SOCIETATEA NAȚIONALĂ A SĂRII S.A.

Audited individual financial statements
for the year concluded on December 31, 2018

drawn up in accordance with the provisions of OMFP 2844/2016 on the approval of the Accounting regulations aligned to the International Financial Reporting Standards adopted by the European Union

Contents

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF SOCIETATEA NAȚIONALĂ A SĂRII S.A.

COMPREHENSIVE INCOME STATEMENT	NOTE	Dec. 31, 2018	Dec. 31, 2017
Revenues from sales	**18.1**	407,153,672	371,600,557
Other operating income	**21**	20,094,396	14,030,156
Changes in inventories	**18.2**	8,994,381	6,263,786
Revenues from the production of tangible assets		679,065	2,213,854
Raw materials and consumables	**19**	(48,868,358)	(44,613,886)
Staff expenditure	**19**	(109,005,384)	(105,581,964)
Amortisation	**19**	(26,163,041)	(20,654,931)
Research expenses		-	-
Other operating expenses	**22**	(159,381,242)	(115,954,946)
Operating Profit / (Loss)		**93,503,490**	**107,302,626**
Net financial revenues / (costs)	**23**	2,191,895	(118,870)
Portion of the profit pertaining to associated entities			0
Profit / (Loss) before tax		**95,695,385**	**107,183,756**
Tax expenses	**14**	(22,121,434)	(26,062,357)
Profit / (Loss)		**73,573,952**	**81,121,398**
Other comprehensive income elements			
Revaluation of tangible assets		-	1,459,632
Duties pertaining to other comprehensive income elements (deferred tax)	**4.4**	2,810,031	(233,541)
Total other comprehensive income elements		**2,810,031**	**1,226,091**
Total comprehensive income		**76,383,983**	**82,347,490**
Comprehensive income to be appropriated to:			
The company's owners (51%)		38,955,831	41,997,220
Minority interests (49%)		37,428,152	40,350,270
Earnings per share to be appropriated to the company's ordinary shareholders:		76,383,983	82,347,490
Basic and diluted		**18.66**	**20.11**

STATEMENT OF FINANCIAL POSITION

ASSETS	NOTE	Dec. 31, 2018	Dec. 31, 2017
FIXED ASSETS			
Tangible assets	**4.1**	166.573.083	178.609.121
Intangible assets	**4.2**	1,425.874	790.404
Deferred tax	**4.4**	11.282.121	7.727.173
Other financial fixed assets	**4.4**	9.991.920	11.833.604
		189.272.998	**198.960.302**
CURRENT ASSETS			
Stocks	**5**	12,867,458	15,255,477
Trade and similar receivables	**6**	124,735,391	67,943,213
Other financial assets	**8**	262	7,543
Restricted resources	**8**	22,816,491	19,576,491
Cash and cash equivalents	**8**	195,548,588	236,026,537
		355,968,190	**338,809,261**
TOTAL ASSETS		**545,241,188**	**537,769,563**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	**11**	54,367,868	63,838,435
Salaried employees' benefits < 1 year	**16**	8,615,745	7,046,492
Concession-related payables < 1 year	**10.1**	12,052	12,052
Payables linked to the current corporate income tax	**14**	9,632,268	6,320,241
Investment subsidies < 1 year	**13**	339,720	337,262
Provisions – outstanding within 1 year	**15.1**	69,722,316	65,289,475
		142,689,967	**142,843,957**
NET ASSETS/LIABILITIES		**213,278,222**	**195,965,303**
LONG-TERM LIABILITIES			
Trade and other long-term payables	**12**	200,287	238,672
Salaried employee payables > 1 year	**12/16**	9,115,370	8,822,987
Long-term loans	**10.2**	277,196	289,248
Investment subsidies > 1 year	**13**	4,176,753	4,503,708
Deferred tax		-	-
Long-term provisions	**15.2**	20,079,711	20,079,710
LONG-TERM LIABILITIES		**33,849,317**	**33,934,325**
TOTAL LIABILITIES		**176,539,284**	**176,778,282**
NET ASSETS		**368,701,903**	**360,991,281**

STATEMENT OF FINANCIAL POSITION (continued)

	NOTE	Dec. 31, 2018	Dec. 31, 2017
Share capital and reserves			
Share capital	9	40,936,410	40,936,410
Elements similar to capital	9	27,751,645	27,751,645
Changes to actuarial conditions	9	30,181	372,406
Premiums linked to the issuance of shares		-	-
Revaluation reserves	9	13,978,989	17,889,801
Other reserves	9	187,727,106	170,409,663
Balance carried forward	9	21,893,589	22,509,958
Current fiscal year outturn	9	76,383,983	81,121,398
Profit appropriation	9	-	-
TOTAL CAPITAL		**368,701,903**	**360,991,281**

STATEMENT OF CASH FLOWS

	31-Dec-18	31-Dec-17
Flows from operating activities		
Profit before tax	**95,695,385**	**107,183,756**
Adjustments for:		
Asset amortisations and asset value adjustments	43,259,806	25,301,566
Asset revaluation costs		1,664,674
Geological fund (set-up and use	13,406,631	13,771,615
Reversal of deferred revenues		(332,457)
Revenues from investment subsidies	(324,498)	
Changes in the values of actuarial calculations for employee benefits	(342,225)	
Increases / (decreases) of other provisions	3.789,963	(9,733,716)
Changes in the balance carried forward	(4,665,411)	-
Other financial income	(2,567,844)	(198,755)
Financial costs	375,948	375,551
Profit before changes to the working capital	**152,958,584**	**138,032,234**
Increases / (decreases) of receivables	(73,221,421)	(5,480,005)
Increases / (decreases) of inventories	2,388,019	4.129,952
Increases / (decreases) of liabilities	(2,746,937)	1,331,437
Cash from operating activities	**79,378,425**	**138,013,618**
Financial costs paid		
Corporate income tax paid	(18,727,155)	(18,123,906)
Net cash from operating activities	**60,651,090**	**119,889,712**
Flows from investment activities		
Purchases of tangible assets	(13,055,703)	(21,611,725)
Receipts from sales of assets	-	14,219
Financial income	2,567,844	198,755
Investment income		
Net flows from investment activities	**(11,473,810)**	**(21,398,750)**
Flows from financing activities		
Concession-related payments	(12,052)	(12,052)
Interest paid	(4)	(16)
Dividends paid	(86,403,177)	(28,081,979)
Net flows from financing activities	**(86,415,229)**	**(28,094,047)**
Net cash increase / (decrease)	**(37,237,949)**	**70,396,913**
Cash and cash equivalents at the start of the period	**255,603,028**	**185,206,114**
Cash and cash equivalents at the end of the period	**218,365,079**	**255,603,028**

STATEMENT OF CHANGES IN OWN EQUITY

	Subscribed capital	Capital adjustments	Revaluation reserves	Reserves	Outturn not appropriated	First-time adoption of IFRS	First-time adoption of IAS 29	TOTAL
Jan. 01, 2017	**40,936,410**	**27,730,372**	**26,050,608**	**158,915,870**	**(23,609,328)**	**88,740,683**	**(27,751,645)**	**291,012,970**
Change in the actuarial calculation terms		**393,679**						**393,679**
Current comprehensive income					**81,121,398**			**81,121,398**
Revaluation of buildings and special constructions			**1,459,632**					**1,459,632**
Deferred tax linked to the revaluation			**(233,541)**					**(233,541)**
Total global outturn	-	**393,679**	**1,226,091**	**-**	**81,121,398**	**-**	**-**	**82,741,168**
Legal reserve allocations	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Allocations of other reserves – geological fund				**13,771,615**				**13,771,615**
Allocations of the dividend distribution reserve				**(2,280,703)**	**2,280,703**			**-**
Changes to the revaluation reserve			**(9,386,898)**					**(9,386,898)**
Distributed dividends					**(28,081,979)**			**(28,081,979)**
Balance carried forward from the revaluation surplus amortisation					**10,931,519**			
Other adjustments				2880	5			
Dec. 31, 2017	40,936,410	28,124,051	17,889,801	170,409,663	42,642,316	88,740,683	(27,751,645)	360,991,281

	Subscribed capital	Capital adjustments	Revaluation reserves	Reserves	Outturn not appropriated	First-time adoption of IFRS	First-time adoption of IAS 29	TOTAL
Jan. 01, 2018	**40,936,410**	**28,124,051**	**17,889,801**	**170,409,663**	**42,642,316**	**88,740,683**	**(27,751,645)**	**360,991,281**
Change in the actuarial calculation terms		**(342,225)**						**(342.225)**
Current comprehensive income					**76,383,982**			**76.383.982**
Revaluation of buildings and special constructions								
Deferred tax linked to the revaluation			**744,917**					**744.917**
Total global outturn	**-**	**-342,225**	**744,917**		**76,383,982**			**76.786.674**
Legal reserve allocations	**-**							
Allocations of other reserves - geological fund				**17,317,443**				**17.317.443**
Allocations of the dividend distribution reserve								
Changes to the revaluation reserve								
Distributed dividends					**(86,403,177)**			**(86.403.177)**
Balance carried forward from the revaluation surplus amortisation			**(4,847,416)**		**4,847,416**			
Other adjustments			**191,687**		**(182,004)**			**9.683**
	40,936,410	**27,781,826**	**13,978,989**	**187,727,106**	**37,288,533**	**88,740,683**	**(27,751,545)**	**368,701,903**

NOTES TO THE FINANCIAL STATEMENTS:
Note 1 GENERAL INFORMATION

Societatea Națională a Sării S.A. was established in 1997 as per Government Decision no. 767/1997, following the reorganisation of the former Salt Autonomous Public Entity into a majority state-owned joint-stock trading company (hereafter called "the Company" or "SNS"), is a Romanian legal entity and is registered with the Trade Register under no. J40/4607/2010.

The company has its registered office in Bucharest and conducts its business by means of 7 7 unincorporated branches set up from a territorial standpoint on the exploitation sites for salt and other non-metalliferous products: EM (Mining site) Rm. Vâlcea (Vâlcea county), Slănic Prahova Salt works (Prahova county), Ocna Dej Salt works (Cluj county), Ocna Mureș Salt works (Alba county), Târgu Ocna Salt works (Bacău county), Praid Salt works (Harghita county) and Cacica Salt works (Suceava county).

Registered office address: 220 Calea Victoriei str., 4th floor, District 1, Bucharest.

The company operates in the field of mineral resource exploitation, its core business being the exploitation of salt and other non-metalliferous products from the perimeters for which it holds mining site licences, and carries out the preparation of these items to be sold on the internal and external markets in the form of a wide range of products. The secondary activities concern the provision of tourism and leisure services for natural persons, metalwork, calliper log measurement services, etc.

At the closure of the 2018 fiscal year, the company enjoyed the status of sole salt producer nationwide, being classified as a "company of strategic interest" as per Law no. 99/1999 on certain measures intended to accelerate economic reform.

The company, in its capacity of holder of 14 concession exploitation licences for salt resources and other non-metalliferous products, is subject to the specific regulations issued by the National Agency for Mineral Resources (NAMR). The licences are issued for each perimeter under exploitation and have individual validities over the 1999 - 2020 period, subject to extension.

The company's operating activity is subject to the regulations specific to the extractive industries, issued by the National Agency for Mineral Resources (**NAMR**), in relation to:

- The exploitation method, technology and environmental protection;
- The annual salt production;
- The opening of new exploitation/exploration perimeters;
- The mining royalty.

The licences are concluded with NAMR pursuant to Mining law no. 85/2003, as subsequently amended and supplemented, and focus on the concession of the right to exploit rock salt, industrial and construction-grade limestone deposits.

The duration of the licences is generally 20 years, with the right to extend over consecutive periods of 5 (five) years, according to the provisions of art. 20 in Mining law no. 85/2003.

According to the licences, the company pays a mining royalty as of June 15, 1998 (the entry-into-force date of Mining law no. 61/1998), in line with the provisions of art. 39 in the Rules for implementing the mining law, approved as per GD 639/25.09.1998.

Note 1 GENERAL INFORMATION (continued)

In 2018, the company sourced and paid a mining royalty of 1 EURO/ton of gross rock salt extracted from the deposit, as well as of 0.4375 EURO/ton of gross limestone extracted from the quarry, following the signing in July 2017 of addenda to the exploitation licences concluded with NAMR, addenda by means of which the royalty was increased.

As such, according to the initial licences, the company was paying pays a mining royalty as of June 15, 1998 (the entry-into-force date of Mining law no. 61/1998), in line with the provisions of art. 39 in the Rules for implementing the mining law, approved as per GD 639/25.09.1998, a royalty amounting to 2% of the value of the mining production achieved every year and due. The Mining product the royalty was payable for was defined for each individual licence.

Subsequent to the signing of the Mining production exploitation licences, that is, during 2010-2013 period, the Romanian State, at NAMR's initiative, amended the Mining Law by means of Government Decisions focusing on the mining royalty rates. For 1 licence out of 13, which was extended in 2016, the Company calculated and paid, as early as that same year, the royalty amounting to 1.0 Euro/ton.

Throughout 2018, Societatea Națională a Sării-SA submitted to the Ministry of Economy and NAMR the documentations required to extend the licences for the Slănic, Valcea-Ocnele Mari, Ocna Mures, Razboieni, Praid and Dej perimeters, over a 5-year period, as per the provisions of art. 20 in Mining law no. 85/2003.

Being a 51% state-owned company, it complies with all the regulations specific to companies fully- or majority-owned by the Romanian State.

The company's shareholding structure:
- the Romanian State, represented by the Ministry of Economy, by means of the Office of State Ownership and Privatisation in Industry: 51% of the share capital as at December 31, 2018;
- SC Fondul Proprietatea SA: 49% of the share capital as at December 31,2018

The Ministry of Economy is represented in the SGA (*Shareholders' General Assembly*) by persons mandated pursuant to a Minister Order issued for each individual meeting and as per the Notice to attend the meeting.

The representative of Fondul Proprietatea is appointed for each individual meeting, as per an agent's special power of attorney.

The management duties of a strategic nature are fulfilled by the Shareholders' General Assembly and the Management Board, whereas operational and executive duties are fulfilled by the general manager.

Management activity organisation

Since July 2016, the company has been implementing the provisions of GEO 109/2011 on the corporate governance of public enterprises and is administered by a Management Board comprising 5 members, who delegated leadership duties to a General Manager selected based on professionalism and integrity criteria.

The corporate governance policy is underpinned by a Company development strategy drawn up for the following four years and the fixed- and variable-component remuneration of the management and the administrators, the latter component being determined by the degree of achieving the performance indicators approved as per an SGA Decision and an Order issued by MECRMA (*Ministry of Economy, Trade and Relations with the Business Environment*) at the end of 2016.

The General Manager fulfils all the duties and takes all the necessary and useful steps in order to achieve the company's scope of business, with the exception of those duties that fall under the purview of the Shareholders' General Assembly or of the Management Board, according to the company's Articles of Incorporation.

Note 1 GENERAL INFORMATION (continued)

The Management Board is the structure that exercises a permanent control over the company Management and assembles at least once a month. The Management Board's activity is regulated by the Romanian legislation and governed by the provisions of Chapter V in the Company's Articles of Incorporation.

Legislative environment
Being a 51% state-owned company, it additionally complies with the common economic legislative framework and with regulations specific to majority or fully state-owned companies.

As such, the company is bound to organise and coordinate the internal preventive financial control, as stipulated by OMF (*Order of the Minister of Finance*) 923/2014 on implementing GO 119/1999, republished, *"on internal / managerial control and preventive financial control", the operational and financial planning as provided by, and within the limits of, Budget Law 339/2016 and Ordinance 26/2013 on strengthening financial discipline for economic operators in which the state or territorial administrative units are sole or majority shareholders"*.

The income and expenditure budget is approved on a yearly basis by SGA, but also as per a Government Decision, whereas its implementation is reported on a quarterly basis to the Ministry of Economy (ME) and the Ministry of Public Finance (MoPF).

The observance of the receipt and payment deadlines is supervised by MoPF by means of a quarterly reporting of the "outstanding receivables" and "outstanding payables" indicators, their maximum level being also stated in the company's income and expenditure budget.

According to GD 765/1994 *"on setting forth the expenditure rates required to achieve, develop and modernise production in the mining, oil and natural gas extractive industries"*, the company is bound to set up, based on the operating costs, a Fund for production development and modernisation amounting to 6% of the mining production.

In its capacity of holder of mineral resource exploitation licences, the company pays on a quarterly basis the mining royalty, calculated at the mining product quantity, and the mining royalty rate, set forth per mining product unit according to the licenses or Government Decisions.

For the perimeters under exploitation, the company pays on a yearly basis an exploitation fee set forth as per a Government Decision and expressed in lei/km^2.

Note 2 APPLICATION OF THE NEW AND UPDATED INTERNATIONAL FINANCIAL REPORTING STANDARDS

2.1. First-time adoption of new or revised standards

The accounting policies adopted are consistent with those applied for the previous fiscal year, with the exception of the following amended IFRSs, adopted by the Company as of de la January 1, 2018.
The company adopted IFRS 9 *Financial instruments* and IFRS 15 *Revenue from Contracts with Customers* (clarifications included) for the first time as of January 1, 2018. The impact of these standards is described in the following paragraphs.

a) IFRS 9 "Financial instruments"
the final version of IFRS 9 "Financial instruments" reflects all the phases of the project concerning the financial instruments and replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all the previous versions of IFRS 9.
IFRS 9 brings along significant changes in terms of recognising and assessing financial fixed assets, which rely on the business model and the characteristics of the contractual cash flows, and also implements a new model for the recognition of impairment adjustments based on anticipated losses from receivables. Additionally, changes were brought to the way in which hedging instruments are accounted for in order to better reflect the effect of risk management activities an entity will adopt to manage exposures.

Note 2 APPLICATION OF THE NEW AND UPDATED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

IFRS 9 presents three main categories of financial fixed assets: measured at amortised cost, measured at fair value by means of other comprehensive income elements and measured at fair value through the profit and loss account. The categories are determined in relation to the following two criteria: the Company's business model used in the asset management process and the analysis of contractual cash flows of the instruments, in order to determine whether these represent only payments of the principal debt and of the interest to the principal debt.
As explained in the notes below, there are no significant differences between the initial valuations in accordance with IAS 39 "Financial instruments" and the new valuation methods according to IFRS 9 "Financial instruments" for the Company's categories of financial assets as at January 1, 2018.
According to IAS 39, all the trade receivables were accounted for at amortised cost minus impairment adjustments. After implementing IFRS 9, the trade receivables eligible for factoring are measured at fair value, whereas the differences are recorded in the profit and loss (P&L) account due to the fact that they are held according to a business model in order to be sold. Furthermore, trade receivables resulted from contracts that provide an invoicing system based on estimated prices are, likewise, measured at fair value through the profit and loss (P&L) account due to the fact that contractual cash flows do not strictly represent principal debt repayments and interest to the principal debt balance. There was no impact upon the Company's balance carried forward following the classification according to IFRS 9.

There is no impact upon the recognition and valuation of the Company's financial liabilities due to the fact that the new requirements strictly concern accounting for the financial liabilities earmarked to be recorded at fair value through the profit and loss account. The Company does not have such liabilities.
The new impairment model states that impairment adjustments shall be recognised according to the anticipated losses from receivables, and not according to the model of effective losses from receivables, as provided by IAS 39. Pursuant to IFRS 9, the Company recognises impairment adjustments according to the anticipated losses related to instruments that are not accounted for at fair value through the profit and loss account, and related to contractual assets resulted from customer contracts. In general, implementing the model that relies on anticipated losses from receivables entails recording at an earlier stage the losses from receivables for the relevant elements. The impairment losses are calculated based on a three-stage model, using the credit default swap, the counterparties' internal or external ratings and the related default probability. For certain financial instruments, such as trade receivables, the impairment losses are estimated based on a simplified approach, anticipated losses from receivables being recognised throughout their operating life.
According to IFRS 9, several hedging instruments and several hedged risks will generally meet the requirements for applying hedge accounting. As at December 31, 2018, the Company did not have hedging instruments for which it would have applied hedge accounting; as a result, there is no impact upon the financial statements following the implementation of IFRS 9 in relation to hedge accounting.

b) IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 replaced the previous IFRS requirements regarding revenue recognition and applies to all the revenues generated from contracts with customers. In accordance with the new standard, the revenue is recognised so as to reflect the transfer of the contracted goods and services to the customer, at the value which reflects the price the Company expects to be entitled to obtain in exchange of these goods and services. The revenue is recognised when, or as, the customer takes ownership of those goods or services.

The company adopted the new reporting method in line with IFRS as of January 1, 2018.
According to the new standard, the valuation is carried out rather keeping in mind whether the Company controls the respective goods or services prior to their transfer to the customer than whether it is exposed to the significant risks and benefits pertaining to the sale of goods or services.
The initial application of IFRS 15 had no impact upon the Company's balance carried forward as at January 1, 2018.

2.2. New or revised standards and interpretations, which are not mandatory yet
The company did not opt for the early adoption of the following new or revised standards and interpretations which were issued, but are not yet in effect. In some cases, they have not yet been adopted by the EU.

Note 2 APPLICATION OF THE NEW AND UPDATED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

a) IFRS 16 “Leases”
This standard will replace IAS 17 “Leases” and sets forth new requirements in terms of accounting lease contracts. The standard came into effect for annual periods starting on or after January 1, 2019. IFRS 16 sets forth the principles for the recognition, assessment, disclosure and provision of information about the lease contracts of the two parties to a contract, namely the customer (“lessee”) and the provider (“lessor”).
In the lessee’s accounting records, according to IFRS 16, there will be a single model for recording lease contracts, thus being eliminated the classifications as operating lease or financial lease from IAS 17. By applying this model, the lessee will record assets and liabilities for the majority of lease contracts and, in the case of revenues and expenditure, will recognise the amortisation of the leased assets distinctly from the interest to the lease. The lessor’s accounting records, according to IFRS 16, remains essentially unchanged in comparison with the current requirements in IAS 17. The lessor shall continue to use the classification principles in IAS 17 and shall distinguish between two types of leases: operating or financial. According to IFRS 16, both lessees and lessors shall have to disclose more information than those disclosed according to IAS 17 in the notes to financial statements.
The most significant impact is that the Company will recognise new assets and payables for its operating lease contracts, except for the case where an exemption from IFRS 16 is applied. The status of exception will be assigned to certain commitments concerning short-term lease contracts and those concerning low-value assets. No significant impact upon the existing financial lease contracts is expected.

The estimated impact of adopting this standard is non-significant and was determined based on the assessments carried out up to the present date. The actual impacts may be subject to change until the date when the Company has presented the financial statements that include the date of initial application.
The Company will apply IFRS 16 as of January 1, 2019, using for transition purposes the modified retrospective method, without restating the comparative values for the previous period disclosed. On the other hand, the Company will recognise the cumulated effect from the application of the new standard as an adjustment of the initial balance carried forward as at the initial application date. The assets with accompanying rights to use, pertaining to the previous operating lease contracts, will be valuated on the initial application date at the lease debt value, adjusted by means of advance or estimated payments.

b) Other new or revised standards and interpretations, which are not mandatory yet

Furthermore, the following standards, interpretations and amendments were issued and are not expected to have a significant impact upon the Company’s financial statements:

- **IFRS9: Characteristics of negative offset advance payments (Amendment)**. The amendment comes into force for annual periods starting on or after January 1, 2019 and early applications is allowed. The amendment allows for financial fixed assets with advance payment characteristics, which allow or require that a party to a contract either pays or receives a reasonable compensation for the early termination of the contract (so that, from the asset owner’s perspective, there may exist a “negative offset”), to be measured at amortised cost or at fair value through other comprehensive income elements. The company is currently assessing the impact of adopting this change upon the financial statements and does not expect it to be significant.

- **INTERPRETATION OF IFRIC 23**: the uncertainties concerning the treatments applied to the corporate income tax. The interpretation comes into force for annual periods starting on or after January 1, 2019 and early applications is allowed. The interpretation tackles the accounting records of corporate income taxes in cases where the fiscal treatments entail a degree of uncertainty which impairs the application of standard IAS 12. The interpretation provides guidance on the analysis of certain tax treatments, whether individually or jointly, the fiscal authorities’ verifications, the adequate method that would reflect the uncertainty, and the accounting records of changes to events and circumstances. The company is currently assessing the impact of adopting these changes upon the financial statements and does not expect it to be significant.

Note 2 APPLICATION OF THE NEW AND UPDATED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

- **IAS 19: Plan to modify, reduce or settle (Amendments)**. The amendments come into force for annual periods starting on or after January 1, 2019 and early applications is allowed. The amendments stipulate that entities apply updated actuarial assumptions in order to determine the cost of current services and the net interest for the remaining annual reporting period after the implementation of a plan to modify, reduce and settle. Furthermore, the amendments clarify the manner in which accounting for a plan to modify, reduce or settle affects the application of the asset ceiling requirements. These amendments have not yet been adopted by the EU. The company is currently assessing the impact of adopting these changes upon the financial statements and does not expect it to be significant.

- **The Conceptual Framework within the IFRS standards. IASB issued the revised Conceptual Framework for Financial reporting on March 29, 2018**. The Conceptual Framework sets forth a comprehensive set of concepts for financial reporting, establishing standards, guidelines – intended for those who draw up financial statements – in elaborating consistent accounting policies, as well as assistance for users in understanding and interpreting standards. Moreover, IASB issued a separately enclosed document, *Changes to the References to the Conceptual Framework within the IFRS standards,* which sets forth the changes to the affected standards intended to update the references of the revised Conceptual Framework. The objective of the document is to support transition to the revised Conceptual Framework in the case of entities that develop accounting policies using the Conceptual Framework when none of the IFRS standards apply to a particular transaction. For those who draw up financial statements and develop accounting policies pursuant to the Conceptual Framework, the document comes into force for annual periods starting on or after January 1, 2020. These amendments have not yet been adopted by the EU.

IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*: the definition of the term "material" (Amendments). The amendments are in effect for annual periods starting on or after January 1, 2020, and early application is allowed. The amendments clarify the definition of the term "material" and the manner in which it must be applied. The new definition states that "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". Additionally, the explanations accompanying the definition were improved. The amendments also ensure the fact that the definition of the term "material" stays consistent within all the IFRS Standards. These amendments have not yet been adopted by the EU. The Company is currently assessing the impact of adopting these amendments upon the financial statements and does not expect it to be material.

IASB issued Annual Improvements to IFRSs – 2015-2017 Cycle, which appears as a collection of changes brought to IFRS. The changes come into effect for annual periods starting on or after January 1, 2019, with early application allowed. These annual improvements have not yet been adopted by the EU.

- **IAS 12 *Income taxes***: the amendments clarify the fact that the effects of payments in regard to financial instruments classified as own equity upon the corporate income tax shall be recognised according to the manner in which past transactions or events that generated distributable profits were recognised.
- **IAS 23 *Borrowing Costs***: the amendments clarify item 14 in the standard according to which, when an eligible asset is available for its intended use or for sale, and some of the loans related to the eligible asset remain outstanding on that date, the respective loan shall be included in the funds an entity generally borrows.

The Company is currently assessing the impact of adopting these annual improvements upon the financial statements and does not expect it to be material.

Note 3 DRAWING UP FUNDAMENTALS AND ACCOUNTING POLICIES

3.1 FUNDAMENTALS FOR DRAWING UP FINANCIAL STATEMENTS

Statement of compliance
The present financial statements were drawn up in accordance with the Order of the Minister of Public Finance no. 2844/2016 on the approval of the Accounting regulations aligned to the International Financial Reporting Standards adopted by the European Union, as subsequently amended and supplemented.

The interpretations and the International Accounting Standards (collectively designated "IFRS") issued by the International Accounting Standards Board ("IASB"), as adopted by the European Union ("adopted IFRS")
The financial statements were drawn up by applying the International Financial Reporting Standards adopted by the European Union ("IFRS"). The Company drew up the present separate financial statements in order to comply with the requirements of Order no. 2844/2016 *on the approval of the Accounting regulations aligned to the International Financial Reporting Standards*.

Bases for valuation
The financial statements are underpinned by the business continuity principle.

They are drawn up at historical cost, with the exception of tangible assets in, which are measured using the revaluation method, as well as of the embedded derivatives, which are measured at fair value through the profit and loss account. The accounting policies were applied consistently with those of the previous year.

The individual financial statements are drawn up based on the historical cost/amortised cost ratio, with the exception of tangible assets presented at revalued cost by using the fair value as deemed cost.

The economic environment is which the company has operated over time was considered hyperinflationary until December 31, 2003. In the context of adopting IFRS, the issue arises to apply the provisions of IAS 29 – "Financial Reporting in Hyperinflationary Economies", in relation to the fixed assets. The standard stipulates the use of inflated cost for the fixed assets within the balance (non-depreciated as at December 31, 2014) and whose commissioning date is prior to December 31, 2003.

At the same time, Financial Reporting Standard 1 (IFRS 1) "First-time Adoption of International Financial Reporting Standards" sets forth in Appendix D the fact that an entity may elect to restate the balances of fixed assets at the date of transition through measurement at fair value or at their deemed cost (paragraph D5).
Further on, still in Appendix D – "Exemptions from other IFRSs" – paragraph 6, details are provided on the exemptions, in terms of the manner and moment of setting forth the adopted deemed cost; as such, it can be:

- The fair value prior to, or at, the transaction date, or
- A fair value determined before the transaction date and adjusted by the transaction date with the effects of depreciation and of other value adjustments, as the case may be, including, if necessary, changes to the general or specific price indices.

The elements presented at fair value, namely the financial assets and liabilities at fair value through the profit and loss account and the financial assets available for sale, with the exception of those for which fair value cannot be credibly determined.

Functional and presentation currency
The functional currency, as defined by IAS 21 "The Effects of Changes in Foreign Exchange Rates", is the Romanian leu (lei). The individual financial statements are presented in lei.

The transactions carried out by the Company in a currency different from the functional currency are recorded at the foreign exchange rates in force on the dates when the transactions take place.

Note 3 DRAWING UP FUNDAMENTALS AND ACCOUNTING POLICIES (continued)

The accounting records of the transactions conducted by the Company in foreign currencies are kept both in the national currency and in foreign currencies.

The monetary assets and liabilities in foreign currencies are converted in LEI at the foreign exchange rates in force on the reporting date.

Material accounting valuations and estimates

As a result of the uncertainties inherent to commercial activities, numerous elements in the financial statements cannot be accurately valuated, but only estimated. Estimating entails judgements based on the latest available information.

The use of reasonable estimates is a critical part of drawing up financial statements.

An estimate may require a revision if changes occur in the circumstances that underpinned the estimate in question or as a result of new information or subsequent events. By nature, revising an estimate has no connection to previous periods and does not represent the correction of an error from the current period. If an error does exist, the effect on the future periods is recognised as revenue or expenditure during those future periods.

The company issues certain forward-looking estimates and assumptions. The estimates and the judgements are continuously assessed based on historical experience and other factors, including forecasts of future events considered to be reasonable under current circumstances. In the future, actual experience may differ from the present estimates and assumptions.

In analysing the application of IFRIC 12, the Company determined whether the following characteristics of concession licences for the exploitation of mineral resources (salt and limestone) are applicable to the concession contracts concluded with the Ministry of Economy through NAMR, as at the date set for implementing IFRIC 12:

- The grantor controls or regulates the type of activities the grantee is bound to carry out;
- The grantor controls – by means of the ownership right, the beneficial entitlement or otherwise – any significant residual interest in the infrastructure at the end of the contract term;
- The contractual provisions would include the same provisions from an agreement theoretically concluded with a private company.

The company concluded that applying the provisions of IFRIC 12 in order to account for concession licences will not reflect the economic essence of the transaction, given that the Company bears a fee in the form of a mining royalty for the exploitation of mineral resources, stated in the concession licences, paid from the revenues achieved from the sale of said resources.

The royalty is significantly lower than the amortisation the Company would have recorded for the assets held for mineral resource exploitation purposes provided that the concession licences had not been signed.

As a result, IFRIC 12 will not apply. The Company did not recognise the assets pertaining to the concession licenses in the Individual Statement of Financial Position, whereas it does recognise, throughout the contract operating life, in the profit and loss account, the annual royalty payable to the Government.

Further on, we shall present examples of valuations, estimates and assumptions applied across the company:

a) Valuation of investments in lands and buildings owned

The company procures valuations conducted by external valuators in order to determine the fair value of its real estate investments and buildings under its ownership. The present valuations rely on assumptions that include future revenues from leases, anticipated maintenance costs, future development costs and the adequate discount rate. The valuators also make reference to the market information related to the prices of transactions with similar proprieties.

Note 3 DRAWING UP FUNDAMENTALS AND ACCOUNTING POLICIES (continued)

b) Adjustments for impairments of receivables

The valuation for impairments of receivables is carried out on an individual basis and relies on the management's best estimate on the present value of cash flows expected to be received. In order to estimate these flows, the management issued certain estimates regarding the partners' financial standing. Each receivable is analysed on a case-by-case basis.

c) Court proceedings

The company reviews the unsettled case files, monitoring the developments of court proceedings and the current status as at each reporting date, in order to evaluate the provisions and disclosures in its financial statements. Among the factors taken into account in making decisions related to provisions, there are the nature of the litigation or the claims, the possible level of the damages within the jurisdiction where the litigation is tried, the case file developments (including the developments after the date of the financial statements, but prior to the issuance of said statements), the legal advisors' opinions or comments, the experience with similar cases and any decision of the Company's management regarding the way in which it will address the litigation, claim or valuation in question.

d) Accounting cost estimates

There are objective cases in which, until the closing date of fiscal periods or until the closing date of a fiscal year, the exact values of certain expenses accrued by the Company are not known. For this category of expenses, preliminary expenditure estimates shall be calculated, to be adjusted over the following periods, when the cash flow disposal will occur, as well. The expense estimates, by expenditure category, shall be issued by persons with experience in the type of activity that generated the expense in question.

Provisions and contingent liabilities
The Management makes estimates and uses professional judgements in the process of measuring and recognising provisions, so as to determine the exposure to contingent liabilities resulted from the litigations the Company is involved in or from other disputes that are subject to negotiation, arbitration or regulations. Professional judgement is used in order to determine the likelihood of losing a particular litigation and incurring a debt, and in order to quantify the value of this debt. As a result of the uncertainty entailed by the valuation process, actual payables may differ from the initially estimated provisions. In addition, the production facilities are subject to a variety of laws and regulations regarding environmental protection. Provisions are set up for the probable obligations resulting from the application of the legal provisions on the Company's duties to reclaim the site – a subject matter of exploitation licences.

Business continuity
The company will continue to conduct its business as usual, without going into liquidation or incurring a significant business contraction.

3.2 ACCOUNTING POLICIES

(a) Tangible assets

(i) Recognition and measurement
The tangible assets are presented at their revalued value, minus the cumulated amortisation and the impairment losses, with the exception of tangible assets in progress, which are presented at cost, minus the impairment losses. The exploitation's accounting records allow identifying the historical values of tangible assets starting from 01.01.2003. Consequently, the cost of lands and developments of lands purchased prior to 2003 was determined by restating the historical cost, valued in accordance with the revaluation report as at December 31, 2003.

Note 3 DRAWING UP FUNDAMENTALS AND ACCOUNTING POLICIES (continued)

The lands, buildings, constructions, technical equipment and machinery held by the Company as at December 31, 2018 are presented in the statement of financial position at their fair value.

The tangible assets were revaluated by independent valuators, also ANEVAR (*National Association of Authorised Property Valuators in Romania*) members, as follows:

- as at 31.12.2017, the special buildings and constructions (the first revaluation at fair value recorded in line with IFRS was carried out as at 31.12.2015;
- as at 31.12.2016, the lands, items of equipment, means of transformations, items of furniture and office supplies.

The fair value of tangible assets, with the exception of tangible assets in progress, estimated in accordance with IAS 16 “Tangible assets”, is the market value of these assets, and in cases where, on grounds of asset specialisation, it was found that market information was insufficient and/or the market was inactive, a value differing from the market value (net replacement/duplication cost).

The tangible assets are initially assessed at cost.
The cost of assets built by the Company includes the following:

- the cost of materials and direct staff expenditure,
- other costs directly associated to bringing the assets in a state required for the predefined use,
- the dismantling and moving costs, the costs required to restore the space where they were located, provided that the Company is bound to move the asset and restore the land,
- the capitalised borrowing costs.

When parts of a tangible asset have different useful lives, they shall be considered separate parts.

A provision for unused or used assets shall be recorded in the financial statements to the extent to which such elements are identified.
The borrowing costs directly attributable to retrofitting and purchasing installations and other major constructions are capitalised in the cost of tangible assets in progress as provided by IAS 23 “Borrowing Costs”.

The gains or losses from the disposal of a fixed asset (determined by comparing the revenues from disposal with the net book value of that tangible asset) are recognised in the profit or loss account. When the revaluated fixed assets are sold, the amounts included in the revaluation surplus are transferred to the balance carried forward.
The lands received free of charge from the state authorities, and for which the Company held Title Deeds at the time of its establishment, were recorded in the initial share capital. Later on, the Company increased the share capital with the value of the lands for which the Ministry of Industry and Commerce certified the title deed, as well as with the revaluation differences associated to them (1999 and 2000), a procedure that will later be repeated as the right is acquired for the remaining lands.

(ii) Subsequent maintenance costs
The costs required by repairs on, and maintenance of, the fixed assets, carried out in order to restore and keep the value of these assets, are recognised in the profit or loss account on the date when they are paid, whereas the expenses made in order to enhance technical performance are capitalised and amortised throughout the remaining amortisation period of the respective fixed asset.
The subsequent costs are included in the book value of the asset or recognised as a separate asset, as the case may be, strictly when it is likely for future economic benefits associated to the respective element to be received by the Company and the cost of the asset can be reliably valuated. The book value of the replaced part is derecognised. All the other repair and maintenance works shall be recorded in the profit account during the period when they are performed.
All the other maintenance costs are recognised in the profit or loss account as they are incurred.

Note 3 DRAWING UP FUNDAMENTALS AND ACCOUNTING POLICIES (continued)

(iii) Amortisation
The tangible assets are amortised using the linear method, throughout their operating lives, whereas for quarries and drills the amortisation is calculated depending on the reserve.
The economic operating lives are adapted to the best international practices, while also taking into account the wear and tear and obsolescence of the assets, being applied since 2016.
The operating lives used for the tangible assets are as follows:

Category	**Useful life (years)**
Industrial constructions	10 - 60
Administrative buildings	40 - 50
Drills	8 - 36
Technological machinery and equipment	2 - 34
Furniture	4 - 15
Office supplies	4 - 5

Lands and assets in progress shall not be amortised. Assets in progress shall be amortised from the time of their commissioning.

The operating lives, the residual values and the amortisation method are regularly reviewed in order to ensure their consistency with the estimated period during which economic benefits will be generated from the use of the assets.

In 2017, in the Revaluation reports on Group 1 fixed assets, the valuators also determined the remaining operating lives of the revaluated fixed assets.

(iv) Depreciation of non-financial assets
The book values of the Company's non-financial assets, different from the inventories and the receivables from the deferred tax, are reviewed on each reporting date in order to determine whether there is evidence on the existence of a depreciation. An impairment loss is recognised if the book value of an asset or of a cash-generating unit exceeds the estimated recoverable value.

The recoverable value of an asset or of a cash-generating unit is the higher between the value in use and the fair value, minus the selling costs. When determining the value in use, the projected future cash flows are updated in order to obtain the present value, using a rate of discount before tax that reflects the current market assessments in regard to the time value of money and the risks specific to that asset. In order to test the depreciation, the assets that cannot be individually tested are grouped at the level of the smallest group of assets that generate cash inflows from continuous use and that are largely independent from the cash inflows generated by other assets or groups of assets ("cash-generating unit").

Impairment losses are recognised in the Profit or Loss Account, save for the case where the asset the losses refer to was revaluated, in which case the impairment loss is treated as a revaluation reserve decrease.

For all the fixed assets, the impairment losses recognised during the previous periods are valuated on each reporting date in order to determine whether there is evidence of the loss being reduced or absent. An impairment loss is carried over if there were changes in the estimates used to determine the recoverable value. An impairment loss is carried over strictly insofar as the book value of the asset does not exceed the book value that could have been determined, net of amortisation, if no impairment had been recognised.

(v) Revaluation
The tangible assets are presented at their revalued value, with the exception of advance payments and tangible assets in progress, which are presented at historical cost.

Note 3 DRAWING UP FUNDAMENTALS AND ACCOUNTING POLICIES (continued)

The revaluations are performed by independent property valuators, sufficiently regularly so that the book value should not significantly differ from the value that can be determined based on the fair value as at the reporting date.

(b) Public patrimony – records do not show any assets identified as public patrimony items.

(c) Intangible assets

The Intangible assets purchased by the Company are presented at cost, minus the cumulated amortisation and the provision for the impairment of intangible assets. The amortisation is recognised in the profit and loss account based on the linear method, over the estimated operating life of the intangible assets. Most intangible assets recorded by the Company are represented by dedicated computer software. These are linearly amortised over a period of 3 - 5 years.

(d) Transactions in foreign currencies

The transactions in foreign currencies are expressed in RON by applying the foreign exchange rate valid on the transaction date. The monetary assets and liabilities expressed in foreign currencies at the end of the year are expressed in RON at the foreign exchange rate of that date. The foreign exchange gains and losses, whether realised or unrealised, are recorded in the profit and loss account of the respective year.

The foreign exchange rates as at December 31, 2018 and 2017 are as follows:

Currency	31 dec 2018	31 dec 2017
EUR	4.6639	4.6597
USD	4.0736	3.8915

The non-monetary assets and liabilities expressed in a foreign currency, which are valuated at fair value, are converted into the functional currency at the foreign exchange rate on the date when the fair value was determined. The non-monetary elements that are valuated at historical cost in a foreign currency shall be converted using the foreign exchange rate from the transaction date.

(e) Customers and similar accounts

Customers and similar accounts include invoices issued at the nominal invoiced value, minus the impairment losses (deliveries, services rendered and advance payments received).

(f) Inventories

Inventories are presented at the lower value between cost and the probable value of completion.

Inventories are recorded at cost, based on the FIFO valuation method. Inventories consist in finished products, goods, consumables, spare parts and other materials mainly comprising maintenance and repair supplies. The major spare parts that correspond to the definition of a tangible asset are classified as tangible assets. The cost of inventories comprises all the production, procurement and other costs arising from bringing the inventories in the current location and to the current state.

The probable value of completion represents the estimated selling value, minus the estimated completion costs and the expenses arising from the sale.
If the Company deems it necessary, value adjustments are carried out for obsolete, deteriorated inventories or rejects.

Note 3 DRAWING UP FUNDAMENTALS AND ACCOUNTING POLICIES (continued)

(g) Bank deposits, Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits with 3-month initial maturity, which are exposed to an insignificant risk upon changes in the fair value. The monetary resources in foreign currencies are revaluated at the foreign exchange rate valid at the end of the period.
Bank deposits concern those bank deposits with initial maturity in excess of 3 months.

(h) Share capital

Ordinary shares are classified as items of own equity. The company recognises the changes to the share capital under the conditions stipulated by the legislation in force and only after they have been approved by the Shareholders' General Assembly and registered with the Trade Register.

Contributions to the share capital paid in advance

The company does not have any contributions to the share capital paid in advance.

(i) Revaluation reserves

The tangible assets, with the exception of tangible assets in progress, are presented in the statement of financial position at the revalued value, minus the cumulated amortisation and the value losses. Revaluations are performed with sufficient regularity to make sure that the book value does not materially differ from what would have been determined through the use of fair value as at the balance sheet date.

If the book value of an asset is increased following a reassessment, this increase is directly recorded as own equity under "Revaluation reserves". The increase is recognised as profit or loss to the extent to which it offsets a decrease from the revaluation of the same asset previously recognised in the profit or loss account.

If the book value of an asset is decreased following a revaluation, this decrease is recognised in the profit or loss account, save for the case where the decrease is debited directly from the own equity under the "revaluation reserves", insofar as there is credit balance within the revaluation surplus for that asset.

Starting from May 1, 2009, the reserves from the revaluation of tangible assets, recorded after January 1, 2004, have been taxed concurrently with the deduction of the tax amortisation from the calculation of the taxable profit, namely when these fixed assets were removed from inventory, as the case may be.

The company recorded a deferred tax for the payable concerning the reserves from the revaluation of the fixed assets, lands included, carried out after January 1, 2004.

The reserves from the revaluation of the tangible assets, lands included, carried out until January 1, 2004, as well as the revaluation portion carried out after January 1, 2004 and pertaining to the period up to April 30, 2009 shall not be taxed at the time of the transfer under the balance carried forward. For these reserves, the Company did not record a payable linked to the deferred tax.

The revaluation surplus included in own equity, pertaining to a tangible asset element, is directly transferred to the balance carried forward as the asset becomes amortised or is derecognised.

According to IAS 16 "Tangible assets", art. 41, the "revaluation surplus" is considered achieved upon the derecognition of the asset for which the revaluation reserve was set up. Nevertheless, some of the surplus
may be obtained as the asset is used by an entity. In such a case, the amount of the transferred reserve is the difference between the depreciation calculated based on the revalued book value and the depreciation value calculated based on the asset's initial cost."

Note 3 DRAWING UP FUNDAMENTALS AND ACCOUNTING POLICIES (continued)

(j) Dividends

Dividends are recognised as payables during the period when they are approved as per a Shareholders' General Assembly Decision.

(k) Suppliers and similar accounts

Accounts payable and other payables, initially recorded at fair value and subsequently valuated using the effective interest method, include the equivalent value of the invoices issued by product suppliers, works carried out and services rendered.

(l) Interest-bearing loans

The company does not have aby interest-bearing loans.

(m) Borrowing costs

The borrowing costs directly attributable to the purchase, the construction or the production of an asset that requires a substantial amount of time to allow to be used or sold shall be capitalised as a portion of the respective asset's cost. When determining the amount of the borrowing costs eligible for capitalisation over the course of a period, any investment-based revenues generated by such funds shall be deducted from the incurred borrowing costs. All the other costs related to the loan shall be recorded as expenses during the period when they are incurred. The funding costs are represented by interest and other financial costs related to the loans contracted by an entity.

(n) Provisions

A provision is recognised as an expense if, following a previous event, the Company has a legal or constructive present obligation that can be reliably estimated and a disposal of economic benefits is likely to be required in order to fulfil that obligation.
The provisions are determined by updating projected future cash flows using a rate before tax that reflects the current market assessments in regard to the time value of money and the risks specific to that payable. The adjustment amortisation is recognised as a financial expense. Where the effect of the time value of money is material, the value of a provision shall be the current value of the expenses projected as necessary to settle the obligation.

(o) Corporate income tax

The corporate income tax costs comprise the current tax and the deferred tax.

The current tax is the tax expected to be paid or received for the taxable income achieved or loss incurred during the year, using taxation rates adopted or largely adopted as at the reporting date, as well as any adjustment to the obligations to pay the corporate income tax pertaining to the previous years. The current payable tax also includes any tax receivable resulted from stating dividends.

The deferred tax is recognised in terms of the temporary differences between the book value of the assets and liabilities, used for financial reporting purposes, and the tax base used to calculate the tax. The deferred tax shall not be recognised for the following temporary differences:

- the initial recognition of assets or liabilities originating from a transaction which is not a business combination and does not affect the accounting or tax profit or loss;
- differences associated to investments in subsidiaries or jointly controlled entities, insofar as they are likely not to be carried over in the future; and
- taxable temporary differences resulted from the initial recognition of goodwill.

Note 3 DRAWING UP FUNDAMENTALS AND ACCOUNTING POLICIES (continued)

Deferred tax receivables and liabilities shall be offset only if there is a legal right to offset the current tax liabilities and receivables and they concern taxes charged by the same fiscal authority to the same entity, or to a different taxable entity which intends to conclude an agreement for the current tax liabilities and receivables on a net basis, or whose taxation-based assets and liabilities will be simultaneously obtained.

A deferred tax receivables is recognised for unused fiscal losses, tax loans and deductible temporary differences, to the extent to which it is likely to obtain taxable profits that will be available in the future and will be used. Deferred tax receivables are revised as at each reporting date and reduced insofar as it has become unlikely to obtain a fiscal benefit. The effect of the changes in tax rates upon the deferred tax is recognised under the profit or loss account, save for the case where it concerns elements previously recognised directly under own equity.

(p) Affiliated parties

Companies are deemed affiliated when one of the parties, by way of ownership, contractual rights, family relations or by other means, has the capacity to directly or indirectly control or to significantly influence the other party.

(q) Revenues

Sales of goods
The revenue is recognised when the significant risks and benefits have been transferred to the buyer, it is likely to obtain economic benefits and the related costs can be accurately estimated. The revenues primarily represent the value of salt-based and limestone products sold, supplemented by the value of the services specific to tourist activities and other services rendered.

Revenues from services
The revenues from services are recognised during the reference period.

(r) Financial revenues and expenses

Financial revenues comprise revenues from interest and foreign exchange gains, changes in the fair value of financial assets through the profit or loss account. The interest revenues are recognised as they are received and accumulate in the profit or loss account, using the effective interest method.
The company does not obtain revenues from dividends.

Financial expenses comprise foreign exchange losses.

The foreign exchange gains and losses are reported on a net basis.

(s) Employee benefits

In accordance with the Collective Labour Agreement, when they meet the legal requirements in terms of retirement, the salaried employees are entitled to receive a monetary reward.

Short-term employee benefits
The short-term employee benefits include salaries and social security contributions. Long-term employee benefits are evaluated without being updated, whereas the expense is recognised as the related services are rendered.

A liability is recognised at the value expected to be paid as part of short-term plans to grant premiums in cash or profit-sharing premiums provided that the Company has the legal or constructive obligation to pay this amount for services rendered beforehand by its employees and the obligation can be reliably estimated.

Note 3 DRAWING UP FUNDAMENTALS AND ACCOUNTING POLICIES (continued)

As part of the regular business it conducts, the Company makes social security payments to the Romanian State for the benefit of its employees. All of the Company's salaried employees are included in the Romanian State's pension scheme.

(t) Subsidies

Subsidies are initially accounted for in the statement of financial position, as deferred income, when there are reasonable assurances that they will be received and the Company will fulfil the subsidy-related requirements, as the case may be, and are recognised as income when the associated costs (for example, the amortisation of fixed assets through subsidies) have been recognised.

The company fully finances its expenditure and investments from its own revenues. The amounts that are recognised in the financial statements as subsidies represent the reversal under revenues of the costs with the amortisation of the tangible assets financed from the Geological research and development fund and the reversal pertaining to the EU co-financing share for a SOP-IEC (*Sectoral Operational Programme 'Increase of Economic Competitiveness'*) project.

The company implemented a project financed from European funds (SOP-IEC) for a salt recrystallization line at Cacica branch (50% co-financing share) for which the monthly amortisation pertaining to the asset funded from the EU co-financing share is recognised under subsidies.

(u) Contingent liabilities

Contingent liabilities are presented in the case where it is possible to have a resource outflow representing potential, but not probable, economic benefits, and/or the value can be credibly estimated.

A contingent asset will not be recognised in the financial statements, but will be presented when a receipt of economic benefits is likely to occur.

(v) Determining the fair values

Some of the Company's accounting policies and certain requirements to disclose information require determining the fair value both for the financial and the non-financial assets and liabilities. The fair values were determined in order to assess and/or present the information pursuant to the methods described below. When necessary, additional information concerning the assumptions used to determine the fair values is disclosed in the notes associated to the respective asset or liability.

(i) Tangible assets

The fair value of tangible assets relies on the market value. The market value of real property is the value for which a property could be exchanged, on the valuation date, as part of a transaction conducted on arm's length terms, following a corresponding marketing campaign, between two interested and fully aware parties. The fair value of the tangible assets in the other categories (machinery and equipment, installations, furniture and accessories) relies on the market value and the cost method, using market prices quoted for similar elements, when these are available, or the replacement cost, as necessary.

(w) Financial instruments

The financial assets and the financial liabilities are recognised when the Company becomes a party to the contractual provisions of an instrument.

Financial assets and liabilities are initially measured at fair value. The transaction costs that are directly attributable to the purchase or issuance of financial assets and liabilities (different from the financial assets and the financial liabilities at their fair value through profit or loss) are added, during the initial recognition, or deducted from the fair value of the financial assets or liabilities in question, as the case may be. The transaction costs directly attributable to the purchase of financial assets or liabilities at fair value through profit or loss are immediately recognised under the SEPARATE profit or loss.

Note 3 DRAWING UP FUNDAMENTALS AND ACCOUNTING POLICIES (continued)

Financial assets
Financial assets are classified in the following categories: financial assets "at fair value through profit or loss" (FVTPL), investments "held until maturity", financial assets "available for sale" (AFS) and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All the standard purchases or sales of financial assets are recognised and derecognised on the transaction date. Standard purchases or sales are purchases or sales of financial assets that require the delivery of the assets within a timeframe set forth in the regulation or by way of a market agreement.

Effective interest method
The effective interest method is a method for calculating the amortised cost of a financial asset and for allocating the interest income over the relevant period. The effective interest rate is the rate which accurately updates the estimated future cash receipts over the operating life of the financial instrument (including all the fees paid or received that are an integral part of the effective interest rate, the transaction costs and other premiums or discounts), or (as necessary) over a shorter period, at the net book value of the financial asset as at the date of initial recognition.

The revenue is recognised based on the effective interest for the financial instruments, different from those assets classified as financial assets at fair value through profit or loss.

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or designated by the management as a financial asset at fair value through profit or loss.

A financial asset is classified as held for trading if:
- it was purchased primarily in order to be sold in the near future; or
- upon initial recognition, it is part of a portfolio of identified financial instruments which the Company collectively administers and benefits from a recent actual model for short-term profit inflows; or
- it is a derivative not effectively designated as a hedging instrument.

A financial asset different from a financial asset held for trading may be designated as a financial asset at fair value through profit or loss, upon its initial recognition, if:
- a designation of this nature eliminates or significantly reduces a measurement or recognition inconsistency which would otherwise occur; or
- the financial asset is part of a group of financial assets or financial liabilities, or both, a group that is administered, and that asset's performance is measured based on the fair value, in accordance with the Company's documented risk management and investment strategy, whereas the information on how these are grouped is provided internally on this basis; or
- it is part of a contract which contains one or several embedded derivatives, and **IAS 39 Financial instruments: Recognition and Measurement** allows for the entire combined contract (asset or liability) to be designated as a financial asset at fair value through profit or loss.

The financial assets at fair value through profit or loss are presented at fair value, and any gains or losses resulting from the revaluation being recognised under profit or loss. The net gains or losses recognised under profit or loss comprise all the dividends or the interest gained on the financial assets and are included in the elements of the "Losses from embedded derivatives" and "Other financial income / financial (expenditure)" categories.

Investments held until maturity
Investments held until maturity are non-derivative assets, with fixed or variable payments and fixed maturity dates, which the Company positively intends, and has the capacity, to retain until maturity. After the initial recognition, investments held until maturity are measured at amortised cost, using the effective interest method, minus the depreciation.

Note 3 DRAWING UP FUNDAMENTALS AND ACCOUNTING POLICIES (continued)

In regard to certain categories of financial assets (such as trade receivables), the assets that are individually measured are further measured for impairment on a collective basis. The objective proof of impairment affecting a portfolio of receivables could include the Company's past experience in collecting payments, an increase in the number of delayed payments, within the portfolio, beyond the average loan period, as well as perceptible changes across the national or local economic conditions which correlate with the failure to fulfil financial obligations related to receivables.

For the financial assets recorded at amortised cost, the value of the recognised impairment loss is the difference between the asset's book value and the present value of the future estimated cash flows, updated using the effective initial interest rate of the financial asset.

For the financial assets recorded la cost, the impairment loss value is measured as the difference between the asset's book value and the present value of the future estimated cash flows, updated using the current market rate of return for a similar financial asset. This type of impairment loss shall not be reversed during the following periods. The book value of the financial asset is decreased through the impairment loss, which directly applies to all the financial assets, with the exception of trade receivables, where the book value is decreased through the use of an impairment provision account. The subsequent recoveries of previously cancelled values are credited to the impairment provision account. The changes to the book value of the impairment provision account are recognised under profit or loss.

When a financial asset available for sale is considered to be impaired, the cumulated gains or losses previously recognised in the comprehensive income are reclassified under profit or loss during the respective period.

In regard to the financial assets measured at amortised cost, if, during the following period, the impairment loss decreases, or if the decrease can be objectively correlated with an event that takes place after the recognition of said impairment, the impairment loss previously recognised shall be reversed through profit or loss insofar as the book value of the instrument on the impairment reversal date does not exceed the amortised cost borne if the impairment were not to have been recognised.

In regard to the shares available for sale, the impairment losses previously recognised under profit or loss will not be reversed through profit or loss. Any fair value increase that follows an impairment loss shall be recognised under the comprehensive income and shall cumulate under the designation of investment revaluation reserve. As far as debt securities available for sale are concerned, the impairment losses shall be subsequently reversed through profit or loss if an increase in the investment fair value can be objectively correlated with an event that takes place after the impairment loss recognition.

Derecognition of financial assets
The company will derecognise a financial asset only when the contractual rights related to the cash flows within the assets expire or when it transfers the financial asset and, substantially, all the risks and rewards pertaining to the asset title deed, to another entity. If the Company neither transfers, nor keeps, to a significant extent, all the risks and rewards pertaining to the title deed and continues to control the transferred asset, the Company shall recognise the right within the asset and the associated debt in relation to the values it would have to pay. If it does not substantially retain all the risks and rewards related to the title deed over a transferred financial asset, the Company shall continue to recognise the financial asset and, furthermore, shall recognise a secured loan for the receipts it earned.

Upon the total derecognition of a financial asset, the difference between the asset's book value plus the amount of the received and receivable equivalent value, on the one hand, and the gain or loss that was recognised under other comprehensive income elements and cumulated under own equity, on the other hand, shall be recognised under profit or loss.

Note 3 DRAWING UP FUNDAMENTALS AND ACCOUNTING POLICIES (continued)

Upon the derecognition of a financial asset other than in full (e.g.: when the Company does not retain an option to redeem a portion of a transferred asset, or retains a residual interest which does not result in the substantial retention of all the risks and rewards related to the title deed, and the Company does not maintain control), the Company shall allocate the previous book value of the financial asset between the part it continues to recognise under continuous involvement and the part it no longer recognises based on the fair values corresponding to those parts as at the transfer date. The difference between the book value allocated to the part that is no longer recognised plus the amount of the equivalent value received for the part that is no longer recognised, on the one hand, and any allocated cumulated gain or loss that was recognised under other comprehensive income elements, on the other hand, shall be recognised under profit or loss. A cumulated gain or loss that was recognised under other comprehensive income elements shall be allocated between the part that continues to be recognised and the part that is no longer recognised, based on the fair values corresponding to those parts.

Financial liabilities and own equity instruments

Classification as liability or capital
The debt instruments or the equity instruments issued by the Company are classified either as financial liabilities or as own equity, in accordance with the contractual commitments and the financial liability and equity instrument definitions.

Equity instruments
An equity instrument is any contract that substantiates a residual stake in the assets of an entity after all of its liabilities have been deducted. The equity instruments issued by the Company are recognised under the inflows received, as the net direct issuance costs.

The repurchase of the Company's own equity instruments is recognised and deducted directly under own equity. No gain or loss shall be recognised under profit or loss upon the purchase, sale, issuance or forfeiture of the Company's own equity instruments.

Financial liabilities
Financial liabilities are classified either as financial liabilities measured at fair value through profit or loss or as other financial liabilities.

Financial liabilities at fair value through profit or loss
Financial liabilities are classified at fair value through profit or loss when the financial liability is either held for trading or recorded at fair value through profit or loss.

A financial liability is classified as held for trading if:
- it was primarily purchased in order to be redeemed in the near future; or
- upon initial recognition, it is part of a portfolio of identified financial instruments which the Company administers collectively and is accompanied by a recent model of netting a profit in the short term; or
- it is a derivative that is not designated as a hedging instrument or is not effective.

A financial liability, different than the financial liability held for trading, may be designated as being measured at fair value through profit or loss, upon initial recognition, if:
- this designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise occur; or
- the financial liability is part of a group of financial assets or financial liabilities, or both, the performance of which is managed and measured based on the fair value, in accordance with the documented risk management or the investment strategy, as well as if the group is sourced internally on that basis; or
- it is part of a contract which contains one or several embedded derivatives and **IAS 39 Financial instruments: Recognition and Measurement** allows for the entire combined contract (asset or liability) to be designated as being measured at fair value through the profit or loss account.

Note 3 DRAWING UP FUNDAMENTALS AND ACCOUNTING POLICIES (continued)

Financial liabilities at fair value through profit or loss are measured at fair value, with any gain or loss resulting from the revaluation being recognised under profit or loss. The net gain or loss recognised under profit or loss includes any interest paid in relation to the financial liability and is recorded under "Losses from embedded derivatives" and "Other financial income/(expenditure)" in profit or loss. The fair value is determined as presented in Note 30.

Other financial liabilities
Other financial liabilities (loans included) are subsequently measured at amortised cost, using the effective interest method.
The effective interest method is a method for calculating the amortised cost of a financial liability and for allocating the interest expenses over the relevant period. The effective interest rate is the rate which accurately updates the estimated future cash payments over the projected operating life of the financial liability (including all the fees paid or received that are an integral part of the effective interest rate, the transaction costs and other premiums or discounts) or (as necessary) over a shorter period, at the net book value as at the date of initial recognition.

Derecognition of financial liabilities
The Company derecognises financial liabilities exclusively when the Company's obligations are paid, cancelled or expire. The difference between the book value of the derecognised financial liability and the paid and payable equivalent value shall be recognised under profit or loss.

Derivatives
Derivatives are initially recognised at their fair value as at the dates when the contracts are concluded and subsequently revaluated at their fair value at the closure of each reporting period. The resulting gains or losses are immediately recognised in the profit or loss account, save for the case where the derivative is designated and operates as a hedging instrument, in which case the time of its recognition under profit or loss depends on the nature of the hedging relationship.

Embedded derivatives
Derivatives embedded in non-derivative host contracts are stated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not evaluated at fair value through profit or loss.

Hedge accounting
The company designates certain hedging instruments in the form of fair value hedges or cash flow hedges.

At the start of the hedging relationship, the Company justifies with documentation the relationship between the hedging instrument and the hedged element, as well as the risk management objectives and its strategy in terms of concluding various hedging transactions. Additionally, at the start of the hedge and on a permanent basis, the Company justifies with documentation whether the hedging instrument is effective in offsetting the changes in the fair values or the values of the cash flows of the hedged element, which can be attributed to the hedged risk.

Fair value hedging operations
The changes in the fair values of derivatives that are designated as, and fall under the category of fair value hedges, shall be immediately recognised under profit or loss, next to other changes in the hedged fair value or asset value or debt value that can be attributed to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged element, that can be attributed to the hedged risk, are recognised in the SEPARATE statement of comprehensive income, on the row corresponding to the hedged element.

Hedge accounting is interrupted when the Company rescinds the hedging relationship, when the hedging instrument expires or is sold or when it no longer falls under hedge accounting.

The adjustment of the fair value of the hedged element's book value, which derives from the hedged risk, is amortised, starting from the respective date, under profit or loss.

Note 3 DRAWING UP FUNDAMENTALS AND ACCOUNTING POLICIES (continued)

Cash flow hedging operations
The effective portion of the fair value of the derivatives that are designated as, and fall under, cash flow is recognised under other non-consolidated comprehensive income elements and accumulated in the cash flow hedging reserve. The gains or losses pertaining to the ineffective portion is immediately recognised under the SEPARATE profit or loss and is included into “Losses from embedded derivatives” and “Other financial income/(expenditure)” elements.

The values previously recognised under other comprehensive income elements and accumulated under own equity are reclassified under profit or loss during the periods when the hedged element is recognised under profit or loss, on the same row as that of the recognised hedged element, in the statement of profit or loss and the statement of other comprehensive income elements.

Nevertheless, when the projected hedging transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised under other comprehensive income elements and accumulated under own equity shall be transferred from own equity and included in the initial measurement of the non-financial asset cost or of the non-financial liability.

Hedge accounting is suspended when the Company rescinds the hedging relationship, when the hedging instrument expires or is sold, terminated or executed or when it no longer qualifies for hedge accounting.
Any gains or losses recognised SEPARATELY under other comprehensive income elements and accumulated under capital at the time shall remain under capital and be recognised when the projected transaction is eventually recognised under the SEPARATE profit or loss. When the projected transaction is no longer expected to take place, the gains or losses are immediately accumulated under the SEPARATE profit or loss.

(x) Leasing

Lease contracts are classified as financial lease contracts whenever the lease contract conditions transfer, to a significant extent, all the risks and rewards related to the user’s right of ownership. All the other lease contracts are classified as operating leases.

The assets held pursuant to financial lease contracts are initially recognised as Company assets at their fair value, at the start of the lease contract or, if this value is lower, at the current value of the minimum lease payments. The corresponding obligation towards the owner is included in the SEPARATE statement of financial position as an obligation associated to the financial lease.

The lease payments are distributed between financial expenses and lowering the obligation associated to the lease, so as to obtain a constant interest rate related to the debt balance. Financial expenses are immediately recognised under profit or loss provided that they are not directly attributable to the eligible assets, in which case they are capitalised in accordance with the Company’s general policy on the borrowing costs. Contingent leases are recognised as expenses during the periods in which they occur.

Operating lease payments are recognised under expenditure throughout the lease period, save for the cases in which a different basis is more representative of the interval during which the economic benefits resulted from the asset taken over under lease are consumed. Contingent leases generated pursuant to the operating lease are recognised as expenditure during the periods in which they occur.

In cases where leasing incentives are received towards concluding operating lease contracts, such incentives shall be recognised as liabilities. The aggregated benefit of the incentives is recognised as a linear decrease of the leasing costs, save for the cases where a different systematic basis is more representative of the interval during which the economic benefits resulted from the asset granted under lease are consumed.

(all the amounts are expressed in RON, unless otherwise provided)

Note 4 ASSETS

Note 4.1 TANGIBLE ASSETS

Tangible assets	**Balance as at December 31, 2018**	**Balance as at December 31, 2017**
Lands	24,471,476	24,616,801
Buildings	101,943,575	96,925,432
Technical equipment and machinery	90,379,673	71,390,364
Other plant, machinery and furniture	1,506,016	1,196,144
Biological assets	3,313	3,313
Tangible assets in progress	5,877,438	11,036,724
Amortisation of lands	(13,850)	(685,334)
Amortisation of buildings	(19,530,902)	(7,472,967)
Amortisation of technical equipment and machinery	(29,469,287)	(15,054,712)
Amortisation of other plant, machinery and furniture	(502,683)	(253,464)
Adjustments for impairments of buildings	(4,977,643)	(4,129,446)
Adjustments for impairments of technical equipment and machinery	(60,382)	(203,164)
Adjustments for impairments of other plant, machinery and furniture	-	(53)
Adjustments for impairments of tangible assets in progress	(3,053,663)	(691,779)
Advances for the purchase of tangible assets	-	1,931,264
TOTAL	**166,573,083**	**178,609,121**

(all the amounts are expressed in RON, unless otherwise provided)

Note 4.1 TANGIBLE ASSETS (continued)

	Lands and special set-ups	Buildings and special constructions	Technical equipment and machinery	Other plant, machinery and furniture	Biological assets	Advances for the purchase of tangible assets	Tangible assets in progress	Total
COST								
Balance as at January 1, 2018	24,415,696	102,259,905	63,105,687	1,173,779	3,313	960,713	5,111,628	197,030,721
Purchases	201,105	7,074,599	649,297	6,187	-	970,551	18,098,531	27,000,270
Outflows / transfers	-	3,718,763	8,333,390	21,453	-	-	(12,073,606)	-
Disposals	-	(5,803)	(698,009)	(5,275)	-		(99,828)	(808,915)
Revaluations	-	(16,122,034)	-	-	-			(16,122,034)
Balance as at December 31, 2017	24,616,801	96,925,430	71,390,365	1,196,144	3,313	1,931,264	11,036,725	207,100,042
ACCUMULATED AMORTISATION								
Balance as at December 1, 2017	(685,334)	(15,269,807)	(9,960)	-	-	-	-	(15,965,101)
Period cost	-	(8,124,596)	(15,390,811)	(258,739)	-		-	(23,774,146)
Decreases	-	-	346,058	5,275	-		-	351,333
Revaluation - amortisation write-off	-	15,921,439	-	-	-			15,921,439
Balance as at December 31, 2017	(685,334)	(7,472,964)	(15,054,713)	(253,464)	-		-	(23,466,475)

(all the amounts are expressed in RON, unless otherwise provided)

	Lands and special set-ups	Buildings and special constructions	Technical equipment and machinery	Other plant, machinery and furniture	Biological assets	Advances for the purchase of tangible assets	Tangible assets in progress	Total
VALUE ADJUSTMENTS								
Balance as at January 1, 2017	-	(4,628,868)	-	-	-	-	(64,000)	(4,692,868)
Increases	-	(571,706)	(203,164)	53	-		(691,779)	(1,466,702)
Decreases	-	1,071,128	0	-	-		64,000	1,135,128
Balance as at December 31, 2017	-	(4,129,446)	(203,164)	(53)	-		(691,779)	(5,024,443)
NET BOOK VALUE								
Balance as at January 1, 2017	23,760,362	82,361,230	63,095,726	1,173,779	3,313	960,713	5,047,628	176,372,751
Balance as at December 31, 2017	23,931,467	85,323,020	56,132,487	942,627	3,313	1,931,264	10,344,946	178,609,121
COST								
Balance as at January 1, 2018	24,616,800	96,925,432	71,390,364	1,196,144	3,313	1,931,264	11,036,724	207,100,041
Purchases	526,160	5,028,893	19,412,808	329,531	-	-	18,656,465	43,953,857
Outflows / transfers								
Disposals	(671,484)	(10,750)	(423,499)	(19,659)	-	(990,718)	(23,815,751)	(25,931,861)
Revaluations								
Balance as at December 31, 2018	24,471,476	101,943,575	90,379,673	1,506,016	3,313	940,546	5,877,438	225,122,037
ACCUMULATED AMORTISATION								

	Lands and special set-ups	Buildings and special constructions	Technical equipment and machinery	Other plant, machinery and furniture	Biological assets	Advances for the purchase of tangible assets	Tangible assets in progress	Total
Balance as at January 1, 2018	(685,334)	(7,472,967)	(15,054,712)	(253,464)	-	-	-	(23,466,477)
Period cost	671,484	(12,067,010)	(14,414,575)	(249,219)				(26,052,245)
Decreases	(13,850)	(19,532,902)	(29,469,287)	(502,683)				(49,518,722)
Revaluation - amortisation write-off								
Balance as at December 31, 2018	24,457,626	82,412,673	60,910,386	1,003,333	3,313	940,546	5,877,438	175,603,315
VALUE ADJUSTMENTS	-							
Balance as at January 1, 2018		(4,129,446)	(203,164)	(53)	-	-	(691,779)	(5,024,442)
Increases		(848,197)	-	-	-	(940,546)	(2,605,125)	(4,393,868)
Decreases		-	142,782	53	-	-	243,121	385,903
Balance as at December 31, 2018		(4,977,643)	(60,382)	-	-	(940,546)	(3,053,663)	(9,032,407)
NET BOOK VALUE	24,457,626	77,435,030	60,850,004	1,003,333	3,313	940,546	2,823,775	167,513,627
Balance as at January 1, 2018	23,931,467	85,323,020	56,132,487	942,627	3,313	1,931,264	10,344,946	178,609,123
Balance as at December 31, 2018	24,457,626	77,435,030	60,850,004	1,003,333	3,313	-	2,823,775	166,573,083

Note 4.1 TANGIBLE ASSETS (continued)

Tangible assets are primarily specific to the mineral resource exploitation activities: lands pertaining to the mining fields, buildings and special constructions, excavation and transportation machinery and equipment, processing and packaging machinery and equipment, conveyor belts, etc.

The Company does not hold assets for sale.

The latest revaluation of the tangible assets took place at the closure of the 2017 fiscal year, for buildings and constructions, and at the closure of the 2016 fiscal year for lands and class 2 and class 3 fixed assets. There were no revaluations of tangible assets performed throughout 2018.

The revalued values are presented in the financial statements, whereas the value increases/decreases generated from the revaluation of these values at fair value affected the reserve, revenues or expenditure accounts, as the case may be, during the years when revaluations were performed.

The company used the deemed cost as at 31.12.2014 in order to present the fixed assets.

Revaluation of tangible assets
The lands, buildings and special constructions, technological equipment, plants, means of transportation and other fixed assets held by the Company as at December 31, 2018 are presented in the statement of financial position at fair value.

The tangible assets are highlighted at their revalued value, minus the cumulated amortisation and the value impairments.

Investments in progress
The balance of investments in progress as at 31.12.2018 amounts to 5,877,438 lei and to 11,0356724 lei as at December 31, 2027.

Amortisation of fixed assets and depreciation adjustments

Accounting depreciation is calculated using the linear method. For quarries and drills, the depreciation is calculated depending on the reserve.

In 2018, adjustments were made for impairments of assets in progress, amounting to 3,053,663 lei, representing the value of the investment objectives in progress, which were not completed within the deadlines provided in the work estimates and for which no recoverability is estimated, as well as impairment adjustments for sundry debtors, amounting to 940,546 lei and representing the amount paid in advance for the purchase of equipment (Ettemes).

Scrapping of fixed assets and provisions set up
The adjustments were made for tangible assets with a significant degree of wear and tear, which can no longer be used in the exploitation process and are earmarked for scrapping, for the assets that are no longer used in exploitation activities at Ocna Mures Salt works, given that the branch no longer conducts business, as well as for those that are either not used for exploitation (drills, buildings purchased as indemnification pursuant to court sentences, being located in the exploitation area concerned and exposed to an elevated risk of demolition).

Note 4.2 INTANGIBLE ASSETS
The intangible assets purchased by the company are presented at cost, minus the cumulated amortisation and value losses. The amortisation is recognised in the profit and loss account based on the linear method, over the estimated operating life of the respective intangible asset. Most intangible assets recorded by the company are represented by computer software, and related licences, for various areas of activity (production, accounting, financials, procurements, payroll). These are amortised on a linear basis over a period not exceeding three years.

(all the amounts are expressed in RON, unless otherwise provided)

Note 4.2 INTANGIBLE ASSETS (continued)

During the January 1 - December 31, 2018 period, the status of intangible assets evolved as follows:

COST	Balance as at January 1, 2018	Increases	Decreases	Balance as at December 31, 2018
Concessions, patents, licences, marks and similar values, other intangible assets	434,108	1,025,193		1,459,300
Intangible assets of harnessing and evaluation of mineral resources	243,788			243,788
Other intangible assets	1,827,578	349,179	178,299	1,998,457
Advances for the purchase of intangible assets	85,116	101,500	41,136	145,480
Total	**2,590,589**	**1,475,872**	**219,435**	**3,847,026**

Intangible assets are amortised using the linear method. As at January 1 and December 31, 2018, the amortisation of tangible assets appears as follows.

AMORTISATION	Balance as at January 1, 2018	Year amortisation	Decreases	Balance as at December 31, 2018
Concessions, patents, licences, marks and similar values, other intangible assets	123,753	157,324		281,077
Amortisation of intangible assets of harnessing and evaluation of mineral resources	171,722	62,098		233,820
Amortisation of other intangible assets	1,504,711	632,012	230,467	1,906,256
Total	**1,800,186**	**851,434**	**230,467**	**2,421,153**

NET VALUE	Balance as at January 1, 2018	Balance as at December 31, 2018
Concessions, patents, licences, marks and similar values, other intangible assets	310,355	1,178,223
Intangible assets of harnessing and evaluation of mineral resources	72,066	9,968
Other intangible assets	322,866	92,202
Advances for the purchase of intangible assets	85,116	145,480
Total	**790,403**	**1,425,873**

During the January 1 - December 31, 2017 period, the status of intangible assets evolved as follows:

(all the amounts are expressed in RON, unless otherwise provided)

COST	Balance as at January 1, 2017	Increases	Decreases	Balance as at December 31, 2017
Concessions, patents, licences, marks and similar values, other intangible assets	434,108		8,435	425,673
Intangible assets of harnessing and evaluation of mineral resources	243,788	-	-	243,788
Other intangible assets	2,080,742		244,730	1,836,012
Advances for the purchase of intangible assets	43,980	41,136		85,116
Total	**2,802,618**	**41,136**	**253,165**	**2,590,589**

Intangible assets are amortised using the linear method. As at January 1 and December 31, 2017, the amortisation of intangible assets appears as follows:

AMORTISATION	Balance as at January 1, 2017	Year amortisation	Decreases	Balance as at December 31, 2017
Concessions, patents, licences, marks and similar values, other intangible assets	109,021	12,594		121,615
Amortisation of intangible assets of harnessing and evaluation of mineral resources	109,624	62,098		171,722
Amortisation of other intangible assets	1,622,999		116,150	1,506,849
Total	**1,841,644**	**74,692**	**116,150**	**1,800,186**

NET VALUE	Balance as at January 1, 2017	Balance as at December 31, 2017
Concessions, patents, licences, marks and similar values, other intangible assets	325,087	304,058
Intangible assets of harnessing and evaluation of mineral resources	134,164	72,066
Other intangible assets	457,743	329,163
Advances for the purchase of intangible assets	43,980	85,116
Total	**960,974**	**790,403**

Note 4.3 FINANCIAL FIXED ASSETS

The company does not hold stakes in the share capital of other trading companies.

(all the amounts are expressed in RON, unless otherwise provided)

Note 4.4 OTHER FIXED ASSETS

	Balance as at December 31, 2018	Balance as at December 31, 2017
Other fixed assets/long-term receivables (advances for the purchase of fixed assets)	9,991,920	11,833,604
Deferred corporate income tax	11,282,122	7,727,174
TOTAL	**21,274,042**	**19,560,778**

The deferred corporate income tax resulted from restating the financial statements by means of applying IAS 12 falls under assets.

The highest share belongs to the environment reclamation guarantees set up by the branches as a result of the legal obligations they are subject to.

Note 5 INVENTORIES

The inventories are presented at the lower value between the purchase cost and the probable value of completion. Inventories comprise: raw materials, materials and consumables intended for production and inventories of finished products and goods (intended for sale).

Inventories	Balance as at December 31, 2018	Balance as at December 31, 2017
Raw materials	188,223	136,577
Consumables, auxiliary materials, inventory items and packaging	10,403,126	10,825,973
Production in progress	1,404,924	1,066,915
Semi-finished and finished products	1,569,409	3,395,020
Goods	724,674	895,561
Total	**14,290,356**	**16,320,047**

VALUE ADJUSTMENTS	Balance as at December 31, 2018	Balance as at December 31, 2017
Depreciation adjustments for raw materials	-	(3,022)
Depreciation adjustments for consumables	(1,415,025)	(908,550)
Depreciation adjustments for semi-finished and finished products	(7,549)	(150,782)
Depreciation adjustments for goods	(322)	(2,216)
Total value adjustments	**(1,422,896)**	**(1,064,570)**
Net value of inventories	**12,867,458**	**15,255,477**

The **inventories of raw materials, consumables**, auxiliary materials and spare parts are recorded as inventories at the time of their purchase, then recorded as expenditure at the time of consumption. The method employed to capitalise on (release for consumption) the various types of inventories identified as spare parts and consumables is FIFO (first in, first out). The cost of inventories rely on the entry value added to the inventory records. They also include the reserve stock requirements.

The **inventories of finished products** are recorded on a monthly basis at the pre-calculated cost. At the same time, the difference between the pre-calculated cost and the actual achieved cost is recorded.

(all the amounts are expressed in RON, unless otherwise provided)

Note 5 INVENTORIES (continued)

The cost of finished products and products in progress includes the materials, the labour and the related indirect production costs.

As at December 31, 2018, depreciation adjustments were set up for still or slow-moving inventories, as follows:
- for the inventories of consumables, auxiliary materials, spare parts, the depreciation adjustment value is 1,408,619 lei, showing an increase from the value set in 2017 (895,979 Lei);
- for the stocks of materials identified as slow-moving and still inventory items, the depreciation adjustment value is 36,714 lei, showing a decrease from the value set in 2017 (37,743 lei);
- for the inventories of finished products, depreciated value is 7,549 lei, showing a decrease from 2017 (150,782 lei). The decrease is primarily determined by the scrapping of finished product inventories contained by the stocks of Ocna Mures branch; following the cessation of production, the branch was left with a stock surplus that could not be capitalised upon and became difficult to sell;
- for the inventories of goods, the adjustment value was 322 lei, showing a decrease from 2017 (2,216 lei);
- for the slow-moving and still packaging inventories, the depreciated value is 6,406 lei, showing a decrease from 2017 (12,571 lei).

Note 6 TRADE AND SIMILAR RECEIVABLES

Trade receivables and other current assets are disclosed at their net value:

	Balance as at December 31, 2018	Balance as at December 31, 2017
Customers and similar accounts	94,235,983	85,463,813
Impairments of trade receivables	(20,679,502)	(20,700,710)
Other current assets	66,444,948	2,755,660
Value adjustments	(16,427,993)	(608,893)
Deferred expenses	1,161,954	1,033,343
Total	**124,735,391**	**67,943,213**

Note 6.1 CUSTOMERS AND SIMILAR ACCOUNTS
The customers and similar accounts are presented at their net value, after setting up provisions for doubtful customers or customers involved in litigations.

As at December 31, 2018 and 2017, customers and advance payments from customers appear as follows:

GROSS VALUE	**Balance as at December 31, 2018**	**Balance as at December 31, 2017**
Trade receivables - customers	94,204,176	84,340,961
Advances granted	31,807	1,122,852
Total	**94,235,983**	**85,463,813**
VALUE ADJUSTMENTS		
Doubtful customers	(20,679,502)	(20,700,710)
Total adjustments	(20,679,502)	(20,700,710)

(all the amounts are expressed in RON, unless otherwise provided)

Note 6.1 CUSTOMERS AND SIMILAR ACCOUNTS (continued)

NET VALUE		
Customers and similar accounts	73,556,481	64,763,103
TOTAL	**73,556,481**	**64,763,103**

Trade receivables comprise the obligations internal and external customers have towards the company, their relations being underpinned by the market economy rules.

The strongest dependencies are in the case of salt brine deliveries to Govora Sodium Factories, Oltchim and Chimcomplex Borzesti beneficiary chemical compounds, determined by the brine distribution technology that uses brine pipeline transportation.

Note 6.2 OTHER CURRENT ASSETS

As at December 31, 2018 and 2017, the “other current assets” item appears as follows:

GROSS VALUE	Balance as at December 31, 2018	Balance as at December 31, 2017
Receivables linked to the salaried employees	618,240	195,413
Other claims receivable from the state budget	1,992,593	1,526,358
Mining royalty paid	33,394,819	-
Additions and penalties paid linked to the mining royalty	14,168,725	-
Sundry debtors	16,225,681	953,213
Interest receivable	44,862	80,798
Unsettled amounts	28	(371)
Other receivables	-	250
Total	**66,444,948**	**2,755,661**

VALUE ADJUSTMENTS	Balance as at December 31, 2018	Balance as at December 31, 2017
Sundry debtors	(16,427,993)	(608,893)
TOTAL	**(16,427,993)**	**(608,893)**

NET VALUE	Balance as at December 31, 2018	Balance as at December 31, 2017
Other current assets – post-adjustment	49,076,409	2,146,768
TOTAL	**49,076,409**	**2,146,768**

The group of **Receivables linked to the salaried employees** comprises amounts that are to be received from the salaried employees in the form of rates, pursuant to sales and purchase agreements for apartments, concluded with Slănic Prahova, as well as amounts to be recovered from the salaried employees as a result of inspections conducted by the Court of Accounts and in relation to which SNS SA took legal action.

Note 6.2 OTHER CURRENT ASSETS (continued)

Other claims receivable from the state budget represent primarily amounts receivable, for medical leaves, from the National Health Insurance House.

Throughout 2019, the Company underwent a tax audit focused on the previous fiscal years, following which additional tax obligations were set forth, as follows:
- the corporate income tax amounting to 948,683 lei;
- the value added tax pertaining to the scrapping of finished products, amounting to 25,830 lei;
- the mining royalty amounting to 37,976,742 lei.

The amount of 948,683 lei comprises the 614,955 lei difference determined as a result of the verifying the calculation method of the limited deductibility costs, an amount challenged in court, and the amount of 333,728 lei, set up and not declared following the start of the audit. The latter amount was paid.

The value added tax was not challenged and was paid during 2019.

The amount additionally set forth in relation to the mining royalty relied on the amendments brought to Mining Law no. 85/2003, which has interpretable provisions in terms of the royalty calculation method. In this respect, the company has several pending litigations on the matter of setting forth additional debts under these obligations.
For the additional debt set forth as a result of the tax audit report, the Company filed a challenge.
At the same time, the company was also issued default intertest and late-payment penalties for failure to disclose and pay the mining royalty amounting to 14,168,725 lei.

In 2018, the company paid, before the audit engagement completion, the amount of 51,310,435 lei, comprising the estimated debt of 37,141,710 lei and 14,168,725 as late-payment additions. These amounts were recorded under receivable accounts, and an adjustment is bound to take place at the end of the audit engagement, namely in March 2019.
For these amounts, the company has provisions for risks and expenditure set up as at December 31, 2018.

The company has a claim receivable from Oltchim Chemical compound, amounting to 33,101,628.07 lei (12,577,802.49 lei as a receivable provided in the payments schedule - account 411, 18,249,986 Lei – a receivable representing a state aid illegally granted according to European Commission Decision no. C (2018) 8592, 32,772.15 lei – an unsecured receivable representing court charges; 2,241,067.43 lei – the interest pertaining to the said state aid granted), partially covered by a security interest in real property authenticated by a notary document. As at December 31, 2018, the receivable is fully adjusted for impairment.

The category of **Sundry debtors** comprises amounts credited against former salaried employees (2,072,561 lei) pursuant to inspections conducted by the Court of Accounts, which are subject to legal actions pending before law courts. Adjustments for impairments of receivables were set up in relation to amounts credited to both current and former salaried employees.

Other receivables are recorded at their value at the actual time of performing the related operation and comprise receivables linked to the personnel and sundry debtors.

Note 6.3 DEFERRED EXPENSES

The deferred expenses include the mining exploitation fee (NAMR Order 198/2009 and GD 350/2015), due for payment in December of the current year for the following year, the equivalent value of subscriptions to specialised magazines, official gazettes, etc., vehicle excise duties and car insurance policies, health cards for voluntary health insurance policies pertaining to the following year, but payable in advance during the reporting year and left to be allocated on a monthly basis under the current expenses of the following year.

(all the amounts are expressed in RON, unless otherwise provided)

Note 6.3 DEFERRED EXPENSES (continued)

	Balance as at: December 31, 2017	to be carried over: within 1 year	beyond 1 year
Exploitation annual fee	780,504	780,504	-
Insurance policies, leases, various other expenses to be made in advance and allocated under current expenses based on a payment schedule	252,839	252,839	-
Total	**1,033,343**	**1,033,343**	**-**

	Balance as at: December 31, 2018	to be carried over: within 1 year	beyond 1 year
Exploitation annual fee	780,221	780,221	
Insurance policies, leases, various other expenses to be made in advance and allocated under current expenses based on a payment schedule	381,733	381,733	
Total	**1,161,954**	**1,161,954**	

Note 7 OTHER FINANCIAL ASSETS

	Balance as at December 31, 2018	Balance as at December 31, 2017
Checks receivable	-	7,543
Bills receivable		-
Short-term investments		-
Total	**-**	**7,543**

Note 8 CASH AND CASH EQUIVALENTS

As at December 31, 2018 and 2017, cash and cash equivalents appear as follows:

(all the amounts are expressed in RON, unless otherwise provided)

Note 8 CASH AND CASH EQUIVALENTS (continued)

	Balance as at December 31, 2018	Balance as at December 31, 2017
Cash at bank	136,576,091	129,487,241
Cash at hand	425,575	316,690
Restricted use cash – SGB (*letter of bank guarantee*)	22,816,491	19,576,491
Very short-term deposits	58,546,922	97,294,621
Other values (letter of credit)	-	8,927,985
Total	**218,365,079**	**255,603,028**

As at the closing date of the 2018 fiscal year, the company held:

- short-term bank deposits, amounting to 58,546,922 lei;
- a cash collateral deposit amounting to 12,016,491 lei, related to the letter of bank guarantee issued in favour of NAFA (*National Agency for Fiscal Administration*) (representing accessory obligations in the form of the additional mining royalty);
- a cash collateral deposit amounting to 10,800,000 lei, related to the letter of bank guarantee issued in favour of CNAIR (National Company for Road Infrastructure Administration).

As at the closing date of 2018 fiscal year, the company held short-term bank deposits opened with the banks where the company has active accounts (BCR and Raiffeisen).
During the reporting period, there were no significant non-cash transactions with third-party natural persons or legal entities.

Note 9 OWN EQUITY

As at December 31, 2018, December 31 and January 1, 2017, the share capital includes the effects of the restatements recorded during the previous years as a result of applying IAS 29 "Financial Reporting in Hyperinflationary Economies" and the changes to the actuarial conditions as per IAS 19. The share capital reconciliation appears as follows:

	Balance as at December 31, 2018	Balance as at December 31, 2017	Balance as at January 1, 2017
Statutory share capital (nominal value)	40,936,410	40,936,410	40,936,410
Differences from share capital restatement (IAS 29)	27,751,645	27,751,645	27,751,645
Other adjustments to capital (changes to actuarial conditions IAS 19)	30,181	372,406	(21,273)
Adjusted share capital	**68,718,236**	**69,060,461**	**68,666,782**

As at December 31, 2018, the Company's authorised and fully paid share capital is divided into 4,093,641 ordinary shares with a nominal value of 10 RON/share.

(all the amounts are expressed in RON, unless otherwise provided)

Note 9 OWN EQUITY (continued)

The company shareholding structure as at the 2018 fiscal year closing date is unchanged from the company's date of incorporation:

- the Romanian State, represented by the Ministry of Economy, by means of the Office of State Ownership and Privatisation in Industry, holding 51% of the share capital as at December 31, 2018;

- SC Fondul Proprietatea SA, which holding 49% of the share capital as at December 31,2018.

The shareholders are entitled to dividends and each share lends a voting right during the shareholders' general assemblies.

No share capital increases were carried out during the reporting period.

Revaluation reserve

Reserves originating from the revaluation of tangible assets:

Revaluation reserves	**Balance as at December 31,2018**	**Balance as at December 31,2017**
Revaluation reserves	16,641,653	21,297,382
Deferred tax linked to the surplus from the revaluation performed as at 31.12.2018	(2,662,664)	(3,407,581)
Total	**13,978,989**	**17,889,801**

Other reserves consist in: the legal reserve and the geological research and development fund, the latter being set up using the operating expenses. The "Other reserves – geological reserves" item presents a value comprising the net value (the value of the development fund set up using the current expenses minus the reversed value of the amortisation pertaining to the fixed assets financed from this fund) and the depleted reserve balance.
For the year 2018, a geological research and development fund was set up for the amount of 21,597,449 lei, on account of the operating expenses, from which the amount of 4,296,710 lei/year, as the amortisation pertaining to the fixed assets financed from this fund (net lei), was reversed.

Other reserves	**Balance as at December 31,2018**	**Balance as at December 31,2017**
Legal reserve	8,187,282	8,187,282
Statutory or contractual reserves		
Other reserves	179,539,824	162,222,381
Total	**187,727,106**	**170,409,663**

Legal reserve

For the period subject to the restatement of accounts in order to implement IFRS, there were no amounts appropriated from the net profit to the legal reserve, the latter being set up beforehand up to the maximum ceiling.

Balance carried forward and current outturn

The balance carried forward also includes the differences from first-time restating the financial statements in accordance with IFRS (including IAS 29 for the share capital):

(all the amounts are expressed in RON, unless otherwise provided)

Note 9 OWN EQUITY (continued)

	Balance as at December 31, 2018	Balance as at December 31, 2017
Outturn not appropriated	37,288,533	42,642,318
Outturn from the first-time application of IFRS	88,740,683	88,740,683
Balance carried forward from IAS 29 – share capital restatement	(27,751,645)	(27,751,645)
Total balance carried forward and current outturn, of which:	**98,277,571**	**103,631,356**
Balance carried forward	21,893,589	22,509,960
Current outturn	76,383,983	81,121,398

The balance carried forward from the first-time adoption of IFRS, minus IAS 29, has the following structure:

	Balance as at December 31, 2018	Balance as at December 31, 2017
Balance carried forward from the use of deemed cost as fair value as at the date of transitioning to IFRS	79,958,506	79,958,506
Deferred tax recognised at the first-time application of IFRS, minus IAS 29 – IAS 12	8,782,178	8,782,178
Outturn from the first-time application of IFRS:	**88,740,683**	**88,740,683**

Note 10 LOANS

10.1 Short-term loans

In 2018, the Company neither granted, nor contracted loans, whether short-term or overdraft.

The company holds under concession, at Slănic branch, the land and the related buildings from Unirea mine, as per Concession contract no. 6229/28.10.1998 concluded with Slanic Mayor's Office over a 45-year period. The short-term component (below 1 year), amounting to 12,052 lei, is presented under short-term loans.

Short-term loans	**Balance as at December 31,2018**	**Balance as at December 31,2017**
Concession – short-term maturity component – Slanic Prahova	12,052	12,052
Total	**12,052**	**12,052**

(all the amounts are expressed in RON, unless otherwise provided)

10.2 Long-term loans

Long-term loans	**Balance as at December 31,2018**	**Balance as at December 31,2017**
Concession – long-term maturity component – Slanic Prahova	277,196	289,248
Total	**277,196**	**289,248**

Note 11 LIABILITIES

As at December 31, 2018 and 2017, respectively, the Company's short-term liabilities appear as follows:

SHORT-TERM LIABILITIES	**Balance as at December 31, 2018**	**Balance as at December 31, 2017**
Suppliers and similar accounts	22,175,772	28,553,344
Payables linked to the salaried employees	7,322,529	7,351,551
Tax liabilities	23,875,109	26,819,417
Other short-term liabilities	994,460	1,213,709
Total	**54,367,868**	**63,838,435**

SUPPLIERS AND SIMILAR ACCOUNTS
As at December 31, 2018 and 2017, "suppliers and similar accounts" appears as follows:

SUPPLIERS AND SIMILAR ACCOUNTS	**Balance as at December 31, 2018**	**Balance as at December 31, 2017**
Trade payables	13,645,388	15,271,325
Asset suppliers	5,630,599	10,792,278
Advance payments from customers	2,899,785	2,489,741
Total	**22,175,772**	**28,553,344**

Suppliers represents the company's trade payables present in the balance at the closure of the 2018 fiscal year. The balance decrease by 22% from the previous year figure is primarily due to clearance of the debt to the Sandvik machinery supplier during the first half of 2018.

PAYABLES LINKED TO THE SALARIED EMPLOYEES

	Balance as at December 31, 2018	**Balance as at December 31, 2017**
Payables linked to the salaried employees*) – minus IAS 19 – short-term salaried employee benefits	7,322,529	7,351,551
Total	**7,322,529**	**7,351,551**

**) salaried employee benefits < 1 year (IAS 19) are presented in note 18*

(all the amounts are expressed in RON, unless otherwise provided)

Note 11 LIABILITIES (continued)

Staff payables comprise current staff-related expenses due for payment in January of the following year (salaries, medical leaves, withholdings from wages due to third parties, amounts due to the staff pursuant to judicial orders, food vouchers, administrator guarantees, medical leaves not taken until the fiscal year closure and other staff expenditure).

Salaried employee benefits due for payment within 1 year, calculated for the implementation of IAS 19, are distinctly presented in the financial statements.

Social security taxes and levies comprise the taxes and levies due to the state budget and social security budgets, due for payment in January of the next year.

	Balance as at December 31, 2018	Balance as at December 31, 2017
Social security taxes and levies	7,104,684	7,215,258
VAT payable	4,300,234	3,367,388
Mining royalty	-	3,855,995
Tax on exploitation revenue	234,357	202,469
Packaging waste tax	-	-
Other taxes and duties	195,342	137,815
Other payables to the State Budget	12,040,492	12,040,492
Total	**23,875,109**	**26,819,417**

Social security taxes and levies – they represent the fiscal obligations linked to wages (tax and BASS).

Tax liabilities comprise business-specific taxes and duties: the tax on revenues from exploitation pertaining to December (234,357 lei), the difference in accessory obligations (interest and penalties), pertaining to the additional mining royalty for the 2010-2013 period (12,040,492 Lei), not paid but secured by the company with a letter of bank guarantee valid as at 31.12.2018. Other taxes and duties (195,342) concern various tax liabilities.

OTHER SHORT-TERM LIABILITIES

	Balance as at December 31, 2018	Balance as at December 31, 2017
Dividends payable	-	-
Sundry creditors	957,615	1,175,724
Deferred income < 1 year	36,845	37,985
Total	**994,460**	**1,213,709**

The company pays on a yearly basis dividends to shareholders during the year when these are set up as payment obligation approved according to a Shareholders' General Assembly Decision.

(all the amounts are expressed in RON, unless otherwise provided)

Note 12 LONG-TERM LIABILITIES

Trade and other long-term payables	Balance as at December 31, 2018	Balance as at December 31, 2017
VAT and other tax liabilities – long term	14,077	-
Sundry creditors > 1 year	186,211	238,672
Long-term salaried employee benefits (IAS 19)	9,115,370	8,822,987
Total	**9,315,658**	**9,061,659**

Long-term salaried employee benefits are determined through actuarial calculation intended to implement IAS 19, calculation assumptions in the Collective Labour Agreement of SNS and represent the component with maturity in excess of one year.

The net liability changes concerning the defined benefit, for the fiscal year concluded on December 31, 2018 and 2017, are presented in the table below:

	Initial balance	Expense included in the profit and loss account		Actuarial (gains)/losses included in other comprehensive income elements	Final balance
	Jan. 1, 2018	**Cost of service**	**Interest cost**	**Actuarial changes**	**Dec. 31,2018**
Defined benefit net liability	8,822,987	38,677	361,241	(30,181)	9,115,370
Total net liability	**8,822,987**	**38,677**	**361,241**	**(30,181)**	**9,115,370**

	Initial balance	Expense included in the profit and loss account		Actuarial (gains)/losses included in other comprehensive income elements	Final balance
	Jan. 1, 2017	**Cost of service**	**Interest cost**	**Actuarial changes**	**Dec. 31,2017**
Defined benefit net liability	8,096,008	723,834	375,551	(372,406)	8,822,987
Total net liability	**8,096,008**	**723,834**	**375,551**	**(372,406)**	**8,822,987**

(all the amounts are expressed in RON, unless otherwise provided)

Note 13 SUBSIDIES (475)

Investment subsidies
The amounts classified as investment subsidies concern the component in the co-financing received from European funds for an investment investments carried out at Cacica (SOP-IEC), the objective – retrofitting the recrystalised salt plant, a concession at Slanic branch and surpluses identified upon stock-taking.

Investment subsidies	**Balance as at December 31, 2018**	**Balance as at December 31, 2017**
Investment subsidies < 1 year	339,720	337,262
Investment subsidies > 1 year	4,176,753	4,503,708
TOTAL	**4,516,472**	**4,840,970**

The highest share belongs to the component of co-financing received from European funds for the investments carried out at Cacica (SOP-IEC), the objective – retrofitting the recrystalised salt plant, for a remaining amount of 4,147,991 lei.

Note 14 PAYABLES WITH DEFERRED AND CURRENT CORPORATE INCOME TAX

For the 2017 fiscal year, the data concerning the deferred corporate income tax are presented strictly for comparative purposes in relation to the 2018 fiscal year.

	Balance as at December 31, 2018	**Balance as at December 31, 2017**
Current tax liabilities	9,632,268	6,320,241
Deferred tax liabilities	-	-
	9,632,268	**6,320,241**

The **corporate income tax pertaining to 2018** has the calculated amount of 22,039,182 lei, of which payments amounting to 18,727,155 Lei were made. The remaining balance as at the reporting date, amounting to 9,632,268 lei, is due for payment on 25.03.2019. This was calculated by applying the provisions in the Fiscal Code on the deductibility of expenses and the taxation of revenues.

	December 31, 2018	**December 31, 2017**
A. ACCOUNTING PROFIT	**95,695,406**	**110,017,250**
A1. Similar revenues	**4,847,416**	**13,232,711**
B. TAX DEDUCTIONS (B1:B4):	**33,242,455**	**56,511,450**
B.1. LEGAL RESERVES (A * 5%)		
B.2. NON-TAXABLE INCOME – increase cancellation, collection of debts	4,343	
B.3. NON-TAXABLE INCOME – carry-over of non-deductible provisions	11,095,321	34,677,317
B.4. TAX AMORTISATION	22,142,791	21,834,133
C. NON-DEDUCTIBLE EXPENSES (C1:C13):	**70,905,228**	**57,591,928**

(all the amounts are expressed in RON, unless otherwise provided)

Note 14 PAYABLES WITH DEFERRED AND CURRENT CORPORATE INCOME TAX (continued)

	December 31, 2018	December 31, 2017
C.1. LATE-PAYMENT PENALTIES, ADDITIONS	2,145,017	35,888
C.2. NON-DEDUCTIBLE TRAVEL EXPENSES	103,805	50,558
C.3. FIXED ASSET SCRAPPING COSTS + VAT (ACCT. 6583 – ACCT. 7583)	-84,959	392,583
C.4. MATERIAL SCRAPPING COSTS + VAT	47,269	286,818
C.5. NON-DEDUCTIBLE HOSPITALITY COSTS + VAT		
C.6. ADVERTISING EXPENSES + VAT		
C.7. LOSSES FROM SUNDRY DEBTORS + VAT	179,425	
C.8. SPONSORSHIP EXPENSES	85,820	16,665
C.9. NON-DEDUCTIBLE AMORTISATION COSTS	27,715,522	25,839,614
C.11. OTHER NON-DEDUCTIBLE EXPENSES, VAT-EXCLUSIVE TVA (+H.J.)	40,604,417	31,174,856
C.12. EXPENSES WITH SOCIAL ACTIVITIES > 5%		
C.13. OTHER NON-DEDUCTIBLE EXPENSES ACC. TO GEO 34/2009	108,912	94,946
D. TAXABLE PROFIT IN RELATION TO LOSSES (A-B+C)	**138,205,595**	**124,630,439**
E. TAX LOSS TO BE RECOVERED	-	-
F. TAXABLE PROFIT (D-E):	**138,205,595**	**124,630,439**
G. CORPORATE INCOME TAX (F*16%):	**22,112,895**	**19,940,870**
H. SPONSORSHIPS DEDUCTIBLE FROM THE CORPORATE INCOME TAX ACC. TO ART. 31(4)	**73,713**	**16,665**
I. CORPORATE INCOME TAX (G-H)	**22,039,182**	**19,924,205**

The deferred tax is calculated as at 31.12.2018 and reported as a fixed asset.

2018 fiscal year:	
Deferred tax resulted from the first-time restating of the Financial Statements for the purpose of compliance with IFRS – 2014 (asset)	**8,782,178**
Deferred tax on the 2015-2016 effect	8,490,729
Deferred tax on the 2016 revaluation reserve	(4,962,021)
Deferred tax on the 2017 revaluation reserve	(233,541)
Deferred tax on the revaluation reserve amortisation	1,787,981
Current year effect (2017) - liability	(6,138,152)
Current year effect (2018) - receivable	3,026,560
Deferred tax as at 31.12.2018 - assets	**11,282,122**

(all the amounts are expressed in RON, unless otherwise provided)

Note 15 PROVISIONS
Note 15.1 SHORT-TERM PROVISIONS

Status of short-term provisions:	Balance as at December 31, 2018	Balance as at December 31, 2017
Provisions for the decommissioning of tangible assets – short-term related amount		
Provisions for litigations – short term	854,958	1,217,710
Other provisions – short term	68,867,358	64,071,764
Total	**69,722,316**	**65,289,475**

Details on provision-related transfers for 2018:

Provision designation	Balance as at January 1, 2018	Set-ups	Carry-overs	Balance as at December 31, 2018
1. Provisions for litigations	**2,611,027**	**310,890**	**2,066,958**	**854,958**
Labour disputes on the matter of salary entitlements: requests to change the work category type, which are the subject matter of pending lawsuits at Rm. Vâlcea, various unsettled case files on the failure to grant the annual reward according to the CLA (*Collective Labour Agreement*) provisions, for the 2012-2015 period.	2,611,027	310,890	2,066,958	854,958
2. Provisions for the salaried employees' share in the profit	**3,868,607**	**4,239,000**	**3,687,948**	**4,419,659**
Fund for the salaried employees' share in the profit	3,868,607	4,239,000	3,687,948	4,419,659
3. Provisions for environmental works and indemnifications	**7,822,342**		**2,038,611**	**5,783,731**
Indemnifications in relation to EM Râmnicu Vâlcea, at Bistrita Quarry	7,822,342		2,038,611	5,783,731
4. Provisions for duties and levies	**48,316,864**	**9,749,256**	**-**	**58,066,120**
Mining royalty – principal debt, a provision set up for the 01.01.2014 - 12.07.2017 period	37,141,710	825,032	-	37,976,742
Late-payment penalties and default interest, as well as penalties for the failure to disclose the mining royalty	11,175,154	8,299,269	-	19,474,423
Provision for additional corporate income tax set forth as per a NAFA tax audit document, for 2014		614,955	-	614,955
5. Provision - the variable component (GO 109/2011), administrators and general manager	**614,889**	**597,848**	**614,889**	**597,848**

(all the amounts are expressed in RON, unless otherwise provided)

Note 15.1 SHORT-TERM PROVISIONS (continued)

6. Other provisions	**2,055,746**	**-**	**2,055,746**	**-**
Compensatory rates – lay-offs	504,000		504,000	
Performance bonuses – salaried employees	447,000		447,000	
Provision for payments – sundry suppliers	403,671		403,671	
Outstanding liabilities pertaining to the salaried employees' pecuniary rights as per the CLA	701,075		701,075	
General total	**65,289,475**	**14,896,994**	**10,464,152**	**69,722,316**

At the closure of the 2018 fiscal year, the company performed a review of the provisions set up during the previous years, pursuant to which it made decisions in terms of either setting up new provisions or decreasing the value of current ones.

The **provision for labour disputes, amounting to 854,958 lei, concerns:**

i) the disputes with the salaried employees on the matter of the failure to grant the annual reward over the 2014-2015 period, as per the provisions of the CLA in force, disputes that are pending before law courts and are to be paid out over the following periods, depending on how the lawsuits are settled. As at 31.12.2018, the company estimated a level of the payments related to the salary entitlements, pursuant to judicial orders, amounting to **412,194 lei**;

ii) litigations on the matter of changing the work category type for certain salaried employees at Bistrita Quarry (a place of business of EM Ramnicu Valcea) – as a result of the 14 case files on the dockets of law courts, in 2018, payments were made for the amount of **307,673 lei**, to the social security budget, whereas for 2019 provisions for payments, estimated at **106,374 lei**, were set up;

iii) labour disputes with the salaried employees of Ocna Mures and Cacica branches on the failure to grant the minimum wage over the 2013-2014 period – a provision amounting to **131,875 lei** is maintained; the amount of **258,329 lei** from the provision was cancelled as the statute of limitation had been reached;

iv) other labour disputes, not yet settled, amounting to **204,515 lei**.

Provisions for setting up the profit-sharing fund: the provision set up for the salaried employees' share in the profit is calculated pursuant to the provisions in the legislation applicable to majority or fully state-owned companies and in the Collective Labour Agreement, up to no more than 10% of the net profit, however, without exceeding the legal ceiling of a company-specific average wage, set forth as per a Minister of Public Finance Order. In 2018, the amount of 3,687,948 lei was paid and a provision was set up for the amount of 4,239,000 lei, for the share in the 2018 profits, to be paid in 2019.

Provisions for environmental works and indemnifications:
Provisions linked to indemnifications – they represent an estimate of the indemnifications to the owners affected by the exploitation activities of EM Ramnicu Valcea branch. Following the indemnifications granted by the company during the 2017-2018 period, to the owners affected by the exploitation activities, the provision amount decreased by 2,038,611 lei.

Provisions for duties and levies:
The provisions for duties and levies concern the mining royalty additionally calculated following the application of normatives, initially for the 2010-2013 period and subsequently until July 2017.

(all the amounts are expressed in RON, unless otherwise provided)

Note 15.1 SHORT-TERM PROVISIONS (continued)

The provision also includes accessory obligations and the first provision set-up took place on 31.12.2015.

The amount of the provision, 57,451,165 lei, comprises the additional mining royalty calculated for the 2014 – 2017 period and amounting to 37,976,742 lei, according to the tax audit document concluded by NAFA, as well as late-payment penalties and default interest, as well as penalties for the failure to disclose tax, amounting to 19,474,423 lei. The calculation was performed pursuant to the summary payments statement recorded up to 31.12.2018.
Of the 57,451,165-lei balance, the impact upon the 2018 fiscal year is 9,134,301 lei.

A **provision for corporate income tax** additionally set forth by NAFA for the 2014 fiscal year and amounting to **614,955 lei**.

A **provision for the "administrators and general manager" variable component**: **597,848 lei** – it includes the amount of the variable component set forth in the contracts of mandate of the Management Board members and the general manager for 2017 and 2018.

Note 15.2 LONG-TERM PROVISIONS

	Balance as at December 31, 2018	Balance as at December 31, 2017
Provisions for the decommissioning of tangible assets	20,079,710	20,079,710
Provisions for the decommissioning of tangible assets - long term > 1 year	20,079,710	20,079,710

The provision for the dismantling and assembly of certain tangible assets, as well as for site restoration (PIA), amounts to, amounts to 20,079,710.

The legal basis of this provision is Joint Order no. 202/2881/2348 from 2013 of NAMR / MECC (*Ministry of Environment and Climate Change*) / ME (*Ministry of Economy*).
In 2017, the amount of this provision was supplemented, taking into account the provisions of the said Order, by means of including the post-shut-down monitoring expenses, meaning that the amount of 20,079,710 lei represents the total value of the environment restoration financial guarantee (the cost estimate includes: shut-down, greening, environment rehabilitation and post-shut-down monitoring works).
As at the closing date of 2018 fiscal year, the value of the provision for the environment restoration expenses did not show any deviations, and shall be updated over the following period as the exploitation licences are renewed.

Note 16 EMPLOYEE BENEFITS

Salaried employee benefits are determined through actuarial calculation based on assumptions from CLA:

	Balance as at December 31, 2018	Balance as at December 31, 2017
Salaried employees' benefits < 1 year	8,615,746	7,046,492
Payables linked to the salaried employees > 1 year	9,115,370	8,822,917
Total IAS 19	**17,731,116**	**15,869,479**

Salaried employee benefits are determined through actuarial calculation and calculation assumptions in the Collective Labour Agreement (CLA). The updated value of the defined benefit liabilities and of the cost of current related services was determined using the Projected Unit Credit Method. The benefits for which provisions were set up are:

(all the amounts are expressed in RON, unless otherwise provided)

Note 16 EMPLOYEE BENEFITS (continued)

- short-term benefits representing loyalty premiums granted on an annual basis to the salaried employees according to the CLA provisions;
- post-employment benefits representing the amounts payable by the company upon employee retirement, as per the CLA provisions.

Note 17 NUMBER OF EMPLOYEES AND MANAGEMENT

Information concerning the salaried employees:

The structure of the current personnel of Societatea Națională a Sării S.A. as at December 31, 2018 and December 31, 2017, respectively, by professional category, is the following:

Personnel categories	December 31, 2018	December 31, 2017
TESA (*technical, clerical and administrative*) personnel	404	407
Workers: of which	1,258	1,253
working underground	354	352
Total employees	**1,662**	**1,660**

Information concerning the company management

Throughout 2016, the Management Board carried out the general manager selection procedure according to the provisions of GEO 109/2011, which was completed with the appointment in November, for a 4-year period, of a general manager, who exercises his or her duties pursuant to a contract of mandate. As of November 08, 2018, Mr. Dumitru Matei waived his mandate of company General Manager.

Pursuant to Management Board Decision no. 40/08.11.2018, Mr. Jujan Constantin, in his capacity of member of the Company's Management Board, is appointed as interim general manager, until a general manager would be recruited in accordance with art.35 in Law 111/2016 for the approval of GEO 109/2011.

Remunerations of the general manager and the SGA and MB members:

For 2018, the company maintained a provision amounting to 219,363 lei, representing the variable component for the Management Board pertaining to 2017, whereas a provision was set up for the amount of 378,485 lei, for the payment of the variable pertaining to the general manager and the Management Board, both governing bodies benefitting, according to the contracts of mandate, from remunerations with two components: a fixed one and variable one. The SGA members do not benefit from any remuneration for the Company.

The number of the members in the Shareholders' General Assembly and the Management Board was:

- Number of SGA members 3
- Number of MB members 5

Throughout 2018, none of the company's salaried employees was granted salary advances and loans.

The company does not have contractual obligations to pay pensions to former directors or administrators.

(all the amounts are expressed in RON, unless otherwise provided)

Note 18.1 REVENUES

The revenues from sales include the following elements:

	For the fiscal year concluded on:	
Revenues from sales	**December 31, 2018**	**December 31, 2017**
Revenues from sales of finished products*	353,325,994	317,170,875
Revenues from sales of residual products	85,795	286,929
Revenues from other works and services rendered	998,739	870,597
Revenues from sales of goods[1]	21,574,700	22,106,062
Revenues from tourist services	26,553,691	26,046,581
Revenues from brine pipeline transportation	7,144,881	6,865,296
Revenues from sundry activities	106,906	164,351
Revenues pertaining to the costs of services in progress	304,758	323,821
Commercial discounts	(2,941,794)	(2,233,956)
Total	**407,153,672**	**371,600,557**

The revenues achieved in 2018 were obtained from sales, carried out on the domestic and foreign markets, of company products (salt, limestone), from tourist activities and other business operations such as various transportation, repair, calliper log measurement, etc. services rendered.

The highest share within the turnover structure, achieved from sales of salt-based and non-metalliferous products belongs to revenues from sales of rock salt for snow clearance, with approx. 33%, followed by salt for the chemical industry, with approx. 32%.

Societatea Națională a Sării - S.A. manufactures and sells the following main groups of products: salt (rock salt, brine or liquid and recrystalised), limestone and other non-metalliferous products, salt-based products (tablets, salt & spice mixes, food additives, bath salt, etc.).

Besides these products, the company carries out complementary activities, as follows:
- tourist activities;
- retail and wholesale trade;

as well as
- spare part manufacture and repairs;
- environmental protection;
- other services required to fulfil its core business.

In the accounting records, the turnover is reflected as follows:

- Revenues from finished products, broken down into salt brine, rock salt and recrystalised salt, micro-production and by individual branch;
- Revenues from residual products, broken down by individual branch.

The revenues from services rendered, sales of goods and other revenues from related activities, broken down by individual branch, are embedded in tourism activities, which comprise: the equivalent value of mine visiting tickets and swimming pool entry tickets, sales of own products and other food and non-food products in (non-)specialised stores and in catering environments - restaurants, bars, etc.

The tourism business (approx. 8.5% of turnover) comprises retail sales in bars, restaurants, swimming pools, leisure activities.

[1] Reclassification of revenues from the sales of goods.

(all the amounts are expressed in RON, unless otherwise provided)

Note 18.1 REVENUES (continued)

Throughout 2018, as well as 2017, the Company sold finished products from its “Headquarters” branch, products that were actually produced by the other branches. At the time of transferring the stocks of finished products from the manufacturing branch inventories to the “Headquarters” branch inventories, these were taken over as goods, although the actual designation of said inventories was “finished products”. The impact of the notes on the accounts, in the context of the transfer, remained: Dr Goods Headquarters = Cr Finished Products Manufacturing Branch. At the time of the sale of these inventories to the “Headquarters” branch, the revenues obtained were recorded as revenues from sales of goods, although, in essence, they are revenues from sales of finished products. The table below presents the impact of the reclassification adjustments that would be required in order to rectify the accounting records and accurately present the nature of the revenues from the sale:

2018	Revenues from sales of finished products	Revenues from sales of goods
Revenues recorded by the Company	353,325,994	21,574,700
Revenue corrections by type	*10.786,725*	*(10,786,725)*
Adjusted revenues	**364,112,719**	**10,787,975**

2017	Revenues from sales of finished products	Revenues from sales of goods
Revenues recorded by the Company	317,170,875	22,106,062
Revenue corrections by type	*10,811,480*	*(10,811,480)*
Adjusted revenues	**327,982,355**	**11,294,582**

NOTE 18.2 CHANGES IN INVENTORIES

Throughout 2018, as well as 2017, the Company sold finished products from its “Headquarters” branch, products that were actually produced by the other branches. At the time of transferring the stocks of finished products from the manufacturing branch inventories to the “Headquarters” branch inventories, these were taken over as goods, although the actual designation of said inventories was “finished products”. At the time of the sale of these inventories to the “Headquarters” branch, their removal from inventory was recorded under account 607 “Merchandise expenses”, and not under account 711 “Changes in inventories”. Since the nature of the inventories is “finished products”, and these were sourced within the manufacturing branch, generating revenue under account 711 “Changes in inventories”, at the time of their removal from inventory, one should record an expense under account 711 “Changes in inventories”.

The table below presents the impact of the reclassification adjustments that would be required to correct the accounting records and accurately present the nature of costs to remove from inventory:

2018	Changes in inventories: revenue/(expense)	Merchandise expenses
Expenses recorded by the Company	8,994,381	(12,320,790)
Expense corrections by type	(10,786,725)	10,786,725
Adjusted expenses	**(1,792,344)**	**(1,534,065)**

(all the amounts are expressed in RON, unless otherwise provided)

Note 18.2 CHANGES IN INVENTORIES (continued)

2017	Changes in inventories: revenue/(expense)	Merchandise expenses
Expenses recorded by the Company	6.263,786	(12,251,966)
Expense corrections by type	*(10,811,480)*	*10,811,480*
Adjusted expenses	**(4,547,694)**	**(1,440,486)**

NOTE 19 OPERATIONAL EXPENDITURE
EXPENSES WITH RAW MATERIALS, CONSUMABLES AND GOODS

The expenses with raw materials, consumables and goods have the following composition:

	For the year concluded on	
Expenses with raw materials, consumables and goods	**December 31, 2018**	**December 31, 2017**
Expenses with raw materials	(2,075,850)	(2,359,252)
Expenses with auxiliary materials	(10,188,992)	(9,143,868)
Fuel expenses	(9,941,145)	(7,915,549)
Expenses with packaging materials	(5,763,730)	(5,514,742)
Expenses with spare parts	(4,301,859)	(3,922,416)
Expenses with other consumables	(1,199,191)	(683,471)
Expenses with inventory items	(1,390,906)	(1,239,453)
Expenses with non-stocked materials	(45,466)	(37,502)
Merchandise expenses ***Note 18.2***	(12,320,790)	(12,251,966)
Packaging expenses	(1,655,269)	(1,557,387)
Commercial discounts received	14,840	11,719
Total	**(48,868,358)**	**(44,613,886)**

	For the year concluded on	
Staff expenditure	**December 31, 2018**	**December 31, 2017**
Salary costs	(92,561,827)	(67,225,411)
Salary costs – judicial orders	(1,265,544)	(9,874,966)
Expenses with food vouchers and holiday vouchers – salaried employees	(4,995,503)	(4,138,656)
Expenses with the salaried employees' share in the profit	(3,687,948)	(5,974,087)
Reversal of 2017 provision for the salaried employees' share in the profit	4,389,023	2,866,645
Social security and welfare costs	(11,792,374)	(28,044,566)
Expenses with salaried employee benefits as per IAS 19	(1,158,169)	(6,394,039)
Revenues from provisions – litigation with salaried employees	2,066,958	13,203,116
Total	**(109,005,384)**	**(105,581,964)**

(all the amounts are expressed in RON, unless otherwise provided)

	For the year concluded on:	
Amortisation and value adjustments	December 31, 2018	December 31, 2017
Amortisation costs	(27,715,522)	(26,397,996)
Value adjustments (expenses) linked to tangible and intangible assets	(3,453,321)	(1,466,702)
Value adjustments (revenues) linked to tangible and intangible assets	386,076	1,135,128
Revenues from investment subsidies	4,619,726	6,074,639
	(26,163,041)	**(20,654,931)**

Note 20 SALES BY SEGMENT AND CUSTOMER

Evolution of SNS deliveries during the 2017 – 2018 period:

	Value (thsnd. lei)			Quantities (tons)		
	2017	2018	%	2017	2018	%
TOTAL - of which:	**336,209,846**	**371,958,900**	**10.6**	**3,619,733**	**3,539,277**	**(2.3)**
Limestone	32,501,846	32,450,267	(1.0)	1,269,500	1,170,264	(7.8)
Salt brine	33,942,000	30,010,603	(11.6)	1,141,693	1,142,475	0.0
Salt for snow clearance	134,707,000	168,577,633	25.1	586,364	693,319	18.2
Rock salt for the chemical industry	77,522,000	74,121,339	(4.4)	445,984	378,608	(15.1)
Others	57,537,000	66,799,058	16.1	176,192	154,611	(12.3)

On the **domestic market**, the company delivers food-grade salt for direct human consumption and for the food industry, for the livestock industry (lumps and blocks), water softening (tablets). The distribution of these products is done through the company's retail warehouses and the branches' sales departments.

One of the most significant rock salt beneficiaries on the internal market is CNAIR S.A., a company that delivers salt for road deicing. As such, given the specific request, deliveries of this product are carried out during the winter months (quarters 1 and 4). During the hot season, industrial rock salt sales are significantly lowered, however, the company conducts alternative business (tourism in particular) and carries out maintenance and repair works in support of production.

On the **foreign market**, there was an increase of revenues from sales of salt, due to the increase in the prices of products delivered abroad. The foreign market was provided by traditional customers in Hungary, Serbia, Slovakia, Bulgaria and the Republic of Moldova, whereas small quantities were exported to other countries, as well, such as Croatia and Austria.

Tourist services rendered

For the tourism/commerce activities, the revenues recorded in 2018 reached a similar figure to that of the previous year (26,553,691 in 2018 as opposed to 26,046,581 lei in 2017 – a 1% increase).

(all the amounts are expressed in RON, unless otherwise provided)

Note 21 OTHER OPERATING INCOME

	For the year concluded on:	
Other operating income	December 31, 2018	December 31, 2017
Revenues from royalties and leases	176,615	207,894
Revenues from the revaluation of tangible assets	-	1,111,392
Revenues from indemnifications, fines and penalties	28,129	1,403,097
Adjustments linked to provisions (revenues)	4,008,171	11,069,374
Other operating income	15,881,481	238,400
Total	**20,094,396**	**14,030,156**

Under "Other operating income", the highest share belongs to the receivable difference linked to Oltchim, amounting to 14,153,119.71, recorded in 2018, following the enforcement of EC (European Commission) Decision C(2018) 8592.

Note 22 OTHER OPERATING EXPENSES

Other operating expenses include the following elements:

	For the year concluded on:	
	December 31, 2018	December 31, 2017
Energy and water costs	(13,632,193)	(10,780,643)
Maintenance and repair costs	(2,117,433)	(2,690,592)
Expenses with leases, rentals and royalties	(1,605,086)	(1,283,865)
Mining royalty costs	(14,146,679)	(7,552,400)
Expenses with insurance premiums	(241,437)	(235,702)
Expenses with surveys and research	(94,488)	(473,859)
Professional training costs	(161,327)	(120,996)
Expenses with commissions and fees	(37,503)	(64,558)
Advertising expenses	(17,257)	(17,153)
Hospitality expenses	(59,309)	(50,327)
Product and passenger transportation costs	(48,985,348)	(48,416,157)
Travel expenses	(1,019,366)	(611,087)
Postage costs	(516,926)	(628,864)
Expenses with banking services	(309,726)	(361,721)
Other costs with third-party services	(9.978,564)	(9,660,795)
Security expenses	(3,731,914)	(3,982,160)

(all the amounts are expressed in RON, unless otherwise provided)

Note 22 OTHER OPERATING EXPENSES (continued)

Computer technology maintenance and operation costs	(160,936)	(182,152)
Expenses with real estate revaluation services rendered	(71,400)	(3,685)
Expenses with advertisements	(17,120)	(20,348)
Expenses with customs formalities	(19,552)	(18,144)
Expenses with other taxes and duties	(5,484,293)	(4429,380)
Environmental protection costs	(180,833)	(168,487)
Expenses with calamities and other similar events	(38,235)	
Expenses with additions and penalties	(2,149,338)	(38,458)
Sponsorship costs	(85,820)	(16,665)
Expenses with fixed assets	-	(341,923)
Geological fund set-up costs	(21,597,449)	(19,513,798)
Other operating expenses	(947,448)	(829,985)
Value adjustments (expenses) linked to receivables	(17,532,993)	(212,934)
Value adjustments (revenues) linked to receivables	256,803	5.008,354
Adjustments linked to provisions (expenses)	(14,896,994)	(12,736,477)
Foreign exchange differences (expenses)	(909,023)	(2,411,712)
Foreign exchange differences (revenues)	1,107,943	6.901,727
TOTAL	**(159,381,242)**	**(115,954,946)**

Note 23 FINANCIAL ACTIVITY OUTTURN

	For the year concluded on:	
	December 31, 2018	**December 31, 2017**
<u>Financial outturn</u>		
Interest income	2,532,514	198,755
Interest expenses	(361,245)	(375,567)
Other financial income	35,329	57,942
Other financial expenses	(14,704)	-
Total	**2.191,895**	**(118,870)**

Note 24 FISCAL LEGISLATIVE FRAMEWORK

The taxation system in Romania is undergoing a process of consolidation and harmonisation with the European legislation. In this respect, there still are different interpretations of the fiscal legislation. In certain cases, tax authorities may treat certain aspects differently, choosing to calculate additional taxes and duties, with their related late payment interest and penalties.

Note 24 FISCAL LEGISLATIVE FRAMEWORK (continued)

The risks inherent generated by taxes and other tax liabilities originate from the status of the perpetual, and sometimes contradictory, fiscal changes, but also from the interpretations to the tax legislation provided by the auditing bodies in order to collect more taxes to the state budget, the social security budget or the local budgets.

As of January 2016, the interest level decreased from 0.03% per day of payment delay to 0.02%; likewise, the penalties decreased from the previous value of 0.02% to 0.01% per day of delay. Additionally, the year 2016 also marked the introduction of penalties for failure to disclose, amounting to 0.08% per day.

The management consider they have properly filed all of their tax returns based on the enclosed financial statements; there is, however, the risk that the tax authorities will reach a different conclusions in terms of interpreting these matters. Their impact could not be determined to this date, but the management believe that it will not have any material effects across the Company's financial position and outturn.

In accordance with the provisions set forth by the Ministry of Public Finance on the taxation of share capital elements (meaning the reserves) which are not subject to the corporate income tax calculation as at their due date, given their nature, if the Company chooses to change in the future the intended use of the revaluation reserves (by means of covering the losses or appropriation among the shareholders), this will lead to additional corporate income tax costs.

Note 25 COMMITMENTS AND CONDITIONALITIES

Note 25.1 COMMITMENTS
The company does not have any concluded contracts that would generate significant cash outflows or would include clauses with major obligations in the future or would generate subsequent contracts of obligations.

Note 25.2 GUARANTEES RECEIVED/GRANTED

Property encumbered by guarantees (mortgages, security interests, collaterals)

As at December 31, 2018, the company does not have any property encumbered by guarantees (mortgages, pledges or other types of guarantees) in favour of banks due to the fact that no loans were committed to the exploitation and investment activities.

Guarantees received
The guarantees received concern performance bonds, tender guarantees and a concession related to Slanic Salt works.

Cash Collaterals:

The bond set up in favour of CNAIR, for the proper performance of the road clearance salt delivery contracts, amounting to 10,800,000 lei.
As at December 31, 2018, the company had a cash collateral account opened in favour of the National Agency for Fiscal Administration, so as to avoid the seizure of the company's accounts for a remaining amount of accessory tax obligations related to the additional mining royalty, set forth as per a Tax Assessment Notice and currently under litigation pending settlement in court. The amount of the guarantee is 12,016,491 lei.
In 2019, the performance bond taken out in favour of NAFA was no longer extended, as the execution of said amount was suspended following the delivery of Civil case sentence no. 980/19.02.2018.

Note 25.3 ENVIRONMENTAL CONDITIONALITIES

The company carriers out mineral resource extractions within locations delimited by the licences (salt and limestone mines or salt brine extraction drills) and, upon the completion of exploitation works, it carries out land rehabilitation works and mine shutdowns, the reclamation and greening of the affected areas, as well as follow-up.

By branch, the environmental obligations relate to:

Ocna Dej Salt works - the environmental protection activity is regulated in accordance with Environmental permit no. 297/20.10.2014 (valid until 20.10.2019) and Water Rights Permit no. 564/31.10.2016 (valid until 31.13.2018), documents issued by accredited institutions, in accordance with the legislation and regulations in force. Since the water rights permit expired on 31.10.2018, Ocna Dej Salt works submitted the documentation required to renew the permit, in accordance with the relevant legislation.
The environmental works primarily focus on:

- excavation filling and water management works, revegetation works and the monitoring of restoration works;
- the monitoring of environmental factors, services, trainings, the environmental fund fee, waste disposal.

Praid Salt works - the environmental protection activity is regulated in accordance with Environmental permit no. 179/23.11.2011, valid until 23.11.2021, and Water Rights Permit no. 282/08.08.2.018, which amends Water Rights Permit no. 258/20.09.2016 (valid until 20.09.2019), documents issued by accredited institutions, in accordance with the legislation and regulations in force. The environmental works primarily focus on:

- old premises waterproofing works – elimination of suffosion gaps around Ghe. Doja pit, running chemical tests on water samples, replacing the roof cover of Iosif Mine, setting up the metering and monitoring system at Elisabeta Mine, the Implementation technical design on the rehabilitation of the traffic compartment at Ghe. Doja pit (Work), the Implementation technical design on the rehabilitation of Telegdy pit.

Cacica Salt works – the environmental protection activity is regulated according to Environmental permit no. 392/30.08.2011, revised on 21.04.2016 (valid for 10 years, until 30.08.2021), as well as Water Rights Permits no. 111/11.07.2017 for Cacica premises (valid until 11.07.2020), no. 110/11.07.2017 for Partestii de Jos premises (valid until 11.07.2020) and no. 120/10.08.2017 for the salt brine basin on the old premises of Cacica Salt works, all of them valid until 10.08.2020.

Slanic Prahova Salt works - the environmental protection activity is regulated in accordance with Environmental permit no. PH - 64/26.02.2014, revised on 29.09.2016 and valid until 26.02.2019, for salt extraction, Environmental permit no. PH - 94/19.03.2014, valid until 19.03.2019, for the manufacturing of bath salt and food-grade mixes, and Water Rights Permit no. 227110.11.2017, valid until 31.10.2019.

Targu Ocna Salt works – the environmental protection activity is regulated in accordance with Environmental permit no. 171/15.10.2010, valid until 15.10.2020, for rock salt extraction, Permit no. 61/04.03.2011, valid until 04.03.2021, for the salt brine business, and Water Rights Permit no. 46/13.03.2018, which amends Water Rights Permit no. 23/20.02.2017, valid until 31.12.2018.
The environmental works primarily focus on:

- The draining of the waters accumulated in Moldova Veche Mine;
- Following-up on the instability phenomena associated to the exploitation of Fetele Targului deposit – Trotus Mine. Measures to mitigate said phenomena and to facilitate the safe performance of deposit exploitation activities for both the workers and the work equipment;

Note 25 COMMITMENTS AND CONDITIONALITIES (continued)

- Fencing rebuilding in the Ocnele Vechi area;
- Maintenance, repair and development works for the surface water collection and draining system (canals, gutters, trenches);
- The performance of calliper log measurements on the drills;
- The maintenance and cleaning of access roads, work platforms of drills and their fencing;
- The maintenance and cleaning of sewage networks – drainage;
- Running laboratory tests on the waters in the three hydro-monitoring drillings, upstream and downstream from the field of drills along Slanic rivulet and Trotus river: chlorides, extractible substances, hydrogen sulfide, sulphates, calcium, sodium, pH, filtration residue and sulphides;
- Monitoring Burlacu Pit by means of a bathymetry survey.

Rm. Valcea Mining site - the environmental protection activity is regulated in accordance with the following environmental permits:

- no. 56/10.05.2010, revised on 28.10.2013, valid until 09.05.2020, at Ocnele Mari Salt works;
- no. 236/25.11.2011, valid until 24.11.2021, for Traistari sector;
- no. 56/16.03.2009, revised on 05.07.2013, valid until 16.03.2019, for Bistrita sector;
- no. 55/08.04.2.011, valid until 07.04.2021, for the limestone grinding plant and deliveries on CFI (*narrow-gauge railway*);
- no. 58/03.04.2014, at Ocnita salt brine sector (valid until 02.04.2019);
- no. 65/16.04.2014 (valid until 15.04.2019), at Ocnita-Lunca Mechanical workshop;
- no. 160/09.10.2009, valid until 08.10.2019, for Raureni - Ocnele Mari railway.

and water rights permits / notifications:

- no. VL 44/13.09.2017, valid until 13.09.2021, for Ocnele Mari Salt works;
- no. 7/23.01.2018, which amends Permit no. 64123.11.2016, valid until 23.11.2020, for Bistrita sector;
- no. 16/26.02.2018, valid until 26.02.2021, for Ocnita sector;
- no. VL 27/01.06.2016, valid until 01.06.2020, for Traistari sector.

The main environmental works focus on:
- Monitoring the environmental factors.
- Removing the trough-shaped areas and rendering a consistent and continuous slope of the lands adjacent to Bistrita dump.
- Investigations based on calliper log measurements at Field III and Field IV of drills – Ocnita Lunca Sector.
- Unclogging the tailings management facility at Ocnele Mari.

Ocna Mures Salt works – the environmental protection activity is regulated in accordance with Environmental permit no. 50/17.03.2009, valid until 17.03.2019, for Ocna Mures Field of drills, and Permit no. 127/23.06.2009 for Razboieni Field of drills (valid until 23.06.2019).

Note 25.4 ONEROUS CONTRACTS

An onerous contract is a contract in the case of which the mandatory costs to fulfil the contractual obligations exceed the economic benefits that are to be obtained under it. These mandatory costs reflect at least the net cost of opting out of the contract, which represents the lower between the cost of performing the contract and any compensation or penalties resulted from the failure to fulfil it.

Note 25 COMMITMENTS AND CONDITIONALITIES (continued)

Based on the audit reports drawn up by the Court of Accounts, the records showed a number of onerous contracts, the auditors taking the measures of expanding the audit to cover additional contracts concluded throughout the audited periods, determining the possible losses caused and identifying the persons culpable for their occurrence. This measure was challenged in court, no judicial order having been delivered thus far. Considering that the measure is enforceable and no stay of execution could be obtained, the company is in the process of implementing it.
As at the balance sheet date, the company-wide analysis was in progress and has not yet been completed, which is why no provisions were set up in this respect in the financial statement as at 31.12.2018, the impact being deemed non-material.

Note 25.5 LITIGATIONS

The company, acting as defendant, is a party to numerous litigations. These litigations concern requests for pecuniary rights filed by employees or former employees, claims, indemnifications for the lands affected by mining exploitations, fiscal aspects, collections of receivables and other litigations. There may be court settlements that were not anticipated. The Company management believe these litigations will not have a significant impact upon its financial position and did not find it necessary to set up provisions for risks and expenditure as at December 31, 2018, in addition to those presented at Note 17.

Among the litigations entailing significant amounts, we will mention:

1. The litigation with NAFA – for the mining royalty additionally set forth by NAFA's tax inspectors following the changes to the mining royalty rates as per normatives that contradict the provisions in the licences (the amount according to the Tax assessment notice: 50,119,000 lei). The request for stay of said Tax assessment notice was conclusively admitted by the court. As part of the solution in relation to NAFA, the company also filed a legal challenge against the enforcement summons plus and a challenge against the writ of execution issued by NAFA pursuant to the Tax assessment notice. During the appeal, the summons and the writ of execution were rescinded by the court. At the same time, the court, as per the company's request, ordered NAFA to settle the challenge filed by administrative process. The petition was admitted by the first instance court and its current status is second appeal.

2. The company has a claim receivable from Oltchim Chemical Compound, amounting to 33,101,628,07 lei (12,577,802.49 lei as receivable provided in the payment schedule, 18,249,986 lei – a receivable representing a state aid unlawfully granted according to European Commission Decision no. C (2018) 8592, 32,772.15 lei – an unsecured receivable representing court charges; 2,241,067.43 lei - the interest to the said state aid granted), which was partially covered by a security interest in real property, authenticated by a notary document. As at December 31, 2018, this receivable was fully adjusted for impairment. In 2018, as part of the judicial reorganisation included in the bankruptcy proceedings of Oltchim SA, a sales and purchase agreement for assets was signed with Chimcomplex, being a highly complex transaction with equally significant economic, financial, managerial and judicial implications. In order to allow the contract to be concluded, it contains preliminary conditions, five conditions precedent and preparatory actions for the take-over and use of these assets.

Until the insolvency proceedings case file is settled, this receivable will remain in the company's accounting records.

Note 26 AFFILIATED PARTIES
Societatea Naţională a Sării does not hold stakes in other companies.

(all the amounts are expressed in RON, unless otherwise provided)

Note 27 RELATED PARTIES

The company conducts commercial transactions with companies majority owned by the Romanian state or in which it holds stakes:

Partner	Sales, VAT-exclusive		Purchases, VAT-exclusive	
	2017	2018	2017	2018
Oltchim	10,407,819	11,705,576	-	-
CFR Marfa	398,452	-	23,961,507.71	15,307,668
CNAIR	94,470,413	132,564,521	-	-

Note 28 MANAGEMENT AND MANAGEMENT BOARD REMUNERATIONS

The Company is managed under a unified system, for the purposes of Law 31/1990 on Trading Companies.
The composition of the Management Board and the Top management is presented Note 1, General information.

The remuneration granted to the Management Board and the Top management, as annual wages for the administrator and the general manager positions, is presented in the table below, (IAS 24):

Description	For the year concluded on:	
	December 31, 2018	December 31, 2017
Wages	734,895	598,979
Civil contracts	-	-
Social taxes and social security contributions	16,535	134,418
Other benefits		
	751,430	**733,397**

Note 29 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

ASSETS	Loans and receivables	
	December 31, 2018	December 31, 2017
Trade and similar receivables (without 471)	134,297,082	66,988,418
Cash and cash equivalents	218,365,341	255,603,028
Total	**352,662,423**	**322,591,446**

(all the amounts are expressed in RON, unless otherwise provided)

Note 29 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

	At amortised cost	
LIABILITIES	**December 31, 2018**	**December 31, 2017**
Trade and similar payables (without 471)	72,585,799	63,800,450
Total	**72,585,799**	**63,800,450**

The Management Board set forth the risk tolerance limits, for various business areas, by means of the policies issued; the company personnel are bound to comply with operation within the approved limits, as well as to fulfil the obligation to inform whenever they identify new material risks or changes in the existing risks.

EXPOSURE TO RISK
Additional details in relation to these policies are provided below:

The credit risk
The credit risk is the risk that the Company might incur a financial loss if a customer or a counterparty to a financial instrument fails to fulfil their contractual obligations. The company is primarily exposed to the (supplier-related) credit risk resulted from granting payment deadlines in the context of sales to customers. The counterparty risk may result from defaults of financial institutions with which the Company holds its cash, cash equivalents and term or on-demand deposits. In order to mitigate this risk, the company makes placements at 4 banks ranking among the top 10 banks in Romania.

The maximum exposure to the counterparty risk as at December 31, 2018:

	Net book value	
	December 31, 2018	**December 31, 2017**
Financial assets	**-**	**-**
Trade and similar receivables	135,459,035	67,943,213
Cash and cash equivalents	218,365,341	255,603,028
Total	**353,824,376**	**323,546,241**

The company does not hold receivables older than 60-90 days, with the exception of those declared as litigious and reclassified under customers/debtors involved in litigations.

The market risk

The market risk originates from the use of financial instruments in foreign currencies. This is the risk of having the fair value of future cash flows of a financial instrument fluctuate on account of changes in the foreign exchange rates (foreign exchange risk) or other risk factors (the price risk or other events).

(all the amounts are expressed in RON, unless otherwise provided)

Note 29 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The foreign exchange risk

The company is primarily exposed to the foreign exchange risk in the context of sales of goods made to customers outside Romania. The monetary resources and trade receivables in EUR are updated as at the date of each balance sheet, at the foreign exchange rate communicated by the National Bank of Romania. The resulting differences are recorded in the profit and loss account, without, however, affecting the cash flows until the payment of the amounts.

As at December 31, 2018, the Company's net exposure to the foreign exchange risk reached the following levels:

	LEI	EUR Lei equivalent	USD Lei equivalent
December 31, 2018			
Monetary assets			
Trade and similar receivables	129,824,802	4,472,280	-
Cash and cash equivalents	137,298,678	81,070,740	40,785
Monetary liabilities			
Trade and other payables	71,614,397	771,402	-
Loans	277,196	-	-
Net exposure	**195,309,083**	**84,771,618**	**40,785**

	LEI	EUR Lei equivalent	USD Lei equivalent
December 31, 2017			
Monetary assets			
Trade and similar receivables	60,716,854	6,271,564	-
Cash and cash equivalents	153,723,420	101,840,591	39,017
Monetary liabilities			
Trade and other payables	56,773,232	7,027,218	-
Loans	301,300	-	-
Net exposure	**157,667,043**	**101,084,936**	**39,017**

(all the amounts are expressed in RON, unless otherwise provided)

Note 29 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The average foreign exchange rates throughout 2018 and the spot exchange rates as at December 31, 2018 were the following:

	Average exchange rate	**Closing rate**
	2018	December 31, 2018
EUR / USD	1.1806	1.1449
LEI/EUR	4.6535	4.6639

The average foreign exchange rates throughout 2017 and the spot exchange rates as at December 31, 2017 were the following:

	Average exchange rate	**Closing rate**
	2017	December 31, 2017
EUR / USD	1.1272	1.1974
LEI/EUR	4.5681	4.6597

The sensitivity analysis – 2018
A 10% appreciation of the Leu in relation to the EUR and the USD as at December 31, 2018 would determine a profit increase/(decrease) with the amounts in the table below. This analysis entails that all the other variables, interest rates in particular, remain constant.

Period profit increase/ (decrease) following the USD depreciation	Period profit increase/ (decrease) following the EUR depreciation
(4.079)	(8,631,442)

A 10% depreciation of the Leu in relation to the EUR and the USD as at December 31, 2018 would have an opposite effect, equal in numeric terms with the amounts presented above, provided that all the other variables remained constant.

Period profit increase/ (decrease) following the USD appreciation	Period profit increase/ (decrease) following the EUR appreciation
(4.079)	(8,631,442)

The sensitivity analysis – 2017
A 10% appreciation of the Leu in relation to the EUR and the USD as at December 31, 2017 would determine a profit increase/(decrease) with the amounts in the table below. This analysis entails that all the other variables, interest rates in particular, remain constant.

Period profit increase/ (decrease) following the USD depreciation	Period profit increase/ (decrease) following the EUR depreciation
(3.902)	(10,811,215)

(all the amounts are expressed in RON, unless otherwise provided)

Note 29 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

A 10% depreciation of the Leu in relation to the EUR and the USD as at December 31, 2017 would have an opposite effect, equal in numeric terms with the amounts presented above, provided that all the other variables remained constant.

Period profit increase/ (decrease) following the USD appreciation	Period profit increase/ (decrease) following the EUR appreciation
(3.902)	(10,811,215)

The interest rate risk

The interest rate risk is risk of incurring fluctuations in the fair value of the payment of future flows generated by a financial instrument on account of interest rate changes. The interest rate risk includes the current value of fixed-interest financial instruments, as well as the risks associated to cash flows generated by variable-interest financial instruments. The interest rate risk is primarily associated to long-term financial instruments.

Exposure to the interest rate risks also extends upon the assets and liabilities at fair value.

The company does not have any loans contracted during the period subject to the restatement of national accounts for compliance with IFRS.

December 31, 2018	**Interest-bearing**		**Not interest-bearing**
	Fixed	**Variable**	
Trade and similar receivables	-	-	134,297,082
Cash and cash equivalents	77,816,491	-	140,548,850
Total active	**77,816,491**	**-**	**274,845,932**
Trade and other payables			72,585,799
Loans			277,196
Total liabilities			**72,862,995**
Total exposure			**279,799,428**

December 31, 2017	**Interest-bearing**		**Not interest-bearing**
	Fixed	**Variable**	
Trade and similar receivables	-	-	66,988,418
Cash and cash equivalents	97,294,621	-	158,308,407
Total active	**97,294,621**	**-**	**225,296,824**
Trade and other payables			63,800,450
Loans			301,300
Total liabilities			**64,101,750**
Total exposure			**258,489,695**

(all the amounts are expressed in RON, unless otherwise provided)

Note 29 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The liquidity risk

The liquidity risk is associated to the manner in which the Company manages its working capital and the reimbursements related to its debt instruments. A Company may risk facing difficulties in fulfilling its financial obligations once they become payable.

	December 31, 2018	December 31, 2017
Assets		
Monetary assets in LEI	267,123,480	214,440,274
Monetary assets in EUR	85,543,020	108,112,155
Monetary assets in USD	40,785	39,017
Total	**352,707,285**	**322,591,446**
Liabilities		
Monetary liabilities in LEI	72,091,593	57,074,532
Monetary liabilities in EUR	771,402	7,027,218
Monetary liabilities in USD	-	-
	72,862,995	**64,101,750**
Monetary position in LEI	195,031,887	157,365,743
Monetary position in EUR	84,771,618	101,084,936
Monetary position in USD	40,785	39,017
	279,844,290	**258,489,695**

The Company's policy in regard to the liquidity risk stipulates retaining sufficient liquidity resources for it to be able to pay its outstanding obligations.

The table below presents the contractual maturities of financial liabilities:

December 31, 2018	**Up to 3 months**	**Between 3 and 12 months**	**Beyond 1 year**
Trade and other payables	72,585,799	0	0
Loans –	**0**	**12,052**	**277,196**
TOTAL	**72,585,799**	**12,052**	**277,196**

December 31, 2017	**Up to 3 months**	**Between 3 and 12 months**	**Beyond 1 year**
Trade and other payables	63,600,450	0	0
Loans –	0	12,052	289,248
TOTAL	**63,800,450**	**12,052**	**289,248**

Note 29 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Cash at bank – the Company has accounts opened, and collaborates, with the following banking establishments: Raiffeisen Bank, BCR, BRD, Banca Transilvania, ING Bank, CEC Bank and Bucharest District 1 State Treasury.

The operational risk

The operational risk is the risk of incurring direct or indirect losses originating from a wide range of causes associated to the Company's processes, personnel, technology and infrastructure, as well as from external factors different from the credit, the market and the liquidity risks, such as those originating from the legal and regulatory requirements and from generally accepted standards on organisational behaviour. Operational risks originate from all of the Company's operations.

Fair value of financial instruments

The fair value is the value for which the financial instrument can be exchanged via regular transactions, different from those determined by liquidation or forced sale. The fair values are obtained from quoted process or cash flow models, as the case may be.

As at December 31, 2018, cash and other resources, customers and similar accounts, trade and other payables are close to their fair value due to their short maturity. The management consider that the fair book value of these instruments is close to their book value.

NOTE 30 SIGNIFICANT ELEMENTS FROM THE FIRST RESTATEMENT OF ACCOUNTS

The financial statements for the year 2016, drawn up by Societatea Națională a Sarii S.A., represent the first set of the company financial statements drawn up in accordance with IFRS.

The most significant changes brought to the financial statements drawn up in accordance with RCR (*Romanian Accounting Regulations*) in order to align them to the IFRS requirements adopted by the European Union, are:

- Share capital adjustments in accordance with cu IAS 29 - "Financial Reporting in Hyperinflationary Economies", the Romanian economy being hyperinflationary until December 31, 2003 (27.751.645 lei).

- According to IFRS 1 "First-time Adoption of International Financial Reporting Standards", SC SALROM SA chose to measure the tangible asset elements at fair value and use this fair value as deemed cost as at that date.

As such, the revaluation reserve, present in the company's balance sheet as at 31.12.2014, from the first comparative period of IFRS implementation, was cancelled via carry-over under the balance carried forward, as follows:

(all the amounts are expressed in RON, unless otherwise provided)

Note 30 SIGNIFICANT ELEMENTS FROM THE FIRST RESTATEMENT OF ACCOUNTS (continued)

Description	December 31, 2014
Surplus from land revaluations	16,394,911
Surplus from revaluations of buildings	25,397,174
Surplus from revaluations of equipment, technical supplies and means of transportation	9,412,465
Surplus from furniture, office automation and protection equipment revaluations	51,451
Total	**51,256,001**

The cancellation of the revaluation reserve present in account 1175 “Reserves representing surplus from revaluation reserves” (account according to OMFP 1802/2014) and its reclassification under *“Balance carried forward from the use, as at the date of transitioning to IFRS application, of fair value as deemed cost”* (51,256,001 lei as at 31.12.2014).

Note 31 FEES CHARGED BY AUDITORS

The financial audit of the annual financial statements pertaining to 2021, in compliance with IFRS, was carried out by PKF FINCONTA SRL.

The auditor exclusively rendered financial audit services.

The auditor was selected by means of a public procurement procedure, in accordance with the provisions of OMFP 666/2016 art. 46 on the method of procuring audit services for majority or fully state-owned national companies that implemented the management measures provided in GO 109/2011.

The fee was established following the participation in the audit service procurement procedure, by applying the “lowest price” criterion.

NOTE 32 CONTINGENT ASSETS AND LIABILITIES

CONTINGENT ASSETS

During the final quarter of 2018, in order to implement the measures ordered by the Romanian Court of Accounts, 4 lawsuits were filed against former general managers and former / current salaried employees of the company, aimed at recovering the amounts classified as damages by a committee set up company-wide.
At the same time, pursuant to a series of inspection reports drawn up by a committee set up company-wide, 3 additional lawsuits were filed against former general managers and former / current salaried employees of the company, aimed at the recovery of amounts classified as damages.

Considering the elevated levels of uncertainty as to the favourable resolution of these litigations, the company recorded the amount of 12.022,590 as a contingent asset (comprising the amount of 12.016.491 lei – late-payment additions and penalties pertaining to the additional mining royalty claimed by the company as the subject matter of tax amnesty, and the amount of 6,099 lei – from the litigation with the former general manager).

Note 32 CONTINGENT ASSETS AND LIABILITIES (continued)

CONTINGENT LIABILITIES
The company acts as defendant in case file no. 2713/3/2012, pending on the docket of Bucharest County Court, a case file on the matter of the petition filed by LIDL IMOBILIARE ROMANIA MANAGEMENT SCS, LIDL DISCOUNT SRL, in which the latter requests that our company, as well as Ocna Mureș Mayor's Office, be ordered to pay the amount of 8,494,701.70 lei, representing damages caused following the collapse of the Plus supermarket located in the vicinity of the exploitation perimeter held by the company in Ocna Mures. The case file is suspended until the conclusive settlement of the plea of illegality in regard to the issuance of the building permit by Ocna Mures Mayor's Office (case file no. 11580/3/2016). On 20.04.2018, the court ruled "to partly admit the petition filed by Fondul Proprietatea: the court dismisses the plea of illegality against Decision no. 57/14.05.2009 of Ocna Mures Local Council (which approved the detailed urban plan – DUP - for the Plus supermarket); the court admits the plea of illegality concerning Building Permit no. 26/2067 and ascertains its unlawfulness."

NOTE 33 SUBSEQUENT EVENTS

In June 2018, Societea Națională a Sării SA – the headquarters and the branches – hosted the start of a tax audit from NAFA - DGAMC (*General Directorate for the Administration of Big Taxpayers*) – the Fiscal Audit Activity, on the matter of: the value added tax – audited period: 2013-2017, corporate income tax – audited period: 2012-2017, and mining royalty – audited period: 2014-2017. The audit engagement came to an end in March 2019. The findings included in the Tax audit report are the following:
- The value added tax – an additional payment obligation amounting to 25,830 lei;
- The corporate income tax – an additional payment obligation amounting to 948,683 lei;
- The mining royalty - an additional payment obligation amounting to 37,976,742 lei.

The company challenged in court the Tax assessment notice related to the tax liabilities determined during the tax audit.

Early in 2019, the company underwent an audit conducted by the auditors of the Romanian Court of Accounts, the audited period being 2016-2018. Most of the findings included in the Decision issued by CCR (Court of Accounts of Romania) concern the company's assets and worth, being the outcomes of performing a number of procurement contracts, of concluding several contracts for the supply of salt, of paying certain amounts believed by the auditors to be undue. Some of these measures were challenged by administrative process by the company, within the legal deadline for challenge submission (the final day for challenge submission was May 24, 2019, and the challenge submitted by the company was filed with the Court of Accounts on May 22, 2019). In the event that the Challenge Settlement Committee within the Romanian Court of Accounts partly dismisses/admits the challenge filed, the company will file a lawsuit against the ruling to partly dismiss/admit the challenge.

This audit was also conducted within each branch, with Decisions issued by the territorial Courts of Accounts. Praid Salt works branch is the only branch which filed a challenge against the Decision issued by Harghita Court of Accounts.

Administrator
By means of the General Manager
Constanting Jujan
Signature: [illegible]

Chief financial officer
Laura Chiorean

Signature: [illegible]
Stamp: [SALROM
SOCIETATEA NAȚIONALĂ A SĂRII S.A.
BUCHAREST]