

5. Report on the application of the provisions of GEO no.29/2017

Legal basis - GEO no. 29/2017

As it is found that the reserves constituted as the Company's own source of financing from the amounts not allocated on the compulsory destinations are not utilized by the companies with a majority state capital and by the autonomous administrations, the value surplus is being found in their cash resources, and the current legislation does not contain express regulations to redistribute it to shareholders in the form of dividends or net payments, it is the case of privately owned majority capital, it is necessary to harmonize the legislation on the distribution of profits by the companies/autonomous companies with full/majority state capital and the one regulating the distribution for the privately owned companies.

Art. I. - In paragraph (1) of Article 1 of the Government Ordinance no. 64/2001 on the distribution of profits to national companies, commercial companies and the companies with full or majority state capital, as well as the autonomous administrations, published in the Official Gazette of Romania, Part I, no. 536 of September 1 2001, approved with amendments by Law no. 769/2001, as subsequently amended and supplemented, point g) shall be amended and shall have the following content:

„g) the profit unallocated on the destinations referred to in subparagraphs a)-f) is allocated to other reserves and constitutes the Company's own source of financing and can be subsequently redistributed in the form of dividends or payments to the state or local budget in the case of autonomous administrations”.

Article II. - The amounts allocated in previous years to other reserves under Art. 1 paragraph (1) point g) of Government Ordinance no. 64/2001 on the distribution of profit to national companies, commercial companies and companies with full or majority state capital, as well as to the autonomous administrations, approved with amendments by Law no. 769/2001, as subsequently amended and supplemented as of the date of entry into force of this Emergency Ordinance, may be redistributed in the form of dividends or payments to the state or local budget in the case of

autonomous administrations starting with the approval of the financial statements for the year 2016.

Article III. - (1) Starting with the approval of the financial statements for the year 2016 at the entities referred to in Art. 1 paragraph (1) of the Government Ordinance no. 64/2001, approved with amendments by Law no. 769/2001, as subsequently amended and supplemented, the reported result existing in the balance on December 31 of each year may be distributed in the form of dividends or payments to the state or the local budget in the case of autonomous administrations.

(2) The provisions of paragraph (1) shall also apply to the retained earnings reflected in the financial statements for the year 2016.

The Memorandum of the Ministry of Public Finance number 6552 of 05.04.2017 point II

requested the submission by the public institutions involved, to the Ministry of Public Finance, for each company/autonomous administrations within 5 working days after the approval of the Memorandum of the following data (in lei):

- The balance of the "Other Reserves" account and the "Reported Result" account with the corresponding analytics on 31.12.2016;
- The balance of "Cash Availability" and "Short Term Investments" accounts with the appropriate analytics on December 31 2016 and March 31 2017;
- The annual approved investment needs for the period 2017-2019.

ANTIBIOTICE S.A. records the following situation:

- the amounts allocated to Other reserves from the profit of the years 2000 - 2015 in the amount of 93.407.523.88 lei were used to support the investments during the analyzed period, the investments amounting to 487,442,004 lei;
- the balance of the "Cash and cash equivalents" account on 31.12.2016 is negative in the amount of -26,803,281 lei; there are bank credits to support the current activities;
- the balance of the "Financial Assets" account is 0 at the same date;
- the balance of the "Reported Result" account on 31.12.2016 is negative in the amount of -63,020,428.05 lei.
- The investment requirement approved at the Ordinary General Meeting of the Shareholders of 06.04.2017 for the period 2017 - 2019 is in the amount of 207,614,000 lei.

Year	Total dividend assigned (lei)	Other reserves Company's own financing sources (lei)	Achieved investments (lei)
		6.743.771	
2001	2,109,611	2,296,541	24,803,637
2002	2,908,889	3,008,483	33,137,225
2003	3,760,605	5,633,270	22,981,992
2004	5,636,477	6,573,294	33,574,631
2005	6,743,137	10,052,542	22,567,165
2006	10,102,480	10,525	61,318,800
2007	13,917,658	13,908,199	70,640,306
2008	7,577,411	0	19,785,018
2009	2,275,939	2,275,939	9,640,441
2010	9,035,038	1,003,893	29,132,000
2011	8,628,922	8,628,921	36,681,691
2012	20,666,189	1,392,008	16,349,434
2013	15,459,094	10,979,094	18,593,578
2014	15,746,709	11,346,709	34,953,748
2015	13,954,335	9,554,335	22,266,851
2016	25,746,873	0	31,015,487
Total	164,269,367	93,407,524	487,442,004

In the Management Board meeting on 04.05.2017 the Management Report on the possibility of applying the Government Emergency Ordinance 29/2017 was analyzed and it was found that Antibiotice SA Iasi does not have unused available cash from the balance of "Other reserves" account so that the company does not fall into the provisions of GEO 29/2017 having no other unused reserves.

Chairman of the Board,
Legal counselor Ionut Sebastian IAVOR