

SUBSTANTIATION NOTE OF THE INCOME & EXPENDITURE BUDGET FOR 2018

Antibiotice SA Iasi, a trading company listed on the Bucharest Stock Exchange, having a social capital of 67,133,804 LEI, to which the major shareholders are (at the reference date 11.09.2017):

No.	NAME	TOTAL SHARES	%
1	MINISTRY OF HEALTH (*)	355,925,135	53.0173
2	S.I.F. OLTENIA (*)	96,232,108	14.3344
3	BROADHURST INVESTMENTS LIMITED	28,180,963	4.1977
4	S.I.F. TRANSILVANIA	21,937,585	3.2677
5	PENSION FUND AZT VIITORUL TAU/ ALLIANZ PP	14,575,530	2.1711
6	S.I.F. BANAT-CRISANA S.A.	14,167,736	2.1104
7	PENSION FUND METROPOLITAN LIFE	10,147,713	1.5116
8	POLUNIN DISCOVERY FUNDS - FRONTIER MARKETS FUND	5,623,929	0.8377
9	A - INVEST	4,642,100	0.6915
10	PENSION FUND ARIPI/GENERALI S.A.F.P.P.	4,553,068	0.6782
	Total	555,985,867	82.8176
	Other shareholders (41,933 shareholders)	115,352,173	17.1824
	Grand Total (41,943 shareholders)	671.338.040	100,00

In substantiating the budget for 2018, the following considerations have been taken into account:

- Maintaining the market share in Romania and the leading position in the hospital market in terms of value;
- Developing our presence in the international market up to 34% of total sales;
- Obtaining Marketing authorizations for products with an impact on sales growth in the coming period (2018-2020);
- Ensuring from the investment viewpoint the manufacturing flows, quality control laboratories, the Center for Research and Bioequivalence for maintaining the GMP authorization in Romania, certifications in the US (Food and Drug Administration) as well as the authorizations in the countries in which our products are registered for exports;
- Introducing the obligation, starting with 2019, as all the pharmaceutical products marketed both on the domestic and foreign markets (the US, EU) to be serialized in accordance with the Directive 2011/ 62 / EU and Drug Quality and Security Act (USA) on combating the placing on the market of counterfeit medicines.

Based on these considerations, our company substantiated sales plans per therapeutic classes and products in the pharmaceutical market in Romania as well as per geographical areas and per each client for the external market.

Based on these sales programs, our company has substantiated:

- production program;
- procurement program for raw materials and materials from import and our country;
- utility production program;
- equipment maintenance program;
- workforce and professional training needs to achieve the objectives.

The average exchange rate used to substantiate the Income & Expenditure Budget is 4.6 LEI/EUR.

Income & Expenditure Budget for 2018 was approved by the Management Board of Antibiotice SA according to the Minute no. ... of February 01, 2018, Decision no. ...

Presentation of indicators (in the Annex 2 to IEB 2018):

- Production sold (row 3) represents the value of production manufactured on the eight GMP authorized manufacturing flows to be sold both in the domestic market (158,306 thousand LEI) and in the foreign market (120,000 thousand LEI).

- Income from the sale of goods (row 8) represents the revenues from the sale of Antibiotice products manufactured on other manufacturing sites (a significant share being represented by the cephalosporins for injection), having a value of 81,934 thousand LEI.

- Income from the production of fixed assets (row 12) represents the value of product licenses obtained through our own applied research & development, including the bioequivalence studies worth 1,630 thousand LEI.

- Other operating income (row 14) represent revenues from the sale of waste as a result of dismantling and decommissioning the fully depreciated equipment in value of 1,230 thousand LEI.

- Financial income (row 22) amounting to 3,836 thousand LEI, represents the income earned by our company mainly from exchange rate differences related to foreign currency liabilities and receivables.

- Total expenses (row 29) amount to 324,966 thousand LEI.

- Operating costs (row 30) amount to 314,652 thousand LEI.

- Expenditure on raw materials (row 33), consumables (row 34) and expenditures on materials in the nature of inventory items (row 37) represent the necessary expenses for the production made on the company's manufacturing flows. The value estimated in 2018 for raw materials and excipients is 77,801 thousand LEI.

- Expenditure on electricity, gas and water (row 38) represents the amount of electricity, methane and water used in the production process directly consumed and for obtaining other utilities (process steam, sterile compressed air, purified water for injection) needed for the manufacture of medicines. This expenditure amounts to 9,773 thousand LEI, being influenced by higher utility tariffs.

- Expenditure on goods (row 39) amounts to 49,977 thousand LEI in 2018. This indicator represents the expenses for the Antibiotice products manufactured on other sites outside the country (cefot, cefotaxime, colistin), the estimated sales value being 81,934 thousand LEI.

- Maintenance and repair costs (row. 41) are underlain in the table below:

Unit	Value (thousand LEI)
QUALITY UNIT	107
COMMERCIAL & LOGISTICS UNIT	355
ENGINEERING & INVESTMENT UNIT	221
MARKETING & DOMESTIC MARKET SALES UNIT	422
MEDICAL UNIT	148
PRODUCTION UNIT	898
BUSINESS DEVELOPMENT UNIT	32
GENERAL UNIT	13
FINANCIAL UNIT	5
TOTAL	2,201

The planned level of maintenance and repair expenses for the year 2018 is ROL 2.201 thousand necessary to ensure the optimal functioning of all the equipment and machinery as well as the means of transport of the company.

In 2017, the maintenance and repair costs were 2,083 thousand LEI , while the amount planned for 2018 is 2.201 thousand LEI - expenses necessary to ensure the optimum functioning of all the equipment as well as the company's means of transport.

- Expenditure on insurance premiums (row 45) amounting 1.431 thousand LEI represents the property insurance costs mortgaged on bank loans, stocks pledged on the same loans as well as the freight insurance expenses during the international transport as well as the insurance of trucks and cars.

- Protocol expenses (row 51) for organizing symposiums, conferences, product presentations to opinion makers - doctors and pharmacists. The value of these expenses for 2018 is 700 thousand LEI, falling within the deductibility limit provided by art.25, para. 3 of Law no. 227/2015, respectively 2% of the accounting profit plus the protocol expenses (35.957 thousand LEI x 2% = 719 thousand LEI).

- Advertising and promotion expenses amounting to 5,300 thousand LEI (row 53) represents expenses necessary to promote both new and existing products in the portfolio.

- Expenditures with sponsorships worth 1,300 thousand LEI (row 57) include sponsorships in the medical and healthcare field (520 thousand LEI), for the sports clubs (520 thousand LEI), for other activities (260 thousand LEI), falling within the deductibility limit provided by art.25, para. 4, letter i of Law no. 227/2015, respectively 20% of the of the due corporation tax (6,500 thousand LEI x 20% = 1,300 thousand LEI).

- Expenses with transportation of goods and people (row 62) amounting to 2,389 thousand LEI include the cost of transporting the goods sold ex-works on the domestic and international market as well as of certain raw materials.

- Expenses with daily allowance amounting to 123 thousand LEI (row 64) will record an increase in 2018 compared to 2017, motivated by the need to carry out more business trips (for increasing our sales) in the country for promoting our products and abroad for conducting the audits for certifying the raw material suppliers from India and China, according to the European Pharmacopoeia regulations (Good Manufactured Practice). Non-certification of these suppliers leads to the impossibility of manufacturing the medicinal products by withdrawing the Marketing Authorization, resulting in a decrease in sales.

- Expenses with banking and assimilated services (row 68) amounting to 1,472 thousand LEI represent the commissions for bank account operations as well as the credit line renewal fees.

- Expenditure on professional training (row 72) was set in 2018 to 400 thousand LEI due to the need to maintain a high level of mandatory professional training for maintaining the integrated quality management certification.

In the context of fulfilling the obligation provided by the art. 194 of Law 53/ 2003 Labour Code, republished in 2011 the employer ensures and bears the costs for the training programs of its employees at least once every 2 years. Due to the specificity and particularities imposed by the main object of activity (CAEN Code 2110 manufacture of pharmaceutical products), most of the training consists of continuous professional training, which can only be ensured by external suppliers agreed by the control, authorization and certification bodies in the pharmaceutical field, the cost of these trainings having an upward trend, leading to allocating a higher budget compare to the amounts spent in the previous year.

Training programs for 2018 are presented in the table below:

Unit	Value (thousand LEI)
QUALITY UNIT	58
COMMERCIAL & LOGISTICS UNIT	11
BUSINESS DEVELOPMENT UNIT	14
FINANCIAL UNIT	21
GENERAL UNIT	30
ENGINEERING & INVESTMENT UNIT	26
HUMAN RESOURCES MANAGEMENT UNIT	6
MARKETING & DOMESTIC MARKET SALES UNIT	105
MEDICAL UNIT	74
PRODUCTION UNIT	55
TOTAL	400

- Other expenses (row 78), amounting to 19,236 thousand LEI are allocated by category of expenditure as follows: 8,000 thousand LEI represent the distribution costs related to the contracts concluded with the company's distributors (distribution services and other ancillary services are understood to mean the services of distributing medicines in hospitals, participating in tenders with our company's products, ensuring the necessary logistics for the distribution operations, conducting commercial campaigns to support a type of product or a group of products, transmitting in the pharmacies the Antibiotic commercial offers; 1,200 thousand LEI for registering the medicinal products to NAMMD Romania; 1,200 thousand LEI on the external markets, 1,100 thousand LEI for services regarding the internal and external market analysis; 1,100 thousand LEI for the performances made for the proper running of the production process, 1,500 thousand LEI for services representing medical manifestations at national level; 2,700 thousand LEI for services for the smooth development of the import and export activity; 1,000 thousand LEI for the services for the smooth running of the Center for Drug Evaluation; 796 thousand LEI for services for evaluations, authorizations and certifications necessary for the good running of the activity during one year, 25 thousand LEI for purchasing books, magazines as well as 615 thousand LEI representing the costs invoiced by utility providers for green certificates.

- Expenses with taxes and fees in amount of 28,561 thousand LEI (row 79) represent expenses with the local taxes and fees as well as the expenses with the quarterly contribution for the medicines financed by FNUASS and Ministry of Health Budget. This expense makes the company's profitability level drop and also decrease its self-financing capacity of the investment program for developing and increasing the manufacturing capacity, along with the sales capacity.

- Salary costs amounting to 82,007 thousand LEI (row 87) represent salary costs for the staff with individual labor contract, including tariffs, rewards and other bonuses established through the Collective Labour Agreement, bonuses granted according to the legal provisions representing social expenses, meal tickets and employees' participation in the 2017 profit.

Amendments to the Fiscal Code by Emergency Ordinance no. 79/2017 determined the increase of the salary expenses by including in the salary expenditures the compulsory contributions of social insurance and health insurances. The influence on the salary expenditures due to the legislative changes regarding the compulsory social contributions amounts to 12,016 thousand LEI.

Increase of the salary expenditures in 2018 compared to the level planned in the last income and expenditure budget approved for 2017 was made in compliance with the provisions of art. 9, para. (1), letter b) and para. (3) of the Government Ordinance no. 26/2013 regarding the strengthening of the financial discipline at the level of some economic operators where the state or the administrative-territorial units are single or majority shareholders or hold directly or indirectly a majority stake, approved with completions by Law no. 47/2014, with subsequent modifications and completions and art. 58, para. 1), letter b) of Law no. 2/2018 of the state budget, according to which the economic operators that did not exceed the level of the outstanding payments for 2017 may increase the salary expenditures provided that in 2018 they do not plan outstanding payments.

In determining the gross average earnings per employee based on the recalculated salary expenditures according to the Annual State Budget Law, no account was taken of the amounts representing increases in salary costs related to their re-entry for the whole year 2018 (2,530 thousand LEI) and the amounts representing the increase in the salary costs as a result of legislative changes regarding the compulsory social contributions (12,016 thousand LEI).

The average number of employees will be 1,420, with an average monthly earnings per employee determined on the basis of salary costs at the level of 3,738 LEI/employee/month, i.e. 3,959 LEI/employee/month representing the average monthly earnings per employee determined on the basis of salary costs recalculated according to the Annual State Budget Law.

- Expenditure on the participation of employees in the profit obtained in the previous year (row 98) amounting to 2,836 thousand LEI represents the amount recorded in the the expense account for employee participation at profit which is the gross amount (the equivalent of the amount that the employee receives and the income tax and individual contributions related to this amount). In the "Expenses with contributions due by the employer" (row 113) are included also the contributions of the company related to the participation of the employees to the profit up to the incidence of the amount of 2,900 thousand LEI.

The basis of the fixed and variable remuneration of the members of the Management Board in accordance with the Decision no. 2 of the General Meeting of Shareholders held on June 28, 2017.

a) Legal basis

Art.37 para (2) from GEO no. 109/2011 : "The remuneration of non-executive members of the Management Board or Supervisory Board shall consist of a fixed monthly allowance and a variable component. The fixed indemnity can not exceed twice the average for the last 12 months of the average gross monthly earnings per class according to the classification of the activities in the national economy, communicated by the National Institute of Statistics prior to the appointment. The variable component is established on the basis of financial and non-financial performance indicators negotiated and approved by the General Meeting of Shareholders. [...]The amount of the variable component for the non-executive members may not exceed a maximum of 12 monthly allowances. "

Art.37 para. (3) of the GEO no. 109/2011 : « The remuneration of the executive members of the Management Board or Supervisory Board consists of a monthly fixed indemnity, which may not exceed six times the average value in the past 12 months of the monthly gross average salary received for the work performed in conformity with the main field of activity registered by the company according to the classification of national economy activities as communicated by the National Institute of Statistics prior to the appointment, and a variable component. Such variable component will be calculated based on the financial and non-financial performance indicators negotiated and approved in the general meeting of the shareholders, different from the indicators approved for the non-executive members, which are calculated according to the methodology indicated under Art.31 para. (5).

Para. (4) The variable component for the members of the Management Board or Supervisory Board is revised annually depending on the extent to which the objectives stated in the management plan are achieved as well as on the extent the financial and non-financial performance indicators, which were approved by the general meeting of the shareholders and attached to the contract of mandate, are met."

Art.38 para. 1 of the GEO no.109/2011: "The remuneration of the directors is set by the Management Board and may not exceed the remuneration the executive members of the Board receive. It is the single kind of remuneration for the directors who have the role also of administrators".

Art.38 para. 2 of the GEO no. 109/2011: "Remuneration is made of a monthly fixed indemnity within the limits indicated under Art.3 para. (3) and a variable component consisting in a share of the company's net profit, stock shares, stock-options or a similar scheme, a pension scheme or a different form of remuneration based on the performance indicators".

Art.18. GEO no. 90/2017 : "The gross remuneration of the directors and administrators provided for in the mandate contracts concluded according to the provisions of the Government Emergency Ordinance no.109/2011 on corporate governance of public enterprises, approved with amendments and additions by Law no. 111/2016 with subsequent modifications, may be recalculated to be reconciled with the new mandatory social contributions due under Law no. 227/2015, with subsequent amendments and additions, as amended by the Government Emergency Ordinance no.79/2017 amending and supplementing Law no. 227/2015 on the Fiscal Code."

a) Payment of remunerations

The level of the annual fixed indemnity of the non-executive members of the Management Board pursuant to the Government Emergency Ordinance no.79/2017 amending and supplementing Law no.227/2015 regarding the Fiscal Code: 452,484 LEI.

The level of the annual fixed indemnity of the executive members of the Management Board pursuant to the Government Emergency Ordinance no.79/ amending and supplementing Law no.227/2015 regarding the Fiscal Code: 334,692 LEI.

The total fixed remuneration (including the remuneration of the committees) for the non-executive and executive members of the Management Board amounts to 852,840 LEI. The variable indemnity will be granted annually, according to the extent of achievement (as percentage) of the objectives, performance criteria, and involvement in the working groups formed in the company by each member of the Management Board. The variable component of the members of the Management Board corresponding to the achievement of the objectives in 2017 amounts to 1,113,730 LEI.

- The depreciation of tangible and intangible assets (line 121) consists mainly of expenses for the depreciation of the existing assets and the assets included in the investment plan amounting to 20,100 thousand LEI.

- The financial expense (line 131) include mainly interest expenses for the bank loans and expenses for foreign exchange losses in trade operations.

- The gross result (line 140) amounts to 35,957 thousand LEI.

- The tax non-deductible expenses (line 142) amount to 4,500 thousand LEI and consist of expenses covered by the provisions of Art. 25, para. 3) and 4) of the Law 227/2015, namely:

- interest, default interest, fines - 7 thousand LEI (line 116);

- adjustments and provisions expense - 4.014 thousand LEI (line 123);

- 50% of the expenditure on cars not used exclusively for economic purposes as defined under Art. 25, para. 3), point l) of the Law 227/2015 - 479 thousand LEI;

- The net result is 29.457 thousand LEI.

In order to achieve the budgeted indicators for 2018, more active actions were taken for claims recovery by a more sustained communication with our distributors with a view to increasing collection efficiency.

At the same time, an in-house system for the management of operations based on budgets (i.e. cost centers) is in place aiming at limiting costs to the minimum so as to prevent increase of expenses and consequently the additional need to finance the current activity.

In certain periods of the year when the recovery of claims becomes more difficult, the payments outstanding will turn zero by attracting the contracted credit lines that have not been entirely used.

The substantiation of the investment program is presented below:

ANTIBIOTICE S.A. manufactures valuable medicinal products that are accessible to patients, physicians and pharmacists.

The company is continuously concerned with updating its activities and products.

A valuable medicine is not necessarily an expensive one; it is a medicine people can afford and brings the company a reasonable profit which can support production and help reach high performance, by continuous investment in people, technology and successful partnerships intended both to consolidate the presence of the company in different markets and to enter new, profitable markets.

To achieve such objectives, the company needs well-planned investments on a regular basis, which will contribute effectively to the sustainable development of all the organization structures, i.e. production, research, quality control, utility supply, logistics.

The investment objectives are aimed at:

- creating a new, efficient, GMP and FDA-approvable facility equipped with modern equipment for the manufacturing of ointments and suppositories;

- updating and revamping of the existing manufacturing lines to increase the production capacity, quality of products and reduce manufacturing costs;
- updating the utility facilities in the entire company;
- implementing the strategy of reducing pollution and environment protection;
- consolidating the integrated management system, creating new manufacturing facilities to reduce costs, utility consumption and increase productivity; ensuring ongoing compliance with the stricter and stricter requirements of the GMP rules and with the regulations on employment protection and environment protection.
- increasing the raw material storage capacity, in line with the enhancement of the manufacturing capacity.

I.ONGOING INVESTMENTS

1.The achievement of a manufacturing capability of ointments and suppositories

The aim of the project is the achievement of a new production facility for the production of semi-solid pharmaceutical products filled into tubes and suppositories in order to increase the turnover and capacity of Antibiotice S.A. to register, produce and sell quality Romanian medicines by investing in a new plant subject to Good Manufacturing Practice authorization on all the regulated pharmaceutical markets (Europe, USA and Canada).

Objectives of the investment

- The construction and appropriate endowment of an Ointment & Suppository Plant subject to EU-Good Manufacturing Practice and Food and Drug Administration (FDA) authorizations.
- The GMP certification of the newly built Ointment & Suppository Plant by the national regulatory authority in the field (the National Agency for Medicines and Medical Devices).
- The provision of the conditions for the manufacture of medicines in compliance with the legislative and pharmacopoeial requirements, for their registration and marketing upon all the regulated markets, especially in Europe, USA and Canada.

Justification of the investment

The creation of a modern plant for the manufacture of semisolid drugs filled into tubes (ointments, creams, gels) and suppositories is for Antibiotice S.A. the guarantee of the long-term business development.

The company's development strategy focuses on maintaining and expanding the portfolio of semisolid products filled into tubes and suppositories.

The strategy is based upon the development of the portfolio for the domestic market, but also upon the diversification and penetration on new foreign markets in Europe, North America, Asia and Africa.

In order to provide the main characteristics of the medicines (quality, efficiency, safety), their manufacture must be carried out in facilities equipped with performant

equipment and critical utilities that meet the requirements of the Good Practice of Manufacturing (GMP).

The procedure for the contracting of the achievement works for the clean rooms and the related installations is currently in progress. In 2018, the delivery of contracted manufacturing equipment will begin. The implementation of this important investment objective is scheduled for the year 2019.

2. Equipment for the manufacturing plants, Quality Unit and Medical Unit

Laboratory equipment and various other equipment were contracted in 2017 for the purpose of refurbishing production lines, quality control laboratories and research laboratories for which payments will be made in 2018. Both the manufacturing equipment and laboratory equipment are the state-of-the-art, with high productivity, low energy consumption and high operational safety. The manufacturing equipment is meant to replace the older generation equipment with significant physical wear that generates high maintenance costs and low productivity. The acquisition of modern laboratory equipment is required by the ongoing review of pharmacopoeial monographs and the increased precision of analytical methods in laboratories in the pharmaceutical industry.

3. Investments intended for the modernization of the utilities infrastructure

Another component of the investment program carried out in 2017 was the investments for the modernization of the infrastructure for production, transport and distribution of utilities (technological steam, drinking water, hot water, demineralized water, power supply, sewage treatment). A series of investments in this category were started in 2017 and will be completed in 2018.

The main objective of these investments is to size and adapt utility routes to the current consumption of manufacturing lines, so as to save energy by reducing consumption and eliminating losses.

4. Equipping the pharmaceutical alcohol warehouse with a sampling flow

The necessity to achieve this investment has emerged as a result of the recommendations received from the Quality Assurance Unit in order to comply with the GMP standards. Also, as a result of the external audits that took place in recent years, it appeared that it was necessary to build a warehouse for pharmaceutical alcohol. Given that the pharmaceutical alcohol is a raw material, the new warehouse must be equipped in accordance with the GMP rules. As alcohol is being considered a solvent, the characteristics of the construction and the arrangements to be made in the new warehouse must also comply with the provisions of the Norms P118/1 - 2013, regarding the fire safety of constructions.

II. NEW INVESTMENTS

1. Equipment for serialization (Parenteral Products Plant, Operculated Capsules Plant, Tablet Plant, Ointment & Suppository Plant, Finished product Warehouse)

Given that by 2019 all the pharmaceutical products to be marketed both on the domestic market and on foreign markets (U.S.A., EU) must be serialized, it is necessary that the products that will be manufactured by Antibiotice starting this year must be serialized.

This measure becomes mandatory according to the requirements of the European Directive 2011/62/EU and the U.S. Drug Quality and Security Act on struggling against the placing on the market of counterfeit medicines.

The serialization systems will be purchased and included in the manufacturing lines in the manufacturing plants and the finished product warehouses.

2. The Intelligent Energy Monitoring System at ANTIBIOTICE - a project co-financed by European funds, through the "Large Infrastructure" Operational Program, axis 6.2, entitled: Monitoring of Energy Consumption in Industrial Consumers

The overall objective of this project is to reduce the specific energy consumption (kgep/1000 euro) at the level of ANTIBIOTICE SA. on an average of 1% over a 5-year period after the implementation of the project, as a result of the consumption monitoring by implementing a smart metering system for the energy consumption.

The project implies the installation of electric meters, gas meters and compressed air meters.

The specific objectives are as follows:

- the monitoring and storing the consumption of electricity, natural gas at the level of the plants and the other users, where the monthly electricity bill is settled;
- the achievement of daily reports of monitored energy consumption or, where appropriate, reports by shifts, seasons, manufacturing cycles;
- the performance of consumer/energy cost analyzes at the level of consumers or installations/equipment;
- the calculus of specific consumption upon the basis of which measures/strategies for the efficiency of equipment/installations can be established, as well as technical support for future upgrading projects.

3. Feasibility and design study to increase the production capacity of Nystatin and the upgrading of the clean area

The building of a modern plant for the manufacture of Nystatin active substance is for Antibiotice S.A. the guarantee of long-term business development.

The company's development strategy also focuses on maintaining and expanding the active substance markets.

Currently Antibiotice S.A. has created and upgraded the facilities needed to develop the production of active substance, as follows:

- Antibiotice S.A. has its own team that provides research to improve the quality of Nystatin active substance;

- our company owns complete utilities systems needed by the manufacturing plants and operates besides the modern wastewater treatment plant an efficient solid waste incinerator that solves the issues related to environmental protection;

- our company has qualified staff and recruitment possibilities of specialists from the universities in Iasi and across the country.

In order to ensure the main characteristics of the medicines (quality, efficiency, safety), the manufacture thereof must be carried out in facilities equipped with performant equipment and critical utilities that meet the requirements of the Good Practice of Manufacturing (GMP).

Although the Good Manufacturing Practice has been implemented at Antibiotice since 1999, at the level of the Biosynthesis plant a number of backlogs have been reported in recent years concerning the upgrading of various systems as a result of the constant increase in the requirements related to the manufacture of active substances regulated by the new guides issued by national and international authorities.

Over time, during customer audits, self-inspections, national regulatory bodies, minor inconsistencies were reported regarding the production equipment and manufacturing lines.

Ca urmare a identificarii neconformitatilor si necesitatii de implementare a actiunilor corective impuse de autoritati, analizele tehnico-economice efectuate au evidentiat faptul ca modificarile care ar trebui facute pentru a asigura complianta cu legislatia in vigoare nu pot fi implementate in cladirea actuala, in principal din considerente de ordin constructiv (cladire veche care nu permite dispunerea spatiale a etajelor, nu mai corespunde din punct de vedere a normativelor privind rezistenta si stabilitatea constructiilor etc.).

To these restrictions commercial arguments, the stopping the production to restore the structure and strength of the building resistance are added with serious consequences in the continuous assurance of market needs and customer orders, with significant negative influences upon the company's turnover and the loss of a significant part of market share as a result of delivery discontinuities.

All these arguments led to the decision to start up the action to upgrade the manufacturing of the Nystatin active substance by undertaking a feasibility study and starting the design activity.

4. Investments in manufacturing lines

In 2017 the purchase of equipment, installations, various equipment and laboratory equipment was proposed in order to refurbish the production lines. The manufacturing equipment and the equipment to be purchased are the state-of-the-art, with high productivity, low energy consumption and high operational safety. The manufacturing equipment is meant to replace the equipment with significant physical wear, which generates high maintenance costs and low productivity. It is also necessary to purchase

equipment and equipment to ensure environmental protection measures, to reduce energy consumption and increase work safety.

5. Licensing for new products and research projects

The development program for new product entails the following objectives:

- the upgrading of the company's product portfolio in order to provide to the domestic market with state-of-the-art generic drugs, therapeutically effective and safe in administration;
- providing pharmaceutical products which are competitive on the foreign market and ensuring, on the long run, the growth of Antibiotice's turnover and competitiveness;
- reducing the NHIH expenditures for the purchase of expensive or discontinued import drugs.

6. Investments in Research - Medical Unit

Research is one of the most dynamic activities in our company, which experiences permanent changes and an ascending evolution. Throughout our company, research acts as a dynamic element of the whole system, generating new products that drive growth in production. With a specific consumption of cleverness and creativity, research contributes to the development of the product portfolio.

Given the importance of the data generated in the Center for Drug Evaluation, the investment program includes a range of equipment, endowments and software to support and improve research activities to obtain new, quality, valuable and competitive products on the market.

7. Investments in Quality

Taking into consideration the ongoing review of pharmacopoeial monographs and the increased precision of analytical methods in the pharmaceutical industry laboratories, it has become imperative to acquire state-of-the-art equipment to enable the quality of products manufactured by Antibiotice to be verified at international standards. The Quality Control laboratories have a key role in demonstrating the quality and conformity of the products manufactured in our company, which is why they must be permanently equipped with cutting-edge and performing laboratory equipment.

8. Investments to provide logistics - Commercial Unit

The investments are mainly directed towards equipping the raw material and finished products warehouses with equipment to intended to improve the storage conditions as well as the working conditions and to increase labor productivity. Also, certain acquisitions are meant to replace old, high-wear equipment, which is no longer safe in operation.

9. Investments for the manufacture, transport and distribution of utilities

The investments are mainly focused upon the modernization and upgrading of the systems, equipment and installations for producing utilities (steam, compressed air, hot water, demineralized water, methane gas, electricity, drinking water, sewerage, wastewater treatment, etc.) across the entire platform of the company, in order to dimension and adapt the utility routes to the current consumption of the production lines, so as to achieve energy savings by reducing consumption and eliminating losses.

The achievement of these investments will result in benefits such as:

- safety in operation;
- increased labor productivity;
- reducing intervention times by implementing a powerful diagnosis system based upon error messages that reduces maintenance and repair work;
- savings of energy and resources and implicitly a better environmental protection;
- ease in the operation of the equipment by the human operator.

The sources for the financing of investments in 2018 are:

- the depreciation of fixed assets in the amount of 20,100 thousand LEI
- the fiscal facilities according to art. 20 and art. 22 of Law no. 227/2015 regarding the Tax Code in the amount of 20,000 thousand LEI
- the financing of European funds in the amount of 908 thousand LEI for financing the project.

called **Intelligent Energy Conservation Monitoring System within ANTIBIOTICE** - a project co-financed by European funds, through the Large Infrastructure Operational Program, Axis 6.2, entitled: **Monitoring of Energy Consumption in Industrial Consumers** aiming at reducing specific energy consumption (kgep/1000 euros) at the level of ANTIBIOTICE SA with an average of 1% over a 5 year period after the implementation of the project, as a result of the consumption monitoring through the implementation of a smart metering system for energy consumption.

- Banking credits to support investments in the amount of 75,273 thousand LEI, investments in the serialization of products that are mandatory according to the requirements of the European Directive 2011/62/EU and the U.S. Drug Quality and Security Act, on struggling against the placing of counterfeit medicines on the market with an implementation deadline for February 2019. The risk of non-realization is the loss of the marketing authorization throughout the European territory including Romania.

Investments projected for 2019

In 2019, the works to build the new production capacity for ointments and suppositories will be carried out, with the performance of technological tests and commissioning.

The actions of refurbishment of the manufacturing lines and the laboratories from the Quality Control Unit and those within the Medical Unit will be continued. The same trend of developing and consolidating the product portfolio in previous years will also be carried out by acquiring new licenses for product and the development of new research projects. Emphasis will also be placed upon the refurbishment and upgrading of facilities for the production of utilities (steam, compressed air, electricity, sewerage) and the modernization of the logistics required for the storage and transportation of raw materials and finished products.

Investments projected for 2020

The refurbishment of manufacturing lines of the Quality Control Unit and the research laboratories within the Medical Unit will be continued. Also, the trend of developing and consolidating the product portfolio by acquiring new product licenses and developing new research projects will also be followed up. Emphasis will also be placed upon the upgrading and modernization of facilities for the production of utilities (steam,

compressed air, electricity, sewerage) and the modernization of the logistics required for the storage and transportation of raw materials and finished products.

The Income & Expenditure Budget for 2018 was substantiated and subjected to the financial management control according to GD no. 1151/2012 for approving the Methodological Norms concerning the organization and exercise of the financial management control.

GENERAL MANAGER
IOAN NANI

FINANCIAL DIRECTOR
PAULA COMAN

THE BUDGET OF INCOME AND EXPENDITURE
on 2018

thousand lei

		INDICATORS	Row no.	Obtained/ Preliminary on 2017	Proposals current year 2018	%	Estimates 2018	Estimates in 2019	%	
									9=7/5	10=8/7
0	1									
I.		TOTAL REVENUE (R.1=R.2+R.5+R.6)	1	349.816	360.923	103,2	373.016	386.618	103,4	103,6
	1	Total operating income, of which:	2	345.025	357.087	103,5	369.152	382.615	103,4	103,6
		a) subsidies, according to legal provisions in force	3							
		b) transfers, according to legal provisions in force	4							
	2	Financial income	5	4.791	3.836	80,1	3.864	4.003	100,7	103,6
	3	Extraordinary income	6							
II		TOTAL EXPENDITURE (R.7=r.8+r.20+r.21)	7	314.455	324.966	103,3	337.051	350.646	103,7	104,0
	1	Operating expenses, out of which:	8	304.440	314.652	103,4	325.096	331.946	103,3	102,1
	A.	Expenditure on goods and services	9	178.027	184.229	103,5	190.096	197.530	103,2	103,9
	B.	expenses on taxes, fees and similar charges	10	31.997	28.561	89,3	30.061	32.061	105,3	106,7
	C.	Staff related expenses, of which:	11	81.311	85.763	105,5	87.028	87.898	101,5	101,0
	C0	Payroll expenses(R.13+R.14)	12	65.900	82.007	124,4	83.237	84.069	101,5	101,0
	C1	expenses on salary	13	59.594	74.711	125,4	75.832	76.590	101,5	101,0
	C2	bonuses	14	6.306	7.296	115,7	7.405	7.479	101,5	101,0
	C3	other staff related expenses, of which:	15							
		expenditure on compensatory payments for staff redundancies	16							
	C4	Expenditure related to the mandate contract and other management and control bodies, commissions and committees	17	1.749	1.967	112,5	1.997	2.017	101,5	101,0
	C5	expenses with contributions owed by the	18	14.397	1.789	12,4	1.794	1.812	100,3	101,0
	D.	other operating expenses	19	13.105	16.099	122,8	17.911	14.457	111,3	80,7
	2	Financial expenses	20	10.015	10.314	103,0	11.955	18.700	115,9	156,4
	3	Extraordinary expenses	21							
III		GROSS RESULT (profit / loss)	22	35.361	35.957	101,7	35.965	35.972	100,0	100,0
IV		INCOME TAX	23	1.803	6.500	360,5	5.631	5.448	86,6	96,8
V		ACCOUNTING PROFIT LEFT AFTER WITHDRAWING	24	33.558	29.457	87,8	30.334	30.524	103,0	100,6
	1	Legal provisions	25	0	0	0,0	0	0	0,0	0,0
	2	Other reserves representing fiscal facilities provided	26	15.733	20.000	0,0	10.063	7.776	0,0	0,0
	3	Covering accounting losses from previous years	27							
	4	Establishing our own funding sources for projects co-financed from external loans, as well as creating the necessary resources to repay the capital, interest rates, commissions and other costs associated with these loans	28							
	5	Other distributions provided by law	29	0	0		0	0	0,0	0,0
	6	Accounting profit remaining after deducting the amounts from rows 25, 26, 27, 28, 29	30	17.825	9.457	53,1	20.271	22.748	214,3	112,2
	7	Employee participation to profit up to 10% of the net profit but not more than the level of an average monthly salary obtained by the economic operator in the respective financial year	31	2.900	2.900	100,0	2.900	2.900	100,0	100,0
	8	Minimum 50% payments to the state or local budget in the case of autonomous companies or dividends due to shareholders for national companies / companies with full or majority state-owned capital, out of which:	32	17.825	9.457	53,1	20.271	22.748	214,3	112,2
	a)	- dividends due to the state budget	33	9.450	5.014	53,1	10.747	12.060	214,3	112,2
	b)	- dividends due to the state budget	33a							
	c)	- dividends due to other shareholders	34	8.375	4.443	53,1	9.524	10.688	214,3	112,2

		INDICATORS	Row no.	Obtained/ Preliminary on 2017	Proposals current year 2018	%	Estimates 2018	Estimates in 2019	%	
									9=7/5	10=8/7
0	1									
	9	The profit not allocated as intended under r.31 -r.32 is allocated to other reserves and constitutes its self-financing sources	35	0	0	0,0	0	0		
VI		REVENUE FROM EUROPEAN UNION FUNDS	36		908					
VII		ELIGIBLE EXPENSES FROM EUROPEAN FUNDS, of which	37		908					
	a)	material expenses	38		762					
	b)	payroll expenses	39		0					
	c)	expenditure on service provision	40		121					
	d)	advertising and publicity expenses	41		7					
	e)	other expenses	42		18					
VIII		INVESTMENT FINANCING SOURCES, of which:	43	41.017	116.281	283,5	33.763	34.276	29,0	101,5
	1	Allowances from the budget	44	17	908					
		budgetary allocations relative to payments commitments from previous years	45							
IX		EXPENDITURE ON INVESTMENTS	46	41.017	116.281	283,5	33.763	34.276	29,0	101,5
X		EXPLANATORY DATA	47							
	1	No. of expected staff by the end of the year	48	1.420	1.420	100,0	1.420	1.420	100,0	100,0
	2	Total average no. of employees	49	1.420	1.420	100,0	1.420	1.420	100,0	100,0
	3	Average monthly earnings per employee (lei / person) determined on the basis of salary costs*)	50	3.678	3.738	101,6	3.748	3.804	100,3	101,5
	4	Average monthly earnings per employee based on payroll costs as per the annual law of state budget **	51	3.867	3.959	102,4	3.558	3.611	89,9	101,5
	5	Labor productivity in value units per total average staff (thousand lei/person) (R.2/R.49)	52	243	251	103,5	246	258	97,7	105,1
	6	Labor productivity in value units per total average staff recalculated as per the annual law of state budget	53							
	7	Labor productivity in physical units per total average staff (amount of finished products/person))	54							
	8	Total expenditure per 1000 lei total income (r.7/r.1)x1000	55	899	900	100,2	898	898	99,7	100,0
	9	Outstanding payments	56	0	0		0	0		
	10	Outstanding claims	57	31.007	29.460	95,0	27.987	26.588	95,0	95,0

*) Row 50 = R.154 in the Justifying Annex no 2

**) Row 51 = R.155 in the Justifying Annex no.2

CEO
EC. IOAN NANI

FINANCIAL DIRECTOR
EC. PAULA COMAN

INDICATORS													
0	1	Z	Row no.	Obtained year 2016	Provisions on previous year 2017		Proposal on 2018				%	%	
					Approved as per decision of OGMS	Preliminary /Obtained	of which:						
							1st Quarter	2nd Quarter	3rd Quarter	Year			
													6a
1.				3a	4a	5	6a	6b	6c	6d	7	8	
				1	345.080	345.863	349.816	73.260	179.693	248.029	360.923	103,2	101,4
	1	TOTAL REVENUE (R.2+R.22+R.28)		2	338.113	342.683	345.025	72.575	177.538	244.922	357.087	103,5	102,0
		Total operating income (r.3+r.8+r.9+r.12+r.13+r.14), out of which:		3	244.551	252.904	248.195	44.894	118.674	186.525	278.306	112,1	101,5
		a) production sold (r.4+r.5+r.6+r.7), of which:		4	241.995	252.290	247.471	44.859	118.573	186.378	278.114	112,4	102,3
		a1) product sales		5	2.472	532	649	20	50	80	110	16,9	26,3
		a2) services supplied		6	84	82	75	15	51	67	82	109,3	89,3
		a3) royalties and rent		7									
		a4) other income		8	90.440	87.898	89.434	11.242	32.470	54.688	81.934	91,6	98,9
		b) sale of merchandise		9									
		c) subsidies and operating transfers related to net turnover (r.10+r.11), of which:		10									
		c1) subsidies, as per the legal provisions in force		11									
		c2) transfers, as per the legal provisions in force		12	2.177	2.827	1.851	320	770	1.100	1.630	88,1	85,0
		d) of the production of fixed assets		13	-900	-1.086	4.235	16.068	24.454	1.409	-6.013	-142,0	-470,6
		e) income related to the cost of production in progress		14	1.845	140	1.310	51	1.170	1.200	1.230	93,9	71,0
		f) other operating income (r.15+r.16+r.19+r.20+r.21), of which:		15									
		f1) fines and penalties		16									
		f2) sale of assets and other capital operations/transactions (r.18+r.19), of which:		17									
		- tangible assets		18									
		- intangible assets		19									
		f3) from subsidies for investment		20									
		f4) from recovery of CO2 certificates		21	1.845	140	1.310	51	1.170	1.200	1.230	93,9	71,0
		f5) other income		22	6.967	3.180	4.791	685	2.155	3.107	3.836	80,1	68,8
2		Financial income (r.23+r.24+r.25+r.26+r.27), of which:		23									
		a) financial assets		24									
		b) financial investments		25	6.959	3.175	4.787	683	2.153	3.104	3.831	80,0	68,8
		c) foreign exchange differences		26	8	5	4	2	2	3	5	125,0	50,0
		d) interest		27									
		e) other financial income		28									
3		Extraordinary revenue		29									
II		TOTAL expenses (R.30+R.136+R.144)		30	310.198	310.918	314.455	70.080	162.720	231.385	324.966	103,3	101,4
	1	Operating expenses (r.31+r.79+r.86+r.120), of which:			299.387	301.969	304.440	68.499	158.141	224.103	314.652	103,4	101,7

INDICATORS										
	Row no.	Obtained year 2016	Provisions on previous year 2017		Proposal on 2018				%	%
			Approved as per decision of OGMS	Preliminary /Obtained	of which:					
					1st Quarter	2nd Quarter	3rd Quarter	Year		
0	1	3a	4a	5	6a	6b	6c	6d	7	8
A. Expenses on goods and services (r.32+r.40+r.46), of which:	31	173.255	184.858	178.027	40.597	97.971	128.393	184.229	103,5	102,8
A1 Expenditure on stocks (r.33+r.34+r.37+r.38+r.39), of which:	32	134.913	142.401	134.913	33.165	80.244	100.739	147.727	109,5	100,0
a) raw material expenses	33	59.383	65.115	63.701	20.692	49.805	53.240	77.801	122,1	107,3
b) expenditures on consumables, of which:	34	9.378	10.090	9.505	1.864	4.601	7.067	9.416	99,1	101,4
b1) expenses on spare parts	35	2.270	2.157	2.462	319	921	1.925	2.325	94,4	108,5
b2) expenses on fuel	36	2.035	2.110	1.968	477	978	1.465	2.100	106,7	96,7
c) expenses on materials such as inventory items	37	727	822	698	181	347	490	760	108,9	96,0
d) expenses on energy and water	38	8.045	8.468	7.841	3.550	5.650	6.568	9.773	124,6	97,5
e) expenses on goods/merchandise	39	57.380	57.906	53.168	6.878	19.841	33.374	49.977	94,0	92,7
A2 Expenses on services provided by third parties (r.41+r.42+r.45), of which:	40	3.282	4.026	3.350	553	1.423	2.821	3.790	113,1	102,1
a) expenses on maintenance and repairs	41	1.888	2.315	2.083	162	682	1.721	2.201	105,7	110,3
b) expenditure on rent (r.43+r.44) of which:	42	160	161	160	38	78	119	158	98,8	100,0
b1) - to operators with full/majority state capital	43									
b2) - to private equity operators	44	160	161	160	38	78	119	158	98,8	100,0
c) Insurance premiums	45	1.234	1.550	1.107	353	663	981	1.431	129,3	89,7
A3 Expenses on other services provided by third parties	46	35.060	38.431	39.764	6.879	16.304	24.833	32.712	82,3	113,4
a) Expenses with collaborators	47									
b) Expenses with commissions and fees	48	205	184	283	68	182	244	269	95,1	138,0
b1) Expenditure on legal advice	49									
c) expenses on protocol, advertising and publicity (r.51+r.53), of which:	50	3.457	2.811	8.288	1.043	3.267	5.234	6.000	72,4	239,7
c1) expenses on protocol, of which:	51	800	654	1.101	238	400	544	700	63,6	137,6
gift vouchers according to the Law no.193/2006, with subsequent changes	52									
c2) advertising expenditure, of which:	53	2.657	2.157	7.187	805	2.867	4.690	5.300	73,7	270,5
- gift vouchers according to the Law no.193/2006, with subsequent changes	54									
- gift vouchers for marketing campaigns, market research, promotion on existing or new markets, as per Law 193/2006, with subsequent changes:	55									
- promoting products	56	2.657	2.157	7.187	805	2.867	4.690	5.300	73,7	270,5
expenses regarding sponsorship as per GEO no. 2/2015 (R.58+R.59+R.61), of which:	57	1.946		2.043	250	625	779	1.300	63,6	105,0
d) sponsorships for sports clubs	58	287	447	147	17	201	295	520	353,7	51,2
d2) sponsorship of religious institutions	59	1.521	447	1.511	180	296	300	520	0,0	99,3
d3) sponsorships in healthcare and the medical field	60	1.521	447	1.511	180	296	300	520	34,4	99,3
d4) other sponsorship expenses	61	138	223	385	53	128	184	260	67,5	279,0
e) expenditure on the transport of goods and people	62	2.146	2.113	2.487	692	1.308	1.789	2.389	96,1	115,9
f) expenses relative to mobility, remote work, transfer, of which:	63	1.109	1.677	1.026	159	418	736	1.138	110,9	92,5

INDICATORS											
	Row no.	Obtained year 2016	Provisions on previous year 2017		Proposal on 2018					%	%
			Approved as per decision of OGMS	Preliminary /Obtained	of which:						
					1st Quarter	2nd Quarter	3rd Quarter	Year			
0	1	2	3a	4a	5	6a	6b	6c	6d	7	8
		- daily travel allowance (r.65+r.66), of which:	102	121	100	21	44	72	123	123,0	98,0
	64	- in the country	27	41	24	6	14	25	43	179,2	88,9
	65	- abroad	75	80	76	15	30	47	80	105,3	101,3
	66										
	67	g) postal and telecommunication charges	478	492	503	113	242	373	508	101,0	105,2
	68	h) expenditure on banking and similar services	1.070	1.222	881	180	728	1.202	1.472	167,1	82,3
	69	i) other expenditure on services performed by third parties, out of which:	348	498	380	29	80	194	400	105,3	109,2
	70	if) insurance and security costs									
	71	12) expenditure on the maintenance and operation of the computing technique									
	72	13) professional training expenses	348	498	380	29	80	194	400	105,3	109,2
	73	14) expenses with the revaluation of tangible and intangible assets, out of which:									
	74	- related to goods in the public domain									
	75	i5) Expenses with activities carried out by subsidiaries/area offices									
	76	16) expenses related to the recruitment and appointing the managing staff as per GEO no. 109/2011									
	77	i7) expenses on bidding/auction realited ads and other types of ads									
	78	j) other expenses	24.301	28.317	23.873	4.345	9.454	14.282	19.236	80,6	98,2
	79	B Expenses with taxes, fees and similar payments (r.80+r.81+r.82+r.83+r.84+r.85), of which:	25.800	26.917	31.997	6.431	12.804	19.572	28.561	89,3	124,0
	80	a) fees for the exploitation of mineral resources									
	81	b) royalties for the concession of public goods and mineral resources									
	82	c) expenses on licensing taxes									
	83	d) expenses on authorization fees									
	84	e) expenses with the environmental tax									
	85	f) expenses on fees and charges	25.800	26.917	30.316	6.431	12.804	19.572	28.561	94,2	117,5
	86	C. Staff related costs (r.87+r.100+r.104+r.113), of which:	71.317	80.333	81.311	20.377	42.285	64.841	85.763	105,5	114,0
	87	C0 Payroll and staff related expenses (r.88+ r.92)	57.895	65.097	65.900	19.744	39.873	61.733	82.007	124,4	113,8
	88	C1 Payroll expenses (r.89+r.90+r.91), of which :	52.508	58.735	59.594	18.596	37.505	55.804	74.711	125,4	113,5
	89	a) basic salaries	40.173	44.836	44.798	14.133	28.504	42.411	56.780	126,7	111,5
	90	b) bonuses, premiums and other bonuses related to the basic salary (as per the c) bonuses(as per the collective employment agreement)	12.335	13.899	14.796	4.463	9.001	13.393	17.931	121,2	120,0
	91										
	92	Bonuses (r.93+r.96+r.97+r.98+ r.99), of which:	5.387	6.362	6.306	1.148	2.368	5.929	7.296	115,7	117,1
	93	a) social expenses stipulated in article 25 of Law 227/2015 on the Tax Code (*, as amended;	886	887	876	178	473	518	925	105,6	98,9
	94	- nursery school vouchers, as per Law 193/2006, as amended;									
	95	- gift vouchers for social expenses according to the Law no. 193/2006, as amended;									
	96	b) meal vouchers;	2.717	3.115	3.080	970	1.895	2.575	3.535	114,8	113,4
	97	c) holiday vouchers;									
	98	d) expenses regarding the employees' participation to the profit obtained in the	1.784	2.360	2.350	0	0	2.836	2.836	120,7	131,7

0	1	INDICATORS	Row no.	Obtained year 2016	Provisions on previous year 2017		Proposal on 2018				%	%	
					Approved	Preliminary /Obtained	of which:						
							as per decision of OGMS	1st Quarter	2nd Quarter	3rd Quarter			Year
0	1	Z	3	3a	4a	5	6a	6b	6c	6d	7	8	
		e) other expenses under the CCM.	99										
		C3 Other staff expenses (r. 101+r. 102+r. 103), of which:	100										
		a) compensatory payment for staff redundancies	101										
		b) salaries due based on a court's ruling	102										
		c) remuneration related to restructuring, privatization, a special administrator, expenditure related to the mandate contract and other control and management	103										
		a) for directors/administration	104	817	1.028	1.014	210	1.534	1.749	1.967	194,0	124,1	
		fixed component	105	521	558	558	84	854	938	1.022	183,2	107,1	
		variable component	106	270	279	279	84	167	251	335	120,1	103,3	
		b) for the management board/supervisory board, of which:	107	251	279	279		687	687	246,2	111,2		
		fixed component	108	242	416	400	110	647	762	879	219,8	165,3	
		variable component	109	186	307	291	110	223	338	452	155,3	156,5	
		c) for GMS and censors	110	56	109	109		424	424	427	391,7	194,6	
		d) for other committees established by law	111										
		C5 Expenses with taxes due to contributions due by the employer	112	54	54	56	16	33	49	66	117,9	103,7	
		D. Other operating expenses (R. 115+R. 118+R. 119+R. 120+R. 121+R. 122), of which:	113	12.605	14.208	14.397	423	878	1.359	1.789	12,4	114,2	
		a) expenses on increased fees and penalties (R. 116+R. 117), of which:	114	29.015	9.861	13.105	1.094	5.081	11.297	16.099	122,8	45,2	
		- to the general consolidated budget	115	771	16	699	4	5	7	9	1,3		
		- to other creditors	116	680	14	697	2	3	5	7	1,0		
		b) expenditure on fixed assets	117	91	2	2	2	2	2	2	100,0		
		c) expenses related to transfers for the payment of staff	118										
		d) other expenses	119										
		e) expenses with depreciation of tangible and intangible assets	120										
		adjustments and write-downs for impairment and provisions (R. 123-R. 126), of which:	121	17.947	19.732	18.657	5.100	10.200	15.300	20.100	107,7	104,0	
		f) which:	122	10.297	-9.887	-6.251	-4.010	-5.124	-4.010	-4.010	64,1	-60,7	
		f1) expenses on adjustment and provisioning expenses	123	19.480	2.900	26.283			4.014	4.014	15,3	134,9	
		f1.1) provisions regarding employees' participation to profit	124	2.900	2.900	2.900			2.900	2.900	100,0	100,0	
		f1.2) provisions related to mandate contracts	125			1.114			1.114	1.114	100,0		
		income from provisions and adjustments for impairment or loss of value, out of which:	126	9.183	12.787	32.534	4.010	5.124	8.024	8.024	24,7	354,3	
		f2) cancellation of provisions (R. 128+R. 129+R. 130), of which:	127	9.183	12.787	32.534	4.010	5.124	8.024	8.024	24,7	354,3	
		- from employee participation to profit	128	2.200	2.900	2.900			2.900	2.900	100,0	131,8	
		- depreciation of tangible assets and current assets	129	3.378	9.887	25.585	4.010	4.010	4.010	4.010	15,7		
		- Income from other provisions	130	3.605	0	4.049		1.114	1.114	1.114	27,5	112,3	
		Financial expenses (R. 132+R. 135+R. 138), of which:	131	10.811	8.949	10.015	1.581	4.579	7.282	10.314	103,0	92,6	
2		a) interest, of which:	132	1.036	2.352	1.348	413	936	1.908	3.042	225,7	130,1	
		a1) related to investment loans	133										
		a2) related to loans for current activity	134	1.036	2.352	1.348	413	936	1.908	3.042	225,7	130,1	
		foreign exchange difference of which:	135	6.155	4.941	8.047	1.147	3.548	5.210	6.518	81,0	130,7	

INDICATORS		Row no.	Obtained year 2016	Provisions on previous year 2017		Proposal on 2018				%		
				Approved as per decision of OGMS	Preliminary /Obtained	of which:			%			
						1st Quarter	2nd Quarter	3rd Quarter			Year	
0	1	3	3a	4a	5	6a	6b	6c	6d	7	8	
II	Z									7=6d/5	8=5/3a	
	b1)	relative to investment loans	136									
	b2)	related to credits for current activity	137	6.155	4.941	8.047	1.147	3.548	5.210	6.518	81,0	
	c)	other financial expenses	138	3.620	1.656	620	21	95	164	754	121,6	
III	3	Extraordinary expenses	139									
		GROSS RESULT (profit/loss) (R.1-R.29)	140	34.882	34.945	35.361	3.180	16.973	16.644	35.957	101,4	
		non-taxable income	141									
		non-deductible tax expenses	142	16.637	5.000	0			4.500	4.500	0,0	
IV			143	4.511	6.300	1.803	509	2.716	3.383	6.500	40,0	
		INCOME TAX										
		EXPLANATORY DATA										
	1	Total operating income: (R. 2)	144	338.113	342.683	345.025	72.575	177.538	244.922	357.087	103,5	
V	a)	income from subsidies and transfers	145									
	b)	other income that are not considered when determining labor productivity, according to the annual law of state budget	146									
		Payroll expenses (R.87), of which: **)	147	57.895	65.097	65.900	19.744	39.873	61.733	82.007	124,4	
	a)		148									
	b)		149									
	c)		150									
	3	Payroll expenses (R.88)	151	52.508	58.735	59.594	18.596	37.505	55.804	74.711	125,4	
	4	No. of staff estimated by the end of the year	152	1.420	1.420	1.420	1.420	1.420	1.420	1.420	100,0	
	5	Average no. of employees	153	1.449	1.420	1.420	1.420	1.420	1.420	1.420	98,0	
	a)	Average monthly income per employee (lei/person) determined based on payroll	154	3.176	3.630	3.678	x	x	x	3.738	101,6	
	b)	Average monthly income per employee (lei/person) determined based on payroll	155	3.330	3.820	3.867	x	x	x	3.959	102,4	
	7	Labor productivity in value units per total average staff (thousand lei/person) (R.2/R.153)	156	233	241	243	x	x	x	251	103,5	
	b)	Labor productivity in value units per total average staff recalculated as per the	157				x	x	x			
	c)	Labor productivity in physical units per total average staff (amount of finished	158				x	x	x			
		Elements of calculating labor productivity in physical units, of which	159				x	x	x			
	c1)		160				x	x	x			
		- quantity of finished products (QPF)	161				x	x	x			
		- average price (p)	161				x	x	x			
		- value =QPF x p	162				x	x	x			
		- share in total operating income = R.161/R.2	163				x	x	x			
8	Outstanding payments	164	0	0	0				0	0,0	0,0	
	9	Outstanding claims, out of which:	165	32.654	31.021	31.007	31.000	30.000	29.500	29.460	95,0	
		- from state-owned companies (with full /majority capital)	166									
		- from private equity companies	167	32.654	31.021	31.007	31.000	30.000	29.500	29.460	95,0	95,0
		- from state budget	168									
		- from local budget	169									
		- from other entities/companies	170									
	10	Loans financing current activity (outstanding balance to reimburse)	171	40.706	40.000	69.731	80.000	90.000	95.000	100.000	143,4	171,3

INDICATORS	Row no.	Obtained year 2016	Provisions on previous year 2017		Proposal on 2018				%	%
			Approved as per decision of OGMS	Preliminary /Obtained	of which:					
					1st Quarter	2nd Quarter	3rd Quarter	Year		
	3	3a	4a	5	6a	6b	6c	6d	7=6d/5	8=5/3a
Z									7	8

*) within the limit stipulated at art.25 letter b) of Law 227/2015 regarding the Fiscal Code with subsequent amendments

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FINANCIAL DIRECTOR
EC. PAULA COMAN

Degree of obtaining total revenue

thousand lei

No	INDICATORS	Estimations in 2016		%	Estimations previous years in 2017		%
		Approved 2	Obtained 3		Approved 5	Obtained 6	
0	1			4			7
1.	Total revenue (r.1+r.2+r.3), of which:	350.013	345.080	98,59	345.863	349.816	101,14
	Operating income (diminished by the amounts received from the state budget)						
1		343.757	338.113	98,36	342.683	345.025	100,68
2.	Financial income	6.256	6.967	111,37	3.180	4.791	150,66
3.	Extraordinary income						

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Program for investment, equipment and financing sources

thousand lei

0	1	INDICATORS	Date when investment is completed	2017		Value		
				previous year	2017	current year 2018	year 2019	year 2020
4	5	6	7	8	9	10	11	12
I		INVESTMENT FINANCING SOURCES, of which:		72.094	41.017	116.281	33.763	34.276
1		Self-financing sources, of which:		48.010	41.017	40.100	33.763	34.276
		a) - depreciation		19.003	18.657	20.100	23.700	26.500
		b) - profit		12.553				
		c) - amortization and profit from previous years		10.861				
		d) - fiscal facility (art. 22 paragraph 1 in Law 227/2015)		5.593	15.733	20.000	10.063	7.776
2		Allowance from the budget			17	908		
3		Bank loans, out of which:		24.084		75.273		
		a) - domestic		24.084		75.273		
		b) - external						
4		Other sources, of which:			6.610			
II		EXPENSES FOR INVESTMENT, of which:		72.094	41.017	116.281	33.763	34.276
1		Investment in progress, of which:		33.474	17.217	59.485	2.615	0
		a) for the private property of the economic operator:						
			2019	23.433	9.304	44.814	2.615	
2		New investment, of which:						
		a) for the goods/private property of the economic operator	2017	591	591			
			2017	410	410			
			2018			17.250		
3		Investment made at existing tangible assets (upgrades), of which:	2018	1.101	1.576	2.951	432	9
		a) for the goods/private property of the economic operator	2018	3.906	1.283	11.677	3.905	7.144
			2018	4.255	3.502	1.128	2.357	2.289
			2018	2.526	693	2.681	2.734	1.365
			2018	1.080	248	89	1.820	1.934
				2.921	3.140		455	455
			2018	91	247	92	91	91
			2018	3.094	1.361	4.414	2.275	0
4		Facilities (other purchases of tangible assets)						
5		Payment of rates relative to loans for investment, of which:						
		a) - internal		8.645	6.992	4.781	5.690	6.600
		b) - external						

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Measures to improve gross income and reduce outstanding payments

No.	Measures	Completion deadline	previous year 2017			current year 2018			year 2019			thousand lei	
			Preliminary/Obtained		Influences (+/-)	Influences (+/-)		Influences (+/-)	Influences (+/-)		Influences (+/-)	year 2020	
			Gross result (+/-)	Outstanding payments		Gross result	Outstanding payments		Gross result	Outstanding payment		Gross result	Outstanding payment
0		2	3	4	5	6	7	8	9	10			
Point I	Measures to improve the gross result												
1	Measure 1:		X	X	596	0	8	0	7	0			
			X	X									
			X	X									
	TOTAL Point I		X	X	596	0	8	0	7	0			
Point II	Causes that diminish the effect of measures set out in Point I												
1	Cause 1:		X	X									
			X	X									
			X	X									
	TOTAL point II		X	X									
Point III	TOTAL GENERAL I + II		35,361	0	596	0	8	0	7	0			

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