52	22,486,362	44,353,240
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	13,891,332	2,737,990
FINANCIAL EXPENDITURE - TOTAL (row 53 + 56 + 58)	59	13,891,332	2,737,990
FINANCIAL PROFIT OR LOSS:			
- Profit (row 52-59)	60	8,595,030	41,615,250
- Loss (rows 59-52)	61	0	0
TOTAL REVENUE (row 16 + 52)	62	879,088,160	953,933,498
TOTAL EXPENDITURE (row 42 + 59)	63	793,186,868	1,050,070,626
18.GROSS PROFIT OR LOSS:			
- Profit (rows 62-63)	64	85,901,292	0
- Loss (rows 63-62)	65	0	96,137,128
19.Income tax (acc, 691)	66		18,753,604
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	85,901,292	0
- Loss (rd. 65 + 66 + 67 + 68 - 64)	70	0	114,890,732

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 collaborators, established according to the labour legislation, which are taken from the debit turnover of account 621 "Expenses with collaborators", analytically "Individual collaborators".

DIRECTOR
FEDERICO PANONE

PREPARED BY
Maurizio RASTELLI
As Financial Manager

INFORMATIVE DATA
On 31.12.2018

- Ron -

1. Data regarding registered result		Row MFO 10/19	Row	No. of units	Amounts	
A			B	1	2	
Units with profit		01	01			
Units with losses		02	02	1	114,890,732	
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	72,837,548	50,815,635	22,021,913
Outstanding suppliers - total (row 06 to 08)		05	05	72,837,548	50,815,635	22,021,913
- over 30 days		06	06	5,438,446	1,782,986	3,655,460
- over 90 days		07	07	16,655,469	11,742,951	4,912,518
- over 1 year		08	08	50,743,633	37,289,698	13,453,935
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	929		911
The actual number of existing employees at the end of financial exercise, December 31		21	20	917		897

		Row	Amounts (RON)	
A		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		3,000,538
- 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		3,000,538
- 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		
Outstanding claims that have not been received within the time limits provided in commercial contracts and / or legislation in force, including:	35	34		151,895,012
outstanding receivables from entities in the majority or wholly state-owned	36	35		
outstanding claims from private sector entities	37	36		151,895,012
V. Meal vouchers to employees				
The value of meal vouchers to employees	38	37		2,853,495
The equivalent value of the vouchers granted to other categories of beneficiaries, other than employees	39	37 a		
VI. Costs incurred for research – development activity***)				
A		B	30.12.2017	30.12.2018
Costs incurred for research - development, including:	40	38	1	2
- After the financing source (row 40+41)	41	39	0	0
- from public funds	42	40		
- from private funds	43	41		
- After the nature of expenses (row 43+44)	44	42	0	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	46 a		
- advances granted to non-resident affiliated entities for intangible assets (from ct. 4094)	50	46b		
Advance payments for tangible assets (acct. 4093) of which	51	47		596,392
- advances granted to non-resident non-affiliated entities for tangible fixed assets (from ct. 4093)	52	47 a		

- advances granted to non-resident affiliated entities for tangible fixed assets (from ct. 4093)	53	47b		
Financial assets, in gross amounts (row 49+54)	54	48	2,422,859	120,816
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	52a		
- bonds issued by non-residents	60	53		
Receivables, as gross amounts (row 55+56)	61	54	2,422,859	120,816
- receivables in RON and expressed in RON, whose settlement is made on the rate of a currency (of acct. 267)	62	55	2,422,859	120,816
- 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	327,761,460	214,233,664
- trade receivables in relation to non-resident non-affiliated entities, advances for purchases of goods in the nature of stocks and for services provided to non-resident non-affiliated suppliers and other similar accounts, in gross amounts in relation to non-resident non-affiliates (from acct. 4091 + from acct. 4092 + from acct 411 + from acct 413 + from acct 418)	65	58	1,737,154	2,045,100
- 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 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)	66	58a		
Uncollected trade receivables in arrears (from acct. 4092 + from acct. 411 + from acct. 413)	67	59	228,060,661	101,853,061
Claims in relation to staff and similar accounts (acct. 425 + 4282)	68	60	51,449	50,149
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	4,431,122	1,579,530
- claims in relation to social security budget (acct.431 +437+4382)	70	62	50,351	672,012
- tax claims in connection to State budget (acct. 436+441 +4424+4428+444+446)	71	63	4,380,771	884,518
- 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)				
- receivables from non-resident affiliates (from acct. 451)	75	67		
- trade receivables from non-resident affiliates (from acct. 451), of which:	76	68		
-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)	77	69		
Other claims (acct. 453 + 456 + 4582 + 461 + 471 + 473), (row 101 to 103)	78	70		

- Settlements on participating interests, settlement with shareholders / associates regarding capital, settlement on venture operations (acct.453+456+4582)	79	71	97,573,201	148,131,811
- 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)	80	72		
- amounts taken from account 542, representing cash advances granted by law and not settled until June 30 (from acct. 461)	81	73	97,571,901	148,120,089
Interest receivable (acct. 5187) , including:	82	74	1,300	11,722
- from non residents	83	75	3,530,024	10,114,827
Interest from non-residents (acct 4518+4538)	84	76		
The loans granted to economic operators *****)	85	77		
Short-term investments as gross amounts (acct. 501 + 505 + 506 + from acct.508),	86	78		
- non-quoted shares issued by residents	87	79		
- shares issued by residents	88	80		
- bonds issued by non-residents	89	81		
- bonds issued by non-residents	90	82		
Other amounts receivable (acct. 5113 + 5114)	91	83		
Cash in RON and foreign currency (row 85+86)	92	84		
-in RON (acct.5311)	93	85		
-in foreign currency (acct.5314)	94	86		
Current accounts with banks in domestic and foreign currency (row 88+90)	95	87	2,268,902,078	2,512,855,694
-in RON (acct. 5121), of which:	96	88	2,026,990,342	2,507,741,128
- Current accounts with nonresident banks in RON	97	89		
-in foreign currency (acct. 5124), of which:	98	90	241,911,736	5,114,566
- Current accounts at nonresident banks in foreign currency	99	91		
Other accounts in bank and credentials (row 93+94)	100	92	162,979	65,495
- amounts to be settled, letters and other receivable amounts in RON (acct. 5112 + 5125 + 5411)	101	93		
- amounts under settlement and letters of credit and in foreign currency (from acct. 5125 + 5412)	102	94	162,979	65,495
Liabilities (row 96 + 99+102+103 + 106 + 108+110+111 + 116 + 119+122 + 128)	103	95	1,628,474,005	1,818,482,921
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	2,278,174	1,609,498
-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	518,555,149	590,965,139
- 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 acct 408 + from acct 419)	117	109	116,006,483	32,529,582
- 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 (309)		103,771,637
Liabilities related to personnel and similar accounts (acct. 421 + 423 + 424 + 426 + 427 + 4281)	119	110	3,277,618	2,721,638
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	53,093,943	98,562,758
-liabilities related to the social insurance budget (acct.431 + 437 + 4381)	121	112	3,046,764	3,304,722
-- fiscal liabilities in connection with the state budget (ct.436 + 441 + 4423 + 4428 + 444 + 446)	122	113	49,319,283	94,481,568
-special funds - taxes and similar payments (acct.447)	123	114	727,896	776,468
- 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 (310)		
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	1,051,269,121	1,124,623,888
- settlements of participation interest, settlements with shareholders / associates capital, venture settlement operations (acct.453+456+457+4581)	133	123		
- other liabilities in connection with natural and legal persons other than liabilities in connection with public institutions (public institutions) i) (from acct. 462+from acct. 472+from acct. 473)	134	124	9,875,268	11,081,634
- subsidies which were not resumed (from acct. 472)	135	125		
- payments to be made for financial fixed assets and short-term investments (ct.269 + 509)	136	126		
- advance income related to assets received by transfer from customers (ct. 478)	137	127	1,041,393,853	1,113,542,254
Interests to be paid (acct. 5186)	138	128		
To non-residents	139	128a (311)		
The loans received from operators *****)	140	129		
Subscribed capital (acct. 1012), of which:	141	130	271,365,250	271,365,250
- listed shares 4)	142	131		
-non listed shares 5)	143	132	271,365,250	271,365,250
- social parts	144	133		
- Capital subscribed and paid by non-residents (from acct. 1012)	145	134		
Patents and licenses (from acct. 205)	146	135		
IX. Information on collaborators' expenses			31.12.2018	31.12.2019
Information on collaborators expenses (acct. 621)	147	136	82,600	91,476
X. Information on assets in the public domain			31.12.2018	31.12.2019
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			31.12.2018	31.12.2019
Net accounting value of goods 6)	151	140		

XII. Paid-in share capital			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	271,365,250	X	271,365,25	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	27,136,520	10.00	27,136,520	10.00
- with full state capital	157	146	27,136,520	10.00	27,136,520	10.00
- 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	244,228,730	90.00	244,228,730	90.00
- owned by natural persons	162	151				
- owned by other entities	163	152				
			<i>Amounts (RON)</i>			
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	2017		2018	
- 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				
XVI. Interim dividend distributions according to Law no. 163/2018			2017		2018	
- interim dividends distributed	177	165a				
XVII. Receivables taken over by assignment from legal entities *****)			2017		2018	
Receivables taken over by assignment from legal entities (at nominal value), of	178	166				
- receivables taken over by assignment from affiliated legal entities	179	167				
Receivables taken over by assignment from legal entities (at acquisition cost), of which:	180	168				
- receivables taken over by assignment from affiliated legal entities	181	169				

XVIII. Income from agricultural activities*****)	182	170	2017	2018
Income from agricultural activities	184	169		

Director
FEDERICO PANONE

Prepared by
Maurizio Rastelli
Financial 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 luster 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 on the organization and functioning of the cooperation. Dividends presented in row are not reported. 164.

STATUS OF FIXED ASSETS

As of 31.12.2018

- RON -

Items of fixed assets	Row	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
1. Intangible assets						
Establishment expenses and development expenses	01				X	
Other fixed assets	02	87,131,080	5,931,769		X	93,062,849
Advance payments for intangible assets	03				X	
Intangible assets for exploration and evaluation of mineral	04				X	
TOTAL (row 01 to 04)	05	87,131,080	5,931,769		X	93,062,849
II. Tangible assets						
Lands	06	93,153,941	73,766,350		X	166,920,291
Buildings	07	2,292,506,878	208,567,475	690,453,842	604	1,810,620,511
Technical installations and	08	1,439,846,565	140,277,906	553,833,773	2,095,146	1,026,290,698
Other installations, machinery and furniture	09	4,672,018	647,907	1,486,353		3,833,572
Real estate investments	10					
Tangible assets for exploration and evaluation of mineral	11					
Productive biological assets	12					
Tangible fixed assets in progress	13	218,739,365	34,902,206	3,614,968		250,026,603
Real estate investments in progress	14					
Advances granted for tangible fixed assets	15	596,392				596,392
TOTAL (row 06 to 15)	16	4,049,515,159	458,161,844	1,249,388,936	2,095,750	3,258,288,067
III. Financial assets	17				X	
FIXED ASSETS – TOTAL (row 05+16+17)	18	4,136,646,239	464,093,613	1,249,388,936	2,095,750	3,351,350,916

SITUATION OF FIXED ASSETS					
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
I. Intangible assets					
Establishment expenses and development expenses	19				
Other fixed assets	20	47,683,085	10,878,949		58,562,034
Intangible assets for exploration and evaluation of mineral resources	21				
TOTAL (row 19+20+21)	22	47,683,085	10,878,949		58,562,034
II. Tangible fixed assets					
Lands	23				
Buildings	24	192,384,317	98,880,429	291,264,746	0
Technical installations and machines	25	230,472,505	118,749,887	349,222,392	0
Other machinery and furniture installations	26	864,398	472,585	1,336,983	0
Real estate investments	27				
Tangible assets for exploration and evaluation of mineral	28				
Productive biological assets	29				
TOTAL (row 23 to 29)	30	423,721,220	218,102,901	641,824,121	0
DEPRECIATIONS - TOTAL (row22 +30)	31	471,404,305	228,981,850	641,824,121	58,562,034

FIXED ASSETS' STATEMENT OF DEPRECIATION					
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		13,820		13,820
Intangible assets for exploration and evaluation of mineral resources	34				
TOTAL (row 32 to 34)	35		13,820		13,820
Tangible assets					
Lands	36				
Buildings	37	92,958		92,958	0
Technical installations and machines	38	829,746	977,333	829,746	977,333
Other installations, machinery and equipment	39	47,849		47,849	0
Real estate investments	40				
Tangible assets for exploration and evaluation of mineral resources	41				
Productive biological assets	42				
Tangible fixed assets in progress	43	240,608	4,377,114	240,608	4,377,114
Real estate investments in progress	44				
TOTAL (row 36 to 44)	45	1,211,161	5,354,447	1,211,161	5,354,447
III. Financial assets	46				
DEPRECIATION ADJUSTMENTS - TOTAL (row .35+45+46)	47	1,211,161	5,368,267	1,211,161	5,368,267

Director
FEDERICO PANONE

Prepared by
MAURIZIO RASTELLI
Financial Manager