

**ADMINISTRATOR'S REPORT  
REGARDING THE FINANCIAL YEAR ENDED ON 31.12.2019**

**A. General presentation of the company**

SC Compania Energopetrol SA is a joint stock company with fully Romanian private capital that operates in accordance with the provisions of Law no. 31/1990 regarding the commercial companies, republished with the subsequent modifications and completions.

The company is registered at ORC under no. J / 29/3/1991, having a unique registration code RO 1323700, with its registered office in Campina, str. Schelelor no. 32 and holds a subscribed share capital, paid in the amount of 5,061,637 lei, representing 2,024,655 shares with a nominal value of 2.50 lei / share. The regulated market on which the issued securities are traded: BVB- category II symbol ENP.

The company management was provided in the year 2019 according to Law 85/2006 republicata, Administrator Special designated under the supervision of the judicial administrator .

In the year 2019 the ownership structure has not changed , presenting itself as follows:

	<b>Sold there December 31, 2019</b>	<b>%</b>
EMPLOYEE ASSOCIATION	2 . 470 . 595	48 , 79
SIF MUNTENIA	400 . 640	7, 92
OTHER SHAREHOLDERS	2 . 190 . 402	43 , 29
<b>TOTAL</b>	<b>5 . 061 . 637</b>	<b>100 , 00</b>

- On 23.04.2019, the General Meeting of Shareholders of SC Compania Energopetrol SA took place, following which the following were decided:

- They took note of the Special Administrator's Report for 2018 ;
- They took note of the Financial Audit Report for 2018 ;
- Approved the financial statements for 2018 based on the reports submitted by the Special Administrator and the Financial Auditor;
- The Revenue and Expenditure Budget for 2019 has been established;
- Approved the discharge of the Special Administrator for the financial year 2018 ;
- Approved the extension of the External Audit mandate with the company SC Audit Expert SRL for a period of 1 year, respectively from 16.05.2019 to 15.05.2020;
- Approved the date of 20.05.2019 as the registration date of the harsh shareholders affected by the decisions of the General Meeting of Shareholders and the date of 17.05.2019 as ex-dates;

- The power of attorney of Av. Andrei Ioan, to carry out the legal formalities regarding the publication, registration and making the mentions at the authorities in law.

**The management of the company was ensured and supervised during 2019 by:**

Judicial administrator of the company ANDREI IOAN IPURL, according to the certificate issued by the Prahova Tribunal on 24.07.2015 , file 5081/105/2013 regarding the opening of the insolvency procedure.

By the Decision of the General Meeting of Shareholders of SC Compania Energopetrol SA no. 2 / 03.09.2013, Mr. Celescu Mircea was appointed as special administrator and according to the EGMS Decision 08.12.2014 registered at ORC Prahova according to the mention certificate 8559 / 13.02.2015, he was appointed in the position of special administrator Mr. Busuioc Dan-Nicolae. By the Decision of the Ordinary General Meeting of Shareholders of SC Compania Energopetrol SA from 05.05.2015, the resignation of Mr. B usuioc Dan-Nicolae from the position of special administrator of the company and the appointment of Mr. Celescu Mircea as special administrator were approved .

The main object of activity of the company is the realization of electrical installation works CAEN code 4321.

Energopetrol company specializes in the execution of construction and assembly works and services in the fields of: electricity transmission and distribution installations, in overhead and underground networks, with voltages up to 400 kV inclusive; power, lighting and automation actuators and installations (electropneumatic, electrohydraulic and electric), in normal and classified environments;

determining the quality of the anticorrosive insulation and detecting its defects through specific measurements within the constructions buried or mounted on the ground; cathodic protection installations for terrestrial or underground metallic constructions; atmospheric discharge protection installations; remote control and telecommunications installations in physical or radio channel; automatic control and data acquisition systems (SCADA); service works, revisions, modernizations and refurbishments for installations in the fields of activity; verifications, tests and prophylactic measurements in electric power installations, automation and cathodic protection; design, technical expertise, commissioning, for objectives in the field of activity. In recent years, in addition to traditional fields of activity, the company has adapted to the requirements of a competitive economy by investing in modern technology and approaching new fields of activity.

The company's activity is carried out through the branches in the territory:

- · Liliesti Branch
- · Moinesti Branch

**A.1. Evolution of the company COMPANIA ENERGOPETROL SA from the point of view of judicial reorganization**

Due to the financial difficulties that the company is facing, by concluding the Prahova Tribunal-Commercial and Administrative Litigation Section II, dated 24.07.2013, pronounced in the insolvency file no. 5081/105/2013 it was ordered the opening of the insolvency procedure at the request of the debtor SC Compania Energopetrol SA, judicial administrator being Andrei Ioan IPURL.

By the Decision of the General Meeting of Shareholders of SC Compania Energopetrol SA no. 2 / 03.09.2013, Mr. Celescu Mircea was appointed as special administrator.

The report prepared by Mr. trustee Andrew John IPURL On 10.09.2013 the causes and circumstances that led to the insolvency of the debtor SC COMPANY ENERGOPETROL SA considered the company Energopetrol SA company is et loops real reorganization reason which proposed further period of notice tert ie in order to deposit the special administrator of the debtor reorganization plan as it et expressed intention tert take procedural delay.

By the Decision of the Extraordinary General Meeting of Shareholders of SC Compan ia Energopetrol SA from 08.12.2014, the resignation of Mr. Celescu Mircea from the position of special administrator of the company and the appointment of Mr. Busuioc Dan-Nicolae as special administrator were approved.

By the Decision of the Ordinary General Meeting of Shareholders of SC Compania Energopetrol SA from 05.05.2015, the resignation of Mr. Busuioc Dan-Nicolae from the position of special administrator of the company and the appointment of Mr. Celescu Mircea as special administrator were approved.

In year 2019 the company drafted and sent Mr. trustee Andrew John IPURL activity reports including:

1. The economic situation of the debtor company;
2. Sales made;
3. The organizational structure;
4. The current activity carried out by the company in the respective month;
5. The situation of disputes and uncollected clients, as well as the steps taken in this regard, from month to month;
6. Current debt situation;
7. Cash flow for each month

The final table of claims against SC COMPANIA ENERGOPETROL SA was submitted to the case file and was displayed at the court door on 18.01.2016, in accordance with the provisions of art. 74 para. (1) of the Insolvency Law, being published in the Bulletin of Insolvency Proceedings no. 1070 / 19.01.2016

**On 19.02.2016, considering that, following the vote, all four categories of creditors, respectively the category of budgetary creditors, the category of salary creditors, the category of guaranteed creditors and the category of unsecured creditors voted FOR the approval of the Company Reorganization Plan, drawn up and proposed by the special administrator Mr. Eng. Celescu Mircea, registered at the headquarters of the judicial administrator under no. 154 / 04.02.2016, it was approved, in accordance with the provisions of atr. 100 of Law no. 85/2006. By the civil sentence no. 499 / 25.04.2016 it was ordered the confirmation of the reorganization plan of SC Compania Energopetrol SA.**

The payment program included in **Annex xa no. 1** of the Reorganization Plan shows that all creditors will receive 100% of the amount with which they signed up for the credit table.

Subsequently, annex no. 1 was supplemented with the amount of 30,693.33 lei, reaching the amount of 7,536,847.14 lei.

At the same time according to **Annex no. 4** of the Reorganization Plan was also staggered the current debt to the State Budget amounting to: **2,170,476.00 lei**

The period of application of the reorganization plan is 3 years from the irrevocability of the decision confirming it, in accordance with the provisions of art. 95 para. (3) of Law no. 85/2006, with the possibility of extension under the law.

During the period of application of the Reorganization Plan, the company will fully maintain the management of its activity, including the right to dispose of the assets from its assets, with the supervision of its activity by the judicial administrator Andrei Ioan IPURL appointed under the law.

The financing of the Reorganization Plan will be made on the following main sources:

- profits generated from the continuation of the own activity of SC COMPANIA ENERGOPETROL SA with the modifications provided in the Plan;
- depreciation included in costs without cash outflow, which remains at the disposal of the company as its own source of financing;
- capitalization of certain receivables existing in the balance at the date of approval of the plan;
- capitalization of assets that are not essential to the reorganization of SC COMPANIA ENERGOPETROL SA;
- τηε□ amounts coming from the recovery of the receivables arising from the litigations that the company currently has pending.

All categories of receivables are disadvantaged by the Reorganization Plan.

These categories of receivables are considered to be disadvantaged because they are rescheduled for a period longer than 30 days from the date of confirmation of the plan. Although they have the character of disadvantaged receivables, the Plan applies a fair and equitable treatment, the cumulative conditions provided by art. 101 para. (2) of Law no. 85/2006.

Considering that by the civil sentence no. 499 / 25.04.2016 it was ordered the confirmation of the reorganization plan of SC Compania Energopetrol SA, until 31.12.2019 the company paid from Annex no.1 to the reorganization plan the amount of 7,327,513 lei, remaining the payment amount of 209,334 lei .

## **B. The evolution of the company's activity in the year 2019**

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards adopted by the European Union (, IFRS ") effective at the reporting date trim estriala Society respectively 31 December 2019 and in accordance with the provisions of Order No. 2844/2016, for the approval of the Accounting Regulations compliant with the International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market, with subsequent amendments and clarifications. These provisions correspond to the requirements of the International Financial Reporting Standards, adopted by the European Union.

The financial statements contain the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows and explanatory notes.

The financial statements have been prepared and reported in the national currency RON. For the valuation of the patrimonial elements traded in foreign currency, the valuation at 31.12. 2019 was conducted at the reference rates communicated by the National Bank of Romania:

1 EURO = 4, 7793 lei

1 USD = 4.2608 lei

### B1. The financial position of the company is as follows:

-lei-

Nr. crt.		December 31, 2019	December 31, 2018	DYNAMICS 2019/2018 %
<b>1.</b>	<b>ACTIVE</b>			
	Tangible fixed assets	2765688	3234252	85.51
	Intangible assets	0	0	0
	Investments in affiliated entities	2,300	2,300	100.00
	Other financial assets	524.139	588.081	89.12
	<b>FIXED ASSETS</b>	<b>3292127</b>	<b>3824633</b>	<b>86.08</b>
	Inventories	1409241	1434155	98.26
	Trade and other receivables	1041475	479.193	217.34
	Cash and cash equivalents	62.814	267.355	23.49
	<b>CURRENT ASSETS</b>	<b>2.51353 million</b>	<b>2180703</b>	<b>115.26</b>
	Other assets	0	0	0
	<b>TOTAL ASSETS</b>	<b>5805657</b>	<b>6005336</b>	<b>96.67</b>
<b>2.</b>	<b>OWN CAPITAL</b>			
	Social capital	5061637	5061637	100.00
	Share capital adjustments			
	Legal reserve	89.536	89.536	100.00
	Revaluation reserve	3427142	3.77134 million	90.87
	Other reservations	1143197	1143197	100.00
	Other equity (ct 1034)	-343 785	-385 079	89.28
	Reported result	-7,142,535	-9,422,454	75.80

	The result carried forward repr the surplus of the revaluation of the outgoing fixed assets (ct 1175)	4109819	3765621	109.14
	The result carried forward from the transition to the application of IFRS less IAS	4.44278 million	4.44278 million	100.00
	Retained earnings from the first adoption of IAS29	-4,441,617	-4,441,617	100.00
	The result reported accounting errors	-5,743,615	-5,743,615	100.00
	The result of the exercise	-90 391	2279919	-0.04
	Distribution of profit			
<b>3.</b>	<b>LIABILITIES</b>			
	Trade and other payables	3927662	4735584	82.94
	Short-term loans	0	297.796	0
	Advance income	996.430	0	0
	Current income tax liability			
	Provisions	25.612	25.612	100.00
	<b>SHORT TERM DEBTS</b>	<b>4949704</b>	<b>5058992</b>	<b>97.83</b>
	Long-term trade payables	0	0	0
	Long-term loans	0	0	0
	Long-term income recorded in advance	-	-	
	Deferred income tax liability	343.785	385.079	89.28
	<b>LONG-TERM DEBT</b>	<b>343.785</b>	<b>385.079</b>	<b>89.28</b>
	<b>Total debts and equity</b>	<b>5805657</b>	<b>6005336</b>	<b>96.67</b>

The patrimonial asset at 31.12. 2019 ( 5,805,657 lei ) is down from the one on 01.01. 2019 ( 6,005,336 lei) and corresponds to the patrimonial liability ( 5,805,657 lei ) .

**I) The Assets** registered compared to 31.12. 2018 a decrease of 3.33 % . The company's assets consist of:

**1) Fixed assets**

The decreases in net value in 2019 compared to 20 18 are due to the depreciation recorded on costs and the sale of the following assets, as follows :

- apartment no.14 located in Moreni, Dambovita county
- apartment no. 35 located in Moreni, Dambovita county
- the land with an area of 600 sqm together with the construction located on it, located in Campina, str. Industriei, no. 3 bis, Prahova county

- the land with an area of 1859 sqm located in Campina, str. Industriei, no. 3 bis, Prahova county
- the land with an area of 574 sqm together with the constructions located on it, located in Campina, str. Industriei, no. 3 bis, Prahova county
- the land with an area of 1000 sqm together with the construction located on it, located in Moreni, Dambovita county
- the land with an area of 2399 sqm together with the construction located on it, located in Ianca, Braila county
- the land with an area of 3130 sqm together with the constructions located on it, located in Moinesti, Bacau county

## 2) Current assets

On 31.12. 2019 compared to the previous year, current assets are 15.26 % higher .

The main changes in the balance sheet item "Current assets" were the following:

- a) the stocks to remain about the same ;
- b) the increase of the receivables balance by 117.34 % , due to receivables with maturities in the period following the financial year 2019
- c) decrease of cash by 76.51 % due to the payment of current debts and installments according to the reorganization plan

## II) The Liability Items are presented as follows:

a) In the year 2019 , SC Compania Energopetrol SA has established other provisions for risks and charges, in addition to existing ones totaling 25 612 lei.

b) On 31.12. 2019 the total debts of the company decreased compared to 31.12.2018 by 26.15 %.

Out of the total debts of 4,271,447 lei , 3,927,662 lei have a maturity of less than 1 year and 343,785 lei have a maturity of more than one year.

Debts whose maturity is more than one year represent deferred taxes related to the revaluation reserve related to revaluations performed after 31.12.2003, which will be paid at the time of the revaluation of the revalued tangible assets, as a result of their sale and disposal.

c) equity has decreased due to the result negatively the period or loss accounting of the 90 391 , given that in 2018 there was an accounting profit of 2,279,919 RON .

## B2. OVERALL RESULT SITUATION

- Lei-

Nr. crt.	INDICATORS	DEC. 2019	DE C. 201 8	Dynamics 2019 /2018	
				Value (lei)	%
1	Sales income	235.872	630.019	-394 147	37,44
2	Cost of sales	896.779	1061833	-165 054	84.46
3	<b>Gross margin</b>	-660 907	-431 814	-229 093	153.05
4	Other operating revenues	1866493	5203298	-3,336,805	35.87
5	<b>Distribution costs</b>	0	0	0	0
6	Administrative costs	688.898	620.056	68.842	111, 10
7	Other operating expenses	607.079	1882801	-1,275,722	32, 24
8	<b>Rez ultatul operating</b>	-90 391	2268627	2359018	3.98
9	Financial income	0	11.292	-11 292	0
10	Financial expenses	0	0	0	0
11	<b>Net financial result</b>	0	11.292	-11 292	0
	<b>Total income</b>	2102365	5844609	-3742.244	35.97
	<b>Total expenses</b>	2192756	3.56469 million	-1,371,934	61.51
12	<b>PROFIT FROM THE CURRENT ACTIVITY</b>	-90 391	2279919	2.37031 million	3.96
13	Income tax expense	0	0	0	0
14	<b>Net profit for the period</b>	-90 391	2279919	2.37031 million	3.96
	<b>Total net result for the period</b>	-90 391	2279919	2.37031 million	3.96
15	<b>Other elements of the overall result, of which</b>		-	-	-
16	-increases / decreases of	-344 198	-1,115,559	-771 361	30.85

	the reserve from the revaluation of tangible fixed assets, net of deferred tax				
17	- the transfer of the revaluation reserve to the result carried forward as a result of the revaluation of the revalued tangible assets	344.198	1115559	-771 361	30.85
18	<b>Total overall result for the period</b>	-90 391	2279919	2.37031 million	3.96
19	Basic result per share	-0.04	1.13	1.17	3.53
20	Diluted earnings per share	-0.04	1.13	1.17	3.53

At the end of 2019, the company registered a loss of 90,391 lei, structured as follows:

- from the exploitation activity -90,391 lei
- from the financial activity 0 lei

**The total income** realized in year 2019 were 64.02 % in May small compared to income in the year 2018 .

Analyzing the data, the turnover achieved during the year is 235,872 lei , the largest share having the electro-energetic works

Revenue related to asset sales at 31.12. 2019 are worth 1,815,095 lei.

**Total expenses** related to the year 2019 were 38.49 % higher small to us velul to and registered in the year 2018 and are composed entirely of operating expenses that all resources consumed to achieve the company's activity. Their value at 31.12. 2019 is 2,192,756 lei.

During the analyzed period, there is a decrease in expenses with raw materials and materials due to the execution of ongoing contracts and a decrease in expenses with external services, due to the decrease in turnover.

At the same time, there is an increase in salary expenditures, because from January 1, 2019, the Government established in construction companies a minimum salary of 3,000 lei gross in this sector, by Emergency Ordinance 114/2018.

### B. 3 . Staff dynamics :

	31.12. 2019	31.12.2018
Average number of employees	27	27
Expenses with salaries and allowances	759.114	590.114

Social security expenses	42.694	31.028
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#### **B.4. Corporate governess**

The company's management considers that a high level of transparency of the relationship between the administrative management and the shareholders, together with the investor protection, represents the necessary premises for the long-term support of the Company's development strategy and maximizing the value for the shareholders. The company applies the best corporate governance principles adapted to its specific characteristics, activity and needs.

The Company believes that the strict application of the legal framework ( L.31 / 1990 - Company Law, republished, L.297 / 2004 - Capital Market Law amended and supplemented; , CNVM Regulation. 6/2009 on the rights of shareholders; Regulation 1/2006 on issuers), law 27/2017, ASF Regulation 5/2018 on issuers of financial instruments and market operations as well as the company's statute, offers the best principles of corporate governance adapted to its specific characteristics, activity and needs. As the company does not apply additional corporate governance practices to the national legal framework, it did not consider it necessary to adopt a separate corporate governance code.

#### **B.5.Internal control**

Within SC Compania Energo petrol SA, during 2019 the internal control activities were an integral part of the management process through which the company aimed to achieve the proposed objectives. The control aimed at applying the norms and procedures of internal control, at all hierarchical and functional levels: approval, authorization, verification, evaluation of operational performances, security of assets, separation of functions.

As in the precedenti, and in 2019 that onducerea company followed designing, implementing and maintaining control tern relevant to the effective exercise of the whole, and for the preparation and fair presentation of elemenelor heritage and performance of the company in the financial statements, so that they do not contain significant misstatements.

An important concern was the selection and application of appropriate accounting policies in order to achieve effective internal control.

Internal control covered the following components:

- a clear definition of responsibilities, appropriate resources and procedures, information modalities and systems, appropriate tools and practices;
- internal dissemination of reliable information whose knowledge has allowed everyone to exercise their responsibilities;
- a system for analyzing the main identifiable risks in relation to the company's objectives and, on the other hand, ensuring the existence of procedures for managing these risks;
- appropriate control activities, for each process, designed to reduce the risks likely to affect the achievement of the company's objectives;
- a permanent supervision of the internal control device, as well as an examination of its operation.

The purpose of internal control was achieved by ensuring the coherence of objectives, identifying key success factors and communicating in real time the company's information on performance and prospects.

#### **B6. Assessing the aspects related to the impact of the issuer's basic activity on the environment**

According to art. 8 paragraph a of GD 573/2002, the environmental permit is not required:

"On the basis of the declaration on its own responsibility or, as the case may be, of the activity presentation form formulated and submitted by the trader, the competent authority for environmental protection shall establish, depending on the environmental impact of the activity subject to authorization, one of the following alternatives. procedure:

no environmental permit is issued for activities with insignificant impact on the environment, provided in art. 6 lit. a), and this will be recorded in the space intended for the environmental permit in the annex to the registration certificate with the mention "Authorization is not necessary"; "

The company's objective regarding the identification and control of environmental aspects associated with the activities carried out within the company, to ensure compliance with legal requirements and prevent environmental pollution is to minimize the amount of waste generated and manage them safely when they do not appear. can be avoided.

#### **B.7. The situation of litigations in which the company SC COMPANIA ENERGOPETROL SA is involved**

<b>Nr. Crt.</b>	<b>Folder</b>	<b>Instance</b>	<b>Year</b>	<b>complainant</b>	<b>Defendant</b>	<b>Object</b>	<b>Procedural stage</b>
1	5081	Tribe. Prahova	2013	Energopetrol Company		insolvency at the request of the debtor	background
2	5034	Tribe. Prahova	2014	Energopetrol Company	Confind SRL	claims	background
3	2575	High Court of Cassation and Justice	2016	Energopetrol Company	Multiprod Energo SRL	Termination of contract, claims	Appeal
4	3038	Ploiesti Court	2019	Energopetrol Company	Romconstruct Group SRL	Disputes with professionals	background

#### **C. Proposals**

Considering the ones presented in this report, they are proposed for OGMS approval.

1. The financial statements for 2019 composed of :

- the situation of the financial position
- the situation of profit or loss and other elements of the global result
- the situation of changes in equity

- the situation of cash flows
- notes to the financial statements

## 2 .B ugetul income and expenditure for 2020

### **D. Perspectives**

Our concern is to prepare the company to return to an appropriate level in economic activity, based on the needs of modernization of electricity and energy infrastructure in Romania.

In this sense, we offer consulting and maintenance to economic operators who have bought overhead power lines.

We are preparing to increase the production of medium voltage measuring tubes as we are the owners of the Patent 120594.

At the same time we want to develop the design activity for electro energy systems.

In the insolvency file 5081/105/2013 pending before the Prahova Tribunal, at the deadline of 16.12.2019 the Court decided to postpone the case on 25.03.2020 for the execution of the reorganization plan and the continuation of the procedure.

On 23.01.2020, payments were made in the amount of 85,816 lei related to Annex no. 1 “Debt payment program SC Compania Energopetrol SA” from the reorganization plan, the amount of 123,518 lei remaining for payment.

The company Compania Energopetrol SA has taken steps in order to capitalize some goods from its property, which are not absolutely necessary to carry out the current activity. All these steps have been and continue to be performed by Energopetrol SA Company, in order to capitalize the goods and pay in full the amounts to creditors, closing the reorganization procedure and returning the company to the normal economic circuit :

- The request of Ferruno SRL regarding the acquisition of the land with an area of approximately 2300 sq m was received, together with the constructions located on it, located in Campina, str. Industriei, no. 3, Prahova county. The auction took place, and after the full payment, the sale-purchase contract will be signed.

- The request of the company Ned Construct SRL regarding the acquisition of the land with an area of 416 sq m, together with the construction located on it, located in Craiova, 106 Teilor Street, Dolj County, was received. The auction took place, and after the full payment, the sale-purchase contract will be signed.

- The steps at Bragadiru City Hall were continued for the classification of our land in the category “courtyards-constructions”, respectively we acted in Court-File 3 33/93/2018 . The solution at the deadline of 18.03.2020 „Rejects as unfounded the exception of the lateness of the action invoked by the defendant. Grants a term in order to continue the trial on 06.05.2020 ”

-Banners were installed and I got in touch with several real estate agencies through which I made known the fact that the company has land for sale with constructions and utilities.

-The lands for sale were posted and promoted monthly on the following sites:

OLX.ro

AT JUMATE.ro

HOMEZZ.ro

PUBLI 24.ro

Considering the emergency situation created by COVID-19 in the world and in Romania, we consider that our company can also have the chance to benefit from the facilities given by the Government during this period, which will help us to continue the activity.

**SPECIAL ADMINISTRATOR**

**ING. CELESCU MIRCEA**

## DECLARATION OF CORPORATE GOVERNANCE

Code provisions	Complies	Does not comply or partially complies	Reason for non-compliance
<p><b>A.1</b> All companies should have internal regulation of the Board which includes terms of reference/responsibilities for Board and key management functions of the company, applying, among others, the General Principles of Section A.</p>		X	INSOLVENCY
<p><b>A.2</b> Provisions for the management of conflict of interest should be included in Board regulation. In any event, members of the Board should notify the Board of any conflicts of interest which have arisen or may arise, and should refrain from taking part in the discussion (including by not being present where this does not render the meeting non-quotate) and from voting on the adoption of a resolution on the issue which gives rise to such conflict of interest.</p>		X	INSOLVENCY
<p><b>A.3</b> The Board of Directors or the Supervisory Board should have at least five members.</p>		X	INSOLVENCY

<p><b>A.4</b> The majority of the members of the Board of Directors should be non-executive. At least one member of the Board of Directors or Supervisory Board should be independent, in the case of Standard Tier companies. Not less than two non-executive members of the Board of Directors or Supervisory Board should be independent, in the case of Premium Tier Companies. Each member of the Board of Directors or Supervisory Board, as the case may be, should submit a declaration that he/she is independent at the moment of his/her nomination for election or re-election as well as when any change in his/her status arises, by demonstrating the ground on which he/she is considered independent in character and judgement in practice and according to the following criteria:</p> <p><b>A.4.1.</b> Not to be the CEO/executive officer of the company or of a company controlled by it and not have been in such position for the previous five years;</p> <p><b>A.4.2.</b> Not to be an employee of the company or of a company controlled by it and not have been in such position for the previous five (5) years;</p> <p><b>A.4.3.</b> Not to receive and not have received additional remuneration or other advantages from the company or from a company controlled by it, apart from those corresponding to the quality of non-executive director;</p> <p><b>A.4.4.</b> Is not or has not been an employee of, or has not or had not any contractual relationship, during the previous year, with a significant shareholder of the company, controlling more than 10% of voting rights or with a company controlled by it;</p> <p><b>A.4.5.</b> Not to have and not have had during the previous year a business or professional relationship with the company or with a company controlled by it, either directly or as a customer, partner, shareholder, member of the Board/ Director, CEO/executive officer or employee of a company having such a relationship if, by its substantial character, this relationship could affect his/her objectivity;</p> <p><b>A.4.6.</b> Not to be and not have been in the last three years the external or internal auditor or a partner or salaried associate of the current external financial or internal auditor of the company or a company controlled by it;</p> <p><b>A.4.7.</b> Not to be a CEO/executive officer in another company where another CEO/executive officer of the company is a non-executive director;</p> <p><b>A.4.8.</b> Not to have been a non-executive director of the company for more than twelve years;</p> <p><b>A.4.9.</b> Not to have family ties with a person in the situations referred to at points A.4.1. and A.4.4.</p>		X	INSOLVENCY
<p><b>A.5</b> A Board member's other relatively permanent professional commitments and engagements, including executive and non-executive Board positions in companies and not-for-profit institutions, should be disclosed to shareholders and to potential investors before appointment and during his/her mandate.</p>		X	INSOLVENCY

<b>A.6</b> Any member of the Board should submit to the Board, information on any relationship with a shareholder who holds directly or indirectly, shares representing more than 5% of all voting rights. This obligation concerns any kind of relationship which may affect the position of the member on issues decided by the Board.		X	INSOLVENCY
<b>A.7</b> The company should appoint a Board secretary responsible for supporting the work of the Board.		X	INSOLVENCY
<b>A.8</b> The corporate governance statement should inform on whether an evaluation of the Board has taken place under the leadership of the chairman or the nomination committee and, if it has, summarize key action points and changes resulting from it. The company should have a policy/guidance regarding the evaluation of the Board containing the purpose, criteria and frequency of the evaluation process.		X	INSOLVENCY
<b>A.9</b> The corporate governance statement should contain information on the number of meetings of the Board and the committees during the past year, attendance by directors (in person and in absentia) and a report of the Board and committees on their activities.		X	INSOLVENCY
<b>A.10</b> The corporate governance statement should contain information on the precise number of the independent members of the Board of Directors or of the Supervisory Board.		X	INSOLVENCY
<b>A.11</b> The Board of Premium Tier companies should set up a nomination committee formed of non-executives, which will lead the process for Board appointments and make recommendations to the Board. The majority of the members of the nomination committee should be independent.		X	INSOLVENCY
<b>B.1</b> The Board should set up an audit committee, and at least one member should be an independent non-executive. The majority of members, including the chairman, should have proven an adequate qualification relevant to the functions and responsibilities of the committee. At least one member of the audit committee should have proven and adequate auditing or accounting experience. In the case of Premium Tier companies, the audit committee should be composed of at least three members and the majority of the audit committee should be independent.		X	INSOLVENCY
<b>B.2</b> The audit committee should be chaired by an independent non-executive member.		X	INSOLVENCY
<b>B.3</b> Among its responsibilities, the audit committee should undertake an annual assessment of the system of internal control.		X	INSOLVENCY
<b>B.4</b> The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of risk management and internal control reports to the audit committee of the Board, management's responsiveness and effectiveness in dealing with identified internal control failings or weaknesses and their submission of relevant reports to the Board.		X	INSOLVENCY
<b>B.5</b> The audit committee should review conflicts of interests in transactions of the company and its subsidiaries with related parties.		X	INSOLVENCY

<b>B.6</b> The audit committee should evaluate the efficiency of the internal control system and risk management system.		X	INSOLVENCY
<b>B.7</b> The audit committee should monitor the application of statutory and generally accepted standards of internal auditing. The audit committee should receive and evaluate the reports of the internal audit team.		X	INSOLVENCY
<b>B.8</b> Whenever the Code mentions reviews or analysis to be exercised by the Audit Committee, these should be followed by cyclical (at least annual), or ad-hoc reports to be submitted to the Board afterwards.		X	INSOLVENCY
<b>B.9</b> No shareholder may be given undue preference over other shareholders with regard to transactions and agreements made by the company with shareholders and their related parties.	X		
<b>B.10</b> The Board should adopt a policy ensuring that any transaction of the company with any of the companies with which it has close relations, that is equal to or more than 5% of the net assets of the company (as stated in the latest financial report), should be approved by the Board following an obligatory opinion of the Board's audit committee, and fairly disclosed to the shareholders and potential investors, to the extent that such transactions fall under the category of events subject to disclosure requirements.		X	INSOLVENCY
<b>B.11</b> The internal audits should be carried out by a separate structural division (internal audit department) within the company or by retaining an independent third-party entity.	X		
<b>B.12</b> To ensure the fulfilment of the core functions of the internal audit department, it should report functionally to the Board via the audit committee. For administrative purposes and in the scope related to the obligations of the management to monitor and mitigate risks, it should report directly to the chief executive officer.		X	INSOLVENCY

<p><b>C.1</b> The company should publish a remuneration policy on its website and include in its annual report a remuneration statement on the implementation of this policy during the annual period under review.</p> <p>The remuneration policy should be formulated in such a way that allows stakeholders to understand the principles and rationale behind the remuneration of the members of the Board and the CEO, as well as of the members of the Management Board in two-tier board systems. It should describe the remuneration governance and decision-making process, detail the components of executive remuneration (i.e. salaries, annual bonus, long term stock-linked incentives, benefits in kind, pensions, and others) and describe each component's purpose, principles and assumptions (including the general performance criteria related to any form of variable remuneration). In addition, the remuneration policy should disclose the duration of the executive's contract and their notice period and eventual compensation for revocation without cause.</p> <p>The remuneration report should present the implementation of the remuneration policy vis-à-vis the persons identified in the remuneration policy during the annual period under review.</p> <p>Any essential change of the remuneration policy should be published on the corporate website in a timely fashion.</p>		X	INSOLVENCY
<p><b>D.1</b> The company should have an Investor Relations function - indicated, by person (s) responsible or an organizational unit, to the general public. In addition to information required by legal provisions, the company should include on its corporate website a dedicated Investor Relations section, both in Romanian and English, with all relevant information of interest for investors, including:</p>		X	INSOLVENCY
<p><b>D.1.1</b> Principal corporate regulations: the articles of association, general shareholders' meeting procedures;</p>	X		
<p><b>D.1.2</b> Professional CVs of the members of its governing bodies, a Board member's other professional commitments, including executive and non-executive Board positions in companies and not-for-profit institutions;</p>		X	INSOLVENCY
<p><b>D.1.3</b> Current reports and periodic reports (quarterly, semi-annual and annual reports) – at least as provided at item D.8 – including current reports with detailed information related to non-compliance with the present Code;</p>	X		
<p><b>D.1.4</b> Information related to general meetings of shareholders: the agenda and supporting materials; the procedure approved for the election of Board members; the rationale for the proposal of candidates for the election to the Board, together with their professional CVs; shareholders' questions related to the agenda and the company's answers, including the decisions taken;</p>	X		

<b>D.1.5</b> Information on corporate events, such as payment of dividends and other distributions to shareholders, or other events leading to the acquisition or limitation of rights of a shareholder, including the deadlines and principles applied to such operations. Such information should be published within a timeframe that enables investors to make investment decisions;	X		
<b>D.1.6</b> The name and contact data of a person who should be able to provide knowledgeable information on request;	X		
<b>D.1.7</b> Corporate presentations (e.g. IR presentations, quarterly results presentations, etc.), financial statements (quarterly, semi-annual, annual), auditor reports and annual reports.	X		
<b>D.2</b> A company should have an annual cash distribution or dividend policy, proposed by the CEO or the Management Board and adopted by the Board, as a set of directions the company intends to follow regarding the distribution of net profit. The annual cash distribution or dividend policy principles should be published on the corporate website.	X		
<b>D.3</b> A company should have adopted a policy with respect to forecasts, whether they are distributed or not. Forecasts means the quantified conclusions of studies aimed at determining the total impact of a list of factors related to a future period (so called assumptions): by nature such a task is based upon a high level of uncertainty, with results sometimes significantly differing from forecasts initially presented. The policy should provide for the frequency, period envisaged, and content of forecasts. Forecasts, if published, may only be part of annual, semi-annual or quarterly reports. The forecast policy should be published on the corporate website.	X		
<b>D.4</b> The rules of general meetings of shareholders should not restrict the participation of shareholders in general meetings and the exercising of their rights. Amendments of the rules should take effect, at the earliest, as of the next general meeting of shareholders.	X		
<b>D.5</b> The external auditors should attend the shareholders' meetings when their reports are presented there.	X		
<b>D.6</b> The Board should present to the annual general meeting of shareholders a brief assessment of the internal controls and significant risk management system, as well as opinions on issues subject to resolution at the general meeting.		X	INSOLVENCY
<b>D.7</b> Any professional, consultant, expert or financial analyst may participate in the shareholders' meeting upon prior invitation from the Chairman of the Board. Accredited journalists may also participate in the general meeting of shareholders, unless the Chairman of the Board decides otherwise.	X		
<b>D.8</b> The quarterly and semi-annual financial reports should include information in both Romanian and English regarding the key drivers influencing the change in sales, operating profit, net profit and other relevant financial indicators, both on quarter-on-quarter and year-on-year terms.	X		

<p><b>D.9</b> A company should organize at least two meetings/conference calls with analysts and investors each year. The information presented on these occasions should be published in the IR section of the company website at the time of the meetings/ conference calls.</p>	X		
<p><b>D.10</b> If a company supports various forms of artistic and cultural expression, sport activities, educational or scientific activities, and considers the resulting impact on the innovativeness and competitiveness of the company part of its business mission and development strategy, it should publish the policy guiding its activity in this area.</p>		X	

**The situation of the financial position  
on December 31, 2019 in lei**

LEI

Nr. crt.		NOTE	December 31, 2019	December 31, 2018
<b>1.</b>	<b>ACTIVE</b>			
	Tangible fixed assets	5	2765688	3234252
	Intangible assets	4	0	0
	Investments in affiliated entities	6	2,300	2,300
	Other financial assets	7	524.139	588.081
	<b>FIXED ASSETS</b>		<b>3292127</b>	<b>3824633</b>
	Inventories	9	1409241	1434155
	Trade and other receivables	8	1041475	479.193
	Cash and cash equivalents	10	62.814	267.355
	<b>CURRENT ASSETS</b>		<b>2.51353 million</b>	<b>2180703</b>
	Other assets	8	0	0
	<b>TOTAL ASSETS</b>		<b>5805657</b>	<b>6005336</b>
<b>2.</b>	<b>OWN CAPITAL</b>			
	Social capital	11	5061637	5061637
	Share capital adjustments			
	Legal reserve	11	89.536	89.536
	Revaluation reserve	11	3427142	3.77134 million
	Other reservations	11	1143197	1143197
	Other equity (ct 1034)	15	-343 785	-385 079
	Reported result		-7,142,535	-9,422,454
	The result carried forward repr the surplus of the revaluation of the outgoing fixed assets (ct 1175)	11	4109819	3765621
	The result carried forward from the transition to the application of IFRS less	11	4.44278 million	4.44278 million

	IAS			
	Retained earnings from the first adoption of IAS29	11	-4,441,617	-4,441,617
	The result reported accounting errors	11	-5,743,615	-5,743,615
	The result of the exercise	11	-90 391	2279919
	Distribution of profit			
<b>3.</b>	<b>LIABILITIES</b>			
	Trade and other payables	13	3927662	4735584
	Short-term loans	14	0	297.796
	Advance income		996.430	0
	Current income tax liability	-		
	Provisions	12	25.612	25.612
	<b>SHORT TERM DEBTS</b>		<b>4949704</b>	<b>5058992</b>
	Long-term trade payables	13	0	0
	Long-term loans	14	0	0
	Long-term income recorded in advance		-	-
	Deferred income tax liability	15	343.785	385.079
	<b>LONG-TERM DEBT</b>		<b>343.785</b>	<b>385.079</b>
	<b>Total debts and equity</b>	-	<b>5805657</b>	<b>6005336</b>

SPECIAL ADMINISTRATOR  
ING. CELESCU MIRCEA

PREPARED  
DIR.EC.ENACHE ROXANA

**The situation of profit or loss and other elements of the overall result  
for the final financial year ended on December 31, 2019**

<b>Nr. crt.</b>	<b>INDICATORI</b>	<b>NOTA</b>	<b>DECEMBRIE2019</b>	<b>DECEMBRIE 2018</b>
1	Venituri din vanzari	16	235.872	372.422
2	Costul vanzarilor	17	896.779	1.156.608
3	<b>Marja bruta</b>		-660.907	-784.186
4	Alte venituri din exploatare	16	1.866.493	3.813.842
5	<b>Cheltuieli de distributie</b>	-	0	0
6	Cheltuieli administrative	-	688.898	461.275
7	Alte cheltuieli de exploatare	17	607.079	469.357
8	<b>Rezultatul din exploatare</b>		-90.391	2.099.024
9	Venituri financiare	18	0	11.273
10	Cheltuieli financiare	18	0	0
11	<b>Rezultat financiar net</b>		0	11.273
12	<b>PROFIT DIN ACTIVITATEA CURENTA</b>		-90.391	2.110.297
13	Cheltuiiala cu impozitul pe profit	19	0	0
14	<b>Profitul net al perioadei</b>	-	-90.391	2.110.297
	<b>Rezultatul net total al perioadei</b>		-90.391	2.110.297
15	<b>Alte elemente ale rezultatului global, din care</b>		-	-
16	-cresteri/scaderi ale rezervei din reevaluarea imobilizarilor corporale, neta de impozit amanat		-344.198	-583.575
17	-transferul rezervei din reevaluare la rezultatul reportat ca urmare a scoaterii din evidenta a activelor		344.198	583.575

	corporale reevaluate			
18	<b>Total rezultat global aferent perioadei</b>		-90.391	2.110.297
19	Rezultatul de baza pe actiune	20	-0,04	1,04
20	Rezultatul diluat pe actiune	20	-0,04	1,04
20	Rezultatul diluat pe actiune	20	-0,54	-0,90

SPECIAL ADMINISTRATOR  
ING. CELESCU MIRCEA

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**STATUS OF CHANGES IN EQUITY**

on 31.12.2019

	<b>Social capital</b>	<b>Capital adjustments (ct 1028)</b>	<b>Other equity (ct 1034)</b>	<b>reserves</b>	<b>Reported and current result</b>	<b>Total equity</b>
<b>January 1, 2019</b>	<b>5061637</b>	<b>0</b>	<b>(385.079)</b>	<b>5004072</b>	<b>(9,119,365)</b>	<b>561.265</b>
The overall result					-90 391	-90 391
Legal reserve allocations						
Deferred tax related to the transfer of the revaluation reserve to the deferred reserve			41.294			41.294
Increases in the reserve from the revaluation of fixed assets						
Transfer the reserve from revaluation to retained earnings				-344 198	344.198	
Distribution of the result related to the profit participation exercise of the employees						
<b>December 31, 2019</b>	<b>5061637</b>	<b>0</b>	<b>( 343,785 )</b>	<b>4659874</b>	<b>( 8,865,558 )</b>	<b>512.168</b>

**STATUS OF CHANGES IN EQUITY**

on 31.12.2018

	<b>Social capital</b>	<b>Capital adjustments (ct 1028)</b>	<b>Other equity (ct 1034)</b>	<b>reserves</b>	<b>Reported and current result</b>	<b>Total equity</b>
<b>January 1, 2018</b>	<b>5061637</b>	<b>0</b>	<b>(504.131)</b>	<b>6119631</b>	<b>(12514843)</b>	<b>-1,837,706</b>
The overall result					2279919	2279919
Legal reserve allocations						
Deferred tax related to the transfer of the revaluation reserve to the deferred reserve			119.052			119.052
Increases in the reserve from the revaluation of fixed assets						
Transfer the reserve from revaluation to retained earnings				-1,115,559	1115559	
Distribution of the result related to the profit participation exercise of the employees						
<b>December 31, 2018</b>	<b>5061637</b>	<b>0</b>	<b>(385.079)</b>	<b>5004072</b>	<b>(9,119,365)</b>	<b>561.265</b>

SPECIAL ADMINISTRATOR  
ING. CELESCU MIRCEA

PREPARED  
DIR.EC.ENACHE ROXANA

**STATEMENT OF CASH FLOWS  
(INDIRECT METHOD)**

- lei -

	<b>Elements to consider</b>	<b>Financial year ended on</b>	
		<b>31.12.2019</b>	<b>31.12.2018</b>
+	Net result for the year	(90.391)	2279919
+	Depreciation and provisions included in costs	144.460	191.331
-	Stock variation	( 24,914 )	(139.522)
-	Variation of receivables	562.282	(668.282)
+	Variation of suppliers and creditors	( 157,935 )	(1,695,722)
=	<b>FLOW FROM OPERATING ACTIVITY (A)</b>	<b>(641.234)</b>	<b>1583332</b>
-	Variation of fixed assets	( 532,506 )	(1,311,891)
=	<b>FLOW FROM INVESTMENT ACTIVITY (B)</b>	<b>532.506</b>	<b>1311891</b>
+	Variation of loans and	( 297,796 )	(2,377,932)

	similar debts		
+	Variation of other debts	( 691,281 )	(474.245)
+	Variation of share capital	-	-
=	FLOW FROM FINANCIAL ACTIVITY (C)	( 989,077 )	(2,852,177)
-	Variation of other assets	-	(89.523)
+	Variation of other liabilities	893.264	(364.871)
=	CASH FLOW FROM OTHER ACTIVITIES (D)	893.264	(275.348)
	TOTAL NUMBERING FLOW (A + B + C + D) = D2-D1	( 204,541 )	(232.302)
D1	Availability at the beginning of the year	267.355	499.657
D2	Availability at the end of the period	62.814	267.355

SPECIAL ADMINISTRATOR  
ING. CELESCU MIRCEA

PREPARED  
DIR.EC.ENACHE ROXANA

**Notes to the financial statements**  
**On 31.12.2019**

**1. Reporting entity**

Name of the issuing company: Energopetrol SA company  
Social headquarters: Campina municipality, Schelelor street no. 32  
Phone / fax number: 0742 220 111 ; fax: 0244 336851  
Unique code of tax registration: RO 1323700  
Number in the Trade Register J29 / 3/1991  
Subscribed and paid-in share capital: 5061. 637,50lei

The regulated market on which the issued securities are traded : BVB- category II symbol ENP.

At the request of SC Compania Energopetrol SA, registered with the Prahova Court under no. 5081/105/2013, by the Conclusion dated 24.07.2013, it was ordered the opening of the general insolvency procedure of the debtor COMPANIA ENERGOPETROL SA, judicial administrator being appointed ANDREI IOAN IPURL.

**Causes and circumstances that led to the emergence of the company's insolvency :** The company's activity is based on electro-energy works. Theoretically 15-20% of any investment is the electricity.

Since the beginning of the crisis (2008), although the company has completed its field of activity by authorizing itself for the most complex electro-energetic works, high voltage works, the market has continuously deteriorated and the competition has not always been respected. the rules.

To continue the activity, the company participated in about 200 tenders per year, some of which were won. In 2013, in particular, the works could be won at values between 50-60% of the control value and even below 50%. Under these conditions, if the projects had been well prepared, a minimum profit would have been obtained.

In reality, the works are carried out in live electrical installations, and the necessary additional absolute works have not been granted. In some cases, it was necessary to go to court through lengthy and costly processes to recover the amounts due, for example the 110kv Câmpina Station work .

An important factor that contributed to the insolvency is the attitude of the association partner SC Confind SRL, which as leader of the association did not allow the associate SC Compania Energopetrol SA to work in a contract with OMV Petrom of 23,000,000 euros.

During this period, a large number of the company's customers also encountered major financial problems, which led to their insolvency. The amounts owed by them could not be recovered.

The participation in another type of “supplier credit” works, contracted in euro (as requested by the beneficiary of the SDEE Electrica Muntenia Nord work) generated important losses due to the exchange rate variations during the crediting period . These losses, which were generated by the global economic crisis, could not be foreseen at the time of concluding these contracts, for example the contract concluded in August 2008 with the 110kv Campina Station, when the price was 3,1758 lei, and the collection over 2 years, staggered in 3 years, when the exchange rate exceeds 4 lei.

All this hostile economic climate made it increasingly difficult for the company to pay its debts and had to resort to bank loans. Bank loans generally have clauses that can be very difficult to bear when the works are earned with a small margin.

Consequently, the main cause of the situation of the company is the very small number of works put up for auction by potential beneficiaries of the company's services and the competition not well regulated by the public procurement law.

It was considered that the activity should be continued as the works executed by ENERGOPETROL SA Company are vital for the national economy (electro-energetic works) .

We can also mention the behavior of multinationals that changed certain existing rules in construction and assembly, which disadvantaged the manufacturer (component materials and subassemblies that were purchased directly by the beneficiary from the countries of origin).

The company took the restructuring measures in a timely manner, but nevertheless could not cope with the situation in the Romanian economy.

We agree et and that will succeed et and beyond et ira this time because in a market economy tert not possible without investment in electro-energy oil and gas dome Messrs activity the company ENERGOPETROL Saar experience tert complicated, one of the leading providers in the field at national tert level.

By the Decision of the General Meeting of Shareholders of SC Compania Energopetrol SA no. 2 / 03.09.2013, Mr. Celescu Mircea was appointed Special Administrator.

The report prepared by Mr. trustee Andrew John IPURL On 09.10.2013 the causes et and round single countries that have led to the emergence tert take st single country insolvency Square of debtor SC COMPANY ENERGOPE control to it was considered that the company Energopetrol SA company is et loops real reorganization, which is why it was proposed to continue the observation period tert ie in order to deposit the debtor by special administrator plan reorganize network, as it et expressed intention tert take procedural delay.

On 09.10.2013, Mr. judicial administrator Andrei Ioan IPURL submitted to the Prahova Court the PRELIMINARY TABLE OF CREDITORS SC COMPANIA ENERGOPETROL SA, following the requests for admission of the receivables on the debtor's property.

Between January 2019 and December 2019 , the company , through the special administrator , prepared and sent to the judicial administrator Andrei Ioan IPURL activity reports including:

1. The economic situation of the debtor company;
2. Sales made;
3. The organizational structure;
4. The current activity carried out by the company in the respective month;
5. The situation of disputes and uncollected clients, as well as the steps taken in this regard, from month to month;
6. Current debt situation;
7. Cash flow for each month

By the Decision of the General Meeting of Shareholders of SC Compania Energopetrol SA from 08.12.2014, the resignation of Mr. Celescu Mircea from the position of special administrator of the company and the appointment of Mr. Busuioc Dan-Nicolae as special administrator were approved.

By the Decision of the Ordinary General Meeting of Shareholders of SC Compania Energopetrol SA from 05.05.2015, the resignation of Mr. Busuioc Dan-Nicolae from the position was approved of special administrator of the company and the appointment of Mr. Celescu Mircea in the position of special administrator.

The final table of claims against SC COMPANIA ENERGOPETROL SA was submitted to the case file and was displayed at the court door on 18.01.2016, in accordance with the provisions of art. 74 para. (1) of the Insolvency Law, being published in the Insolvency Proceedings Bulletin no. 1070 / 19.01.2016

**On 19.02.2016, considering that, following the vote, all four categories of creditors, respectively the category of budgetary creditors, the category of salary creditors, the category of guaranteed creditors and the category of unsecured creditors voted FOR the approval of the Company Reorganization Plan, drawn up and proposed by the special administrator Mr. Eng. Celescu Mircea, registered at the headquarters of the judicial administrator under no. 154 / 04.02.2016, it was approved, in accordance with the provisions of atr. 100 of Law no. 85/2006. By the civil sentence no. 499 / 25.04.2016 it was ordered the confirmation of the reorganization plan of SC Compania Energopetrol SA.**

The payment schedule included in Annex no. 1 of the Reorganization Plan shows that all the creditors will receive 100 % of the amount with which they registered at the credit table.

Summary of annex no. 1, the amounts being expressed in RON is the following:

Subsequently, annex no. 1 was supplemented with the amount of 30,693.33 lei, reaching the amount of 7,536,847.14 lei.

At the same time according to Annex no. 4 of the Reorganization Plan was also staggered the current debt to the State Budget amounting to : **2,170,476.00 lei**

The period of application of the reorganization plan is 3 years from the irrevocability of the decision confirming it, in accordance with the provisions of art. 95 para. (3) of Law no. 85/2006, with the possibility of extension under the law.

During the period of application of the Reorganization Plan, the company will fully retain the management of its activity, including the right to dispose of the assets from its assets, with the supervision of its activity by the judicial administrator Andrei Ioan IPURL appointed under the law.

The financing of the Reorganization Plan will be made on the following main sources:

- profits generated from the continuation of the own activity of SC COMPANIA ENERGOPETROL SA with the modifications provided in the Plan;
- depreciation included in costs without cash outflow, which remains at the disposal of the company as its own source of financing;
- capitalization of certain receivables existing in the balance at the date of approval of the plan
- capitalization of assets that are not essential to the reorganization of SC COMPANIA ENERGOPETROL SA;
- τηε□amounts coming from the recovery of the receivables arising from the litigations that the company currently has pending.

All categories of receivables are disadvantaged by the Reorganization Plan.

These categories of receivables are considered to be disadvantaged because they are rescheduled for a period longer than 30 days from the date of confirmation of the plan. Although they have the character of disadvantaged receivables, the Plan applies a fair and equitable treatment, the cumulative conditions provided by art. 101 para. (2) of Law no. 85/2006.

Considering that by the civil sentence no. 499 / 25.04.2016 it was ordered the confirmation of the reorganization plan of SC Compania Energopetrol SA, until 31.12.2019 the company paid from Annex no.1 to the reorganization plan the amount of 7,327,513 lei, remaining the payment amount of 209,334 lei .

SC Compania Energopetrol SA holds participations in the share capital of other companies , the situation is as follows:

Company name	Percentage of ownership at December 31, 2018	Percentage of ownership at December 31, 2019	The value of the investment at December 31, 2018	The value of the investment at December 31, 2019
Energopetrol Ploiesti SRL	20% of the head. social	20% of the head. social	50	50
FACC SRL Campina	25% of the head. social	25% of the head. social	250	250
SC Crysenic Energy SRL	30% of the share capital	30% of the share capital	2000	2000
Other				
			2,300	2,300

## 2. Basics of preparation

### ( a ) Declaration of conformity

The financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union ("IFRS") in force on the quarterly reporting date of the Company, respectively December 31, 2019 and in accordance with the provisions of the Order of the Minister of Public Finance no. . **2844/2016** for the approval of accounting regulations compliant with International Financial Reporting standards applicable to companies whose securities are admitted to trading on a regulated market, with subsequent modifications and clarifications. These provisions are consistent with the requirements of International Financial Reporting standards adopted by the European Union.

The financial statements contain the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows and the explanatory notes.

**In accordance with the provisions of OMFP 881/2012** regarding the application by companies whose values are admitted to trading on a regulated market of the International Financial Reporting Standards and of the Order of the Minister of Public Finance no. **2844/2016** for the approval of the Accounting Regulations compliant with the International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated securities market , **companies whose securities are admitted to trading on a regulated market have the obligation** , starting with the financial year 2012, to apply the International Financial Reporting Standards (IFRS) to the preparation of the financial statements .

### ( b ) Basis of evaluation

The financial statements are presented in RON (“Romanian leu”), have been prepared based on historical cost, except for the revaluation of fixed assets (tangible assets) and elements of share capital, legal reserves and other reserves consisting of net profit, which have been adjusted according to the International Accounting Standard (“IAS”) 29 “Financial reporting in hyperinflationary economies”, until December 31, 2003. The financial statements have been prepared on the basis of business continuity principles .

**(c) Functional and presentation currency**

The items included in the Company's financial statements are valued using the currency of the economic environment in which the entity operates ("functional currency"), ie the leu. The financial statements are presented in lei, which is the functional and presentation currency of the Company.

**( d ) Foreign currency**

The operations expressed in foreign currency are registered in lei at the official exchange rate from the settlement date of the transaction. Monetary assets and liabilities recorded in foreign currencies at the date of preparation of the statement of financial position are expressed in lei at the exchange rate on that day. Gains or losses on their settlement and on the conversion of monetary assets and liabilities denominated in foreign currencies using the exchange rate at the end of the financial year are recognized in profit or loss. Non-monetary assets and liabilities that are measured at historical cost in foreign currency are recorded in lei at the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are recorded in lei at the exchange rate on the date on which the fair value was determined.

The conversion differences are presented in the profit or loss account.

The exchange rates of the main currencies were as follows:

	CURRENCY	Course on December 31, 2019	Course December 31, 2018
	EUR	4, 7793	4.6639
	USD	4, 2608	4.0736

**(e) Use of professional estimates and reasoning**

The preparation of financial statements in accordance with IFRS adopted by the European Union requires management to use estimates and assumptions that affect the application of accounting policies, as well as the reported value of assets, liabilities, income and expenses. The estimates and judgments associated with them are based on historical data and other factors considered to be eloquent in the given circumstances, and the result of these factors forms the basis of judgments used to determine the carrying amount of assets and liabilities for which no other valuation sources are available. Actual results may differ from estimated values.

Estimates and judgments are reviewed periodically. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period or in the current period and in future periods, if the revision affects both the current period and future periods. The effect of the change for the current period is recognized as income or expense in the current period. If any, the effect on future periods is recognized as income or expense in those future periods.

The company's management believes that any deviation from these estimates will not have a significant influence on the financial statements in the near future .

Estimates and assumptions are used in particular for depreciation adjustments of fixed assets, the estimate of the useful life of a depreciable asset , to adjust the impairment of receivables, for provisions; for the recognition of deferred tax assets.

In accordance with IAS 36, both intangible assets and property, plant and equipment are analyzed for impairment at the balance sheet date. If the net carrying amount of an asset is greater than its recoverable amount, an impairment loss is recognized to reduce the net carrying amount of that asset by its recoverable amount. If the reasons for recognizing an impairment loss disappear in subsequent periods, the net carrying amount of the asset is increased to the level of the net carrying amount, which would have been determined if no impairment loss had been recognized.

The valuation for impairment of receivables is performed individually and is based on management's best estimate of the present value of the cash flows expected to be received. The Company reviews its trade and other receivables at each date of the financial position to assess whether it should record a impairment loss in the income statement. In particular, the professional reasoning of management is necessary to estimate the value and to coordinate future cash flows when determining the impairment loss. These estimates are based on assumptions about several factors, and actual results may differ, leading to future changes in adjustments. .

Deferred tax assets are recognized for tax losses, to the extent that there is likely to be a taxable profit from which the losses can be covered. It is necessary to exercise professional judgment to determine the amount of deferred tax assets that can be recognized. the probability regarding the period and the level of the future taxable profit, as well as the future fiscal planning strategies.

### **3. Accounting principles, policies and methods**

According to IFRS - International Accounting Standard 8 “Accounting policies, changes in accounting estimates and errors”, *accounting policies* represent the principles, bases, conventions, rules, and specific practices applied by this entity in preparing and presenting financial statements.

The Company has consistently selected and applied its accounting policies for transactions, other events and similar conditions, unless a standard or interpretation specifically provides or permits the classification of items for which it may be appropriate to apply certain items. different accounting policies. If a standard or interpretation provides or permits such a classification , an appropriate accounting policy must be selected and applied consistently to each category.

The company changes an accounting policy only if the change:

- is imposed by a standard or an interpretation; or
- results in financial statements that provide reliable and more relevant information about the effects of transactions , other events or conditions on the financial position, financial performance or cash flows of the entity .

We present a summary of significant accounting policies that have been consistently applied for all periods presented in the financial statements:

## a) Intangible assets and property, plant and equipment; real estate investments

*Intangible assets* acquired by the company are valued at cost less accumulated depreciation and accumulated impairment losses.

The company has chosen as the accounting policy for the valuation of intangible assets after the initial recognition, the cost-based model.

The company has chosen to use the straight-line depreciation method for depreciation of intangible assets.

To determine whether an intangible asset measured at cost is impaired, the company applies IAS 36. An impairment loss must be recognized immediately in profit or loss.

For the purpose of presentation in the income statement, gains or losses arising on the cessation of use or disposal of an intangible asset are determined as the difference between the income from the disposal of the asset and its depreciated amount, including expenses arising from its recognition, and presented as net value in the income statement, in accordance with IAS 38.

*Tangible fixed assets* are initially recognized at acquisition or construction cost and are presented net of accumulated depreciation and accumulated impairment loss.

The cost of the purchased tangible assets is represented by the value of the consideration made for the acquisition of the respective assets as well as the value of other costs directly attributable to bringing the assets to the location and condition necessary for them to operate in the desired management.

The company chose to use *the revaluation model* as a valuation after the initial recognition of property, *plant and equipment*. Conform revaluation model, an item of property whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and any accumulated impairment losses

Revaluations must be made with sufficient regularity to ensure that the carrying amount does not differ materially from what would have been determined by using fair value at the end of the reporting period.

The fair value of land and buildings is generally determined on the basis of market evidence, through an assessment performed by qualified professional appraisers.

The fair value of items of property, plant and equipment is generally their market value determined by valuation.

The frequency of revaluations depends on changes in the fair value of revalued property, plant and equipment. If the fair value of an asset differs significantly from its carrying amount, a new revaluation is required.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the revaluation date is treated by the company as follows: it is restated in proportion to the change in the gross carrying amount of the asset, so that the carrying amount of the asset, after revaluation, is equal to its revalued value.

Therefore, the frequency of revaluations depends on changes in the fair value of fixed assets

body. If the fair value of a revalued item of property, plant and equipment at the balance sheet date differs significantly from its carrying amount, a new revaluation is required. If fair values are volatile, as may be the case for land and buildings, frequent revaluations may be required. If fair values are stable over a long period of time, as may be the case with installations and equipment, valuations may be required less frequently. IAS 16 suggests that annual revaluations may be required if there are significant and volatile changes in values.

If an item of property, plant and equipment is revalued, then the entire class of property, plant and equipment to which that item belongs must be revalued.

Depreciation of an asset begins when it is available for use, that is, when it is in the location and condition necessary to operate in the desired driving manner.

Depreciation of an asset ceases on the first date between the date when the asset is classified as held for sale (or included in a disposal group that is classified as held for sale), in accordance with IFRS 5 and the date the asset is derecognised. Therefore, depreciation does not cease when the asset is not used or decommissioned unless it is fully depreciated.

Land and buildings are separable assets and are accounted for separately even when acquired together.

Owned land is not depreciated.

If the cost of the land includes disassembly, removal, restoration costs, these costs are amortized over the period when benefits are obtained as a result of performing these costs.

The depreciation method used reflects the expected rate of consumption of the future economic benefits of the asset by the unit. At the end of each financial year, the amortization method is revised and if there is a significant change in the expected rate of consumption of future economic benefits, it changes to reflect the changed rate.

SC Compania Energopetrol SA uses the straight-line method.

The residual value, the useful life and the depreciation method are revised at the date of the financial statements.

The useful lives of tangible assets at the date of the present financial statements are within the limits provided in GD 2139/2004 and are estimated by the management as being correct.

The calculated depreciation has the following useful lives for the different categories of fixed assets:

### **Property, plant and equipment Duration (years)**

Constructions	10-50
Technological equipment	3-15
Measuring, control and regulation apparatus and installations	3-10
Means of transport	2-10
Furniture, office equipment, equipment, protection human values and mat	2-5

### *Depreciation policy applied by the company*

In accordance with IAS 36, both intangible assets and property, plant and equipment are investigated to determine whether they show indications of impairment at the balance sheet date. For intangible assets with an indefinite useful life, the impairment test is performed annually, even if there is no indication of impairment. If the net carrying amount of an asset is greater than its recoverable amount, an impairment loss is recognized to reduce the net carrying amount of that asset by its recoverable amount. If the reasons for recognizing an impairment loss disappear in subsequent periods, the net carrying amount of the asset is increased to the level of the net carrying amount, which would have been determined if no impairment loss had been recognized. The difference is presented as other operating income.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future benefits are expected from its use or disposal. The revaluation surplus included in equity related to an item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised at disposal or disposal.

The gain or loss resulting from the derecognition of an item of property, plant and equipment must be included in profit or loss when the item is derecognised.

If items of property, plant and equipment that have been held for lease are repeatedly sold to others, these assets will be transferred to inventories at the carrying amount on the date they cease to be leased and are held for sale. Proceeds from the sale of these assets are recognized as income, IFRS 15.

#### **a) Goodwill**

Goodwill acquired as a result of a business combination is initially recognized at cost, which is the excess cost of the business combination over the company's interest in the net fair value of the recognized identifiable assets, liabilities and contingent liabilities .

Goodwill is not amortized, but is tested for impairment at least once a year. Goodwill impairment losses are recognized immediately in profit or loss and are not reversed in subsequent periods.

#### **b) Leasing**

Tangible fixed assets also include assets held under a lease , under the notion of “right of use”, being treated similarly to other non-financial assets and depreciated accordingly. The lease debt is initially measured at the amount of the lease payments due under the terms of the lease, reduced to the default rate in the contract, if this can be easily determined. If that interest cannot be determined, the tenant will use his interest on the loan.

As of 31.12.2019, the company does not have such contracts in progress.

#### **c) Financial assets**

The company Energopetrol SA Campina applies IFRS 9 - *Financial Instruments* which came into force on January 1, 2018 and which uses for the classification of financial assets, the business model of the entity and the cash flow characteristics of the financial asset according to the contract.

Classification of financial assets under IFRS 9 *Financial instruments* consist in :

a). financial asset *measured at amortized cost if the following conditions are cumulatively met:*

- the financial asset is held within a business model whose objective is to hold the financial assets in order to collect the contractual cash flows and
- the contractual terms of the financial asset generate at certain dates, cash flows that are exclusively payments of the principal and of the interest related to the value of the principal due

b). *financial asset measured at fair value through other comprehensive income if the following conditions are met cumulatively*

- the financial asset is held within a business model whose objective is fulfilled both by collecting the contractual cash flows and by selling the financial assets;
- the contractual terms of the financial asset generate, at certain dates, cash flows that are exclusively payments of the principal and of the interest related to the value of the principal due

c). *a financial asset measured at fair value through profit or loss* unless it is measured at amortized cost in accordance with point a) or at fair value through other comprehensive income in accordance with point b)

With the exception of trade receivables that fall under IFRS 15, a financial asset or financial liability is initially measured at fair value, and in the case of a financial asset or financial liability that is not at fair value through profit or loss is added or decrease the transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial debt.

After the initial recognition, the subsequent valuation of the financial assets is made at:

- amortized cost;
- fair value through other comprehensive income or
- fair value through profit or loss

Financial assets include shares held in subsidiaries, associates and jointly controlled entities, loans to such entities, other investments held as fixed assets and other loans.

The company presents investments in other entities at cost. Also, the company has no investments in joint ventures or associated entities.

#### **d) Investments in associated entities**

Subsidiaries are entities under the control of the company. In **IFRS 10 - Consolidated Financial Statements** defines the principle of control and establishes control as the basis for consolidation. IFRS 10 sets out how to apply the principle of control to identify whether an investor controls an entity in which it has invested and therefore must strengthen the entity in which it has invested.

An investor controls an entity in which it has invested if and only if the investor wholly owns the following:

- a) authority over the entity in which it was invested;
- b) exposure or variable income rights based on its participation in the entities in which it has invested;
- c) the ability to use its authority over the entity in which it has invested in order to influence the value of the investor's income

#### **e) Interest on loans**

Interest on loans that are directly attributable to the acquisition, construction or production of an asset with a long production cycle shall be capitalized until the asset is ready for its intended use or sale. All other borrowing costs are recognized as an expense in the income statement in the period in which they arise. Interest expense is recorded using the effective interest method. During the financial years 2018 and 2019, no interest expenses were capitalized in the value of the assets.

#### **f) Government subsidies**

In accordance with IAS 20, government grants are recognized only when there is sufficient certainty that all the conditions attached to their award will be met and that the grants will be received. Grants that meet these criteria are presented as other liabilities and are systematically recognized in the income statement over the useful life of the assets to which they relate.

### **g) Stocks**

**In accordance with IAS 2 Inventories, these are** assets that are:

- held for resale during the normal course of business
- in production for such a sale or
- in the form of materials and other consumables to be used in the production process or for the provision of services

Inventories are presented at the lower of cost and net realizable value. The net realizable value is estimated based on the selling price related to the normal activity, less the estimated costs for completion and sale. For damaged or slow-moving stocks, provisions are established based on management estimates.

The constitution and resumption of the adjustments for the valuation of the costs is made on account of the profit and loss account.

The company uses the first in-first out (FIFO) method to determine the cost of materials

### **h ) Receivables and other similar assets**

With the exception of derivative financial instruments that are recognized at fair value and items denominated in a foreign currency that are translated at the closing rate, receivables and other similar assets are presented at amortized cost. This value can be considered as a reasonable estimate of the fair value, given that in most cases the maturity is less than one year. Long-term receivables are discounted using the effective interest method.

For the purpose of presentation in the annual financial statements, the receivables are valued at the probable amount receivable.

When it is estimated that a receivable will not be collected in full, adjustments are recorded in the accounting for impairment, at the level of the amount that can no longer be recovered.

The removal of receivables takes place as a result of their collection or transfer to a third party. Current receivables can be deducted from the records and by mutual compensation between third parties of receivables and debts, in compliance with legal provisions.

The deduction from the record of the receivables whose collection terms are prescribed is made after the company obtains documents proving that all the legal steps have been taken for their settlement with the approval of the Special Administrator . Receivables removed from the record are still tracked over-the-counter, if applicable.

### **i ) Cash and cash equivalents**

From the point of view of the Cash Flow Statement, it is considered that the cash is the cash from the cashier and from the current bank accounts. Cash equivalents represent deposits and investments with a high degree of liquidity, with maturities of less than three months.

### **j ) Debts**

A debt is a current obligation of the company arising from past events and through the settlement that is expected to result in an outflow of resources that incorporate economic benefits.

A liability is recognized in accounting and presented in the financial statements when it is probable that an outflow of resources with economic benefits will result from the liquidation of a present obligation (probability) and when the value at which this settlement will be made can be measured reliably. (credibility).

A distinction must be made between short-term debt and long-term debt.

**Current debts** are those debts that must be paid in a period of up to one year.

A debt should be classified as a short-term debt, also called a current debt, when:

- a) is expected to be settled in the normal course of the operating cycle of the company; or
- b) held primarily for trading purposes;
- c) it is due within 12 months from the balance sheet date;
- d) the company does not have the unconditional right to postpone the payment of the debt for at least 12 months from the balance sheet date.

**All other debts must be classified as long-term debts**, even if they must be settled within 12 months from the balance sheet date, if:

–  the initial term was for a period longer than 12 months;

–  the company intends to refinance the long-term obligation;

and

–  intention is supported by a refinancing or rescheduling agreement, which is finalized before the financial statements are approved for publication.

Debts are presented at amortized cost, except for derivative financial instruments that are presented at fair value.

Long-term debt is discounted using the effective interest method. The discount rate used for this purpose is the rate in force at the end of the year for instruments representing debts with similar maturities. The carrying amount of other liabilities is their fair value, as they are generally short-term maturities.

The company recognizes a debt when the current contractual obligations are paid or are canceled or expire.

If the goods and services provided in connection with the current activities have not been invoiced, but if the delivery has been made and their value is available, the respective obligation is recorded as a debt (not as a provision).

**The amounts representing dividends due are highlighted in the carried forward result**, which, after the approval by the general meeting of shareholders of this destination, will be reflected in account 457 "Dividends payable".

#### **k ) Income tax including deferred tax**

The profit tax related to the exercise includes the current tax and the deferred tax.

Income tax is recognized in the statement of comprehensive income or in other comprehensive income if the tax is related to the items recognized in equity.

#### **Current profit tax**

The current payment fee is based on the taxable profit of the year. Tax profit is different from profit reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and also excludes items that will never become taxable or deductible. The company's current tax liability is calculated using tax rates that were provided by law or in a bill at the end of the year. Currently the tax rate is 16%.

### ***Deferred tax***

Deferred tax is constituted using the balance sheet method for temporary differences in assets and liabilities (differences between the book values presented in the company's balance sheet and their tax base). The tax loss carried forward is included in the calculation of the deferred income tax claim. The deferred tax receivable is recognized only to the extent that it is probable that taxable profit will be obtained in the future, after offsetting the tax loss of previous years and the profit tax recoverable.

Deferred income tax receivables and liabilities are offset when this right exists and when they relate to corporate income taxes levied by the same tax authority. If the probability of realizing the deferred income tax claim is greater than 50%, then the claim is taken into account. Otherwise, a value adjustment is recorded for the deferred tax asset.

#### **1) Revenue recognition**

Revenues are measured in accordance with IFRS 15 - Revenues from contracts with customers.

IFRS 15 establishes a five-step model for recording revenue from customer contracts:

- Step 1: Identify the contract with a client
- Step 2: Identify the payment obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocation of the transaction price for the execution obligations from the contract
- Step 5: Recognition of income as the company fulfills an enforcement obligation

#### **Sale of goods**

Revenue from the sale of goods is recognized when all of the following conditions are met:

- The company transferred to the buyers the significant risks and advantages deriving from the ownership over the goods;
- The company no longer manages the goods sold at the level it would have done in the case of owning them, nor does it have effective control over them;
- the size of the income can be measured reliably;
- it is probable that the economic benefits associated with the transaction will be generated to the company; and
- transaction costs can be measured reliably.

A key element in accounting for revenue is determining when such revenue should be recognized. Revenue from current operations is recognized when certain economic benefits are likely to accrue to the company in the future and when these benefits can be measured reliably.

The amount of revenue arising from a transaction is usually determined by agreement between the entity and the buyer or user of the asset. It is measured at the fair value of the consideration received or receivable, taking into account the amount of any trade discounts and volume rebates needed.

The consideration is in the form of cash or cash equivalents, and the amount of income is the sum of the cash or cash equivalents received or to be received. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the face value of the cash received or receivable.

This is the situation that also applies in the case of delivery contracts with the condition of supplier credit, if the company can offer the buyer an interest-free loan or can accept from him commercial bills with a lower interest rate than the market as consideration for the sale goods.

For commercial contracts concluded as a deferred payment supplier, the **difference between the fair value and the nominal value of the consideration is recognized as interest income**. The fair value of consideration is determined by discounting all future receipts using an imputed rate of interest.

### **Provision of services**

Where the outcome of a transaction involving the provision of services can be reliably estimated, the revenue associated with the transaction must be recognized based on the stage of execution of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all of the following conditions are met:

- the value of income can be measured reliably;
- economic benefits associated with the transaction are likely to be generated for the entity;
- stage of execution of the transaction at the balance sheet date can be reliably assessed; and
- costs incurred for the transaction and the costs of completing the transaction can be measured reliably.

Revenue recognition according to the stage of execution of the transaction is the "percentage completion method". Under this method, revenue is recognized in the accounting periods in which the services are provided. Revenue recognition on this basis provides useful information on the proportions of the service delivery activity and its results over a period of time.

Revenue is recognized only when the economic benefits associated with the transaction are likely to be generated for the entity. When there is uncertainty about the collectibility of an amount already included in revenue, the amount that cannot be collected or the amount whose collection has ceased to be probable is recognized as an expense rather than as an adjustment to the amount of revenue initially recognized.

Where the outcome of a transaction involving the provision of services cannot be estimated reliably, revenue shall be recognized only within the limits of recognized recoverable costs.

Rental *income* related to real estate investments is recognized in the income statement on a straight-line basis over the term of the lease.

### **Dividends and interest**

Dividend income is recognized when the shareholder's right to receive payment is established. Dividend income is recorded at gross value, including dividend tax, which is recognized as a current expense with income tax.

Interest income is recognized on an accrual basis, with reference to the principal outstanding and the effective interest rate, that rate that accurately updates the expected future flows of amounts received.

### **m ) Provisions, contingent liabilities and contingent assets**

Provisions are made for current liabilities to third parties when those liabilities are likely to be met and the amount required to settle the liabilities can be estimated reliably. Provisions for individual obligations are set at a value equal to the best estimate of the amount required to settle the obligation.

The provisions are grouped in accounting by categories and are constituted for:

- a) litigation;
- b) guarantees granted to customers ;
- c) decommissioning of tangible assets and other similar actions related to them;
- d) restructuring;
- e) employee benefits;
- f) other provisions

When, based on the analysis performed by the management together with the lawyers on the chances of losing the lawsuit by the company, it is concluded that the estimated chances of loss are higher than 51%, a provision is constituted at the credible estimated value.

*Provisions for guarantees granted to customers* are established according to the estimates made by the management and the sales department regarding the level of repair expenses within the warranty period.

The level of repair expenses during the warranty period is determined as a percentage of the reporting year 's turnover.

#### *Restructuring provisions*

The implicit restructuring obligation arises if a company:

-has a detailed official plan for restructuring in which to highlight: the activity or part of activity to which it refers, the main locations affected, the location, function and approximate number of employees who will receive compensation for termination of their activity, expenses involved, date at which the restructuring plan will be implemented

- generated a justified expectation to those affected that the restructuring will be carried out by starting the implementation of the respective restructuring plan or by communicating its main characteristics to those who will be affected by the restructuring process

The restructuring provision includes only direct costs related to the restructuring.

#### *Provisions for employee benefits*

For rest leave not performed, for other long-term benefits granted to employees (if they are provided in the employment contract), as well as those granted at the end of the employment contract, provisions are recorded during the financial year. At the time of their recognition as debts to employees, the value of the provisions will be resumed through the corresponding income accounts.

#### *Other provisions*

*In the event that debts with a time or uncertain value are identified that meet the conditions for recognizing provisions in accordance with IAS 37 but are not found in any of the categories identified above, other provisions are recorded.*

At the end of each reporting period, the provision is reanalyzed and adjusted to represent the best current estimate. When the analysis finds that outflows of resources that incorporate economic benefits to meet the obligation are no longer likely to be required, the provision must be canceled.

**The Company does not recognize a provision for operating losses.** The forecast of **operating** losses indicates that certain operating assets may be impaired and in this case these assets are tested in accordance with IAS 36 Impairment of Assets.

## **n ) Employee benefits**

### *Short-term benefits*

Obligations with short-term benefits granted to employees are not discounted and are recognized in the statement of comprehensive income as the related service is provided.

Short-term benefits granted to employees include salaries, premiums and social security contributions. Short-term benefits are recognized as an expense when the services are provided. A provision is recognized for amounts expected to be paid as cash premiums on short-term or employee profit-sharing schemes provided that the company currently has a legal or implied obligation to pay those amounts as a result of past services provided by employees and whether that obligation can be reliably estimated.

### *Determined contribution plans*

The company makes payments on behalf of its own employees to the Romanian state pension system, health insurance and unemployment fund, during the normal activity.

All employees of the company are members and have the obligation to contribute to the pension system of the Romanian state. All related contributions are recognized in the income statement during the period when they are made. The company has no additional obligations.

The company is not employed in any independent pension system and consequently has no obligations in this regard. The company is not employed in any other post-employment benefits system. The company has no obligations to provide subsequent services to its former employees. current employees.

The company grants benefits in the form of employee participation in profit.

Currently, there is no plan to stipulate that the company's obligation to provide benefits in the form of the entity's own shares (or other equity instruments ).

## **o ) The result of the exercise**

In accounting, profit or loss is determined cumulatively from the beginning of the financial year.

The result for the year is determined as the difference between the income and expenses for the year.

The final result of the financial year is established at its closing and represents the final balance of the profit and loss account.

The distribution of the profit is made in accordance with the legal provisions in force. The amounts representing reserves constituted from the profit of the current financial year, based on some legal provisions, for example the legal reserve constituted based on the provisions of Law 31/1990 are registered at the end of the current exercise. The accounting profit remaining after this distribution is taken over at the beginning of the financial year following that for which the annual financial statements are prepared in account 1171 "Retained earnings representing undistributed profit or uncovered loss", from where it is distributed to other destinations compliance with legal provisions. The accounting accounting of the destinations of the accounting profit is performed after the general meeting of shareholders approved the distribution of the profit, by registering the amounts representing dividends due to the shareholders, reserves and other destinations, according to the law. .

#### **p ) Earnings per share**

IAS 33 "Earnings per share" provides that if an entity presents consolidated financial statements as well as separate financial statements , the presentation of earnings per share is prepared solely on the basis of consolidated information. If it chooses to present the earnings per share based on its separate financial statement, it must present such information regarding the earnings per share only in the statement of comprehensive income. In this case, it does not have to present the result per share in the consolidated financial statements.

The company does not present consolidated financial statements.

The Company presents the *basic earnings per share ("CPA")* for its ordinary shares. The basic CPA is calculated by dividing the gain or loss attributable to the holders of ordinary shares of the company by the weighted average of the ordinary shares outstanding during the period.

Weighted average of ordinary shares outstanding during the period = number of shares outstanding at the beginning of the period adjusted by the number of shares repurchased or issued during that period multiplied by a time weighting factor.

The time weighting factor is the number of days in which the respective shares were in circulation, as a proportion of the total number of days of the period.

#### **r ) .Dividend**

The share of profit that is paid, according to the law, to each shareholder constitutes a dividend. Dividends distributed to shareholders, proposed or declared after the balance sheet date, as well as other similar distributions made from profit, are not recognized as a liability at the balance sheet date, but when the shareholder's right to collect them is established.

The accounting profit remaining after the distribution of the legal reserve quota realized, within the limit of 20% of the share capital is taken over within the result carried forward at the beginning of the financial year following the one for which the annual financial statements are prepared, from where it is to be distributed to other legal destinations. accor m AGA decision.

The accounting highlighting of the accounting profit destinations is performed in the following year after the General Meeting of Shareholders which approved the profit distribution, by registering the amounts representing dividends due to shareholders or associates, reserves and other destinations, according to law. It is not possible to return to the records made regarding the distribution of the profit.

When accounting for dividends, the provisions of IAS 10 are taken into account.

#### **s ). Capital and reserves.**

Capital and reserves (equity) represent the right of shareholders over the assets of an entity, after deducting all debts. Equity includes: capital contributions, capital premiums, reserves, retained earnings, financial year results.

**The share capital**, composed of common shares, is registered at the value established on the basis of the incorporation documents.

The repurchased treasury shares, according to the law, are presented in the balance sheet as a correction of the own capital.

Gains or losses related to the issuance, redemption, sale, free transfer or cancellation of the entity's equity instruments (shares, shares) are recognized directly in equity in the lines of "Gains / or losses related to equity instruments" .

The company recognizes the changes to the share capital under the conditions provided by the legislation in force and only after their approval in the Extraordinary General Meeting of Shareholders and their registration at the Trade Register Office.

**Revaluation reserves** . After recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably must be accounted for at its revalued value, which is its fair value at the date of revaluation less any subsequent amortization and any accumulated impairment losses. Revaluations must be made with sufficient regularity to ensure that the carrying amount does not differ materially from what would have been determined using fair value at the balance sheet date.

If the carrying amount of an asset is increased as a result of a revaluation, this increase must be recorded directly in equity in the line item "revaluation reserves". However, the increase must be recognized in profit or loss to the extent that it offsets a decrease in the revaluation of the same asset previously recognized in profit or loss.

If the carrying amount of an asset is impaired as a result of a revaluation, that impairment must be recognized in profit or loss. However, the decrease must be debited directly from equity in the line item "revaluation reserves", to the extent that there is a credit balance in the revaluation surplus for that asset.

The revaluation surplus included in equity related to an item of property, plant and equipment may be transferred directly to retained earnings when the asset is recognizable.

Starting with May 1, 2009, the reserves from the revaluation of fixed assets, including land, made after January 1, 2004, which are deducted in the calculation of taxable profit through tax depreciation or expenses on assigned and / or scrapped assets, are taxed simultaneously. with the deduction of the fiscal amortization, respectively at the moment of the decrease from the management of these fixed assets, as the case may be.

### **Legal reserves**

According to the Romanian legislation, the companies must distribute a value equal to at least 5% of the profit before tax, in legal reserves, until they reach 20% of the share capital. Once this level has been reached, the company can make additional allocations only from the net profit. The legal reserve is deductible up to a rate of 5% applied to the accounting profit, before determining the profit tax.

The entity was established according to Law no. 31/1990 on commercial companies.

In the first set of financial statements prepared in accordance with IFRS, the company applied IAS 29- "Financial reporting in hyperinflationary savings" and corrected the historical cost of share capital, legal reserves and other reserves, with the effect of inflation, until December 31, 2003 .

#### **t ). Affiliated parties**

A person or a close member of that person's family is considered to be affiliated with a Company if that person:

- (i) has joint control or control over the Company;
- (ii) has a significant influence on the Company, or
- (iii) is a key management member.

The key management personnel represent those persons who have the authority and responsibility to plan, manage and control the Company's activities directly or indirectly, including any director (executive or not) of the entity.

An entity is affiliated to the Company if it meets any of the following conditions:

- (i) The Entity and the Company are members of the same group (which means that each company - parent, subsidiary, and subsidiary in the same group is related to the others)
- (ii) An entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of the group to which the other entity belongs)
- (iii) Both entities are joint ventures of the same third party
- (iv) One entity is a joint venture of a third party and the other is an associate of the third party.
- (v) The entity is a post-employment benefit plan for the benefit of employees of the reporting entity or an entity affiliated with the reporting entity. If the reporting entity itself represents such a plan, the sponsoring employers are also affiliated to the reporting entity.
- (vi) The entity is controlled or jointly controlled by an affiliate
- (vii) An affiliate who has control significantly influences the entity or a key member of the management of the entity (or the parent company of the entity).

Information regarding the relations with the affiliated parties, subsidiaries and associated entities is presented in note 22.

#### **u ) Changes to accounting policies**

##### **Initial application of new changes to existing standards in force for the current reporting period:**

The following new standards, amendments to existing standards and new interpretations issued by the International Accounting Standards Committee (IASB) and adopted by the EU are in force for the current reporting period:

- **IFRS 16 "Leases"** - adopted by the EU on October 31, 2017 (effective for annual periods beginning on or after January 1, 2019); According to IFRS 16, the lessee recognizes a right of use and a lease liability. The right of use is treated similarly to other non-financial assets and depreciated accordingly. The lease debt is initially measured at the amount of the lease payments due under the terms of the lease, reduced to the default rate in the contract, if this can be easily determined. If that interest cannot be determined, the tenant will use his interest on the loan. As with its predecessor IFRS 16, IAS 17, the parties classify leases as operating or financial. A lease is classified as a finance lease if it transfers all the risks and rewards of

ownership. Otherwise, a lease is classified as an operating lease. For finance leases, the lessor recognizes the income for the term of the contract based on a model that reflects a constant periodic rate of return on net investment. A lessor recognizes operating lease payments as linear income or, if deemed more representative, depending on how the benefits from the use of the asset diminish.

IFRS 16 is valid for annual periods beginning on or after 1 January 2019. IFRS 16 replaces existing leases, including IAS 17 Leasing, IFRIC 4 Determining the extent to which a commitment contains a lease, SIC-15 Operating leasing - Incentives and SIC-27 Assessing the economic value of transactions involving the legal form of a contract leasing. The adoption of the standard earlier is permitted for entities that apply IFRS 15 on or before the initial application of IFRS 16. The standard eliminates the current dual accounting model for tenants and requires companies to bring most leases into balance sheets in a single model, eliminating the distinction between operational and financial leasing contracts. In accordance with IFRS 16, a contract is or contains a lease where it confers the right to control the use of an identified asset for a period of time in exchange for compensation. For such contracts, the new model requires the lessee to recognize a right to use the asset and a leasing right. Assets with the right to use are depreciated, and the debt generates interest. This will result in higher expenses at the beginning of the lease, even if the tenant pays constant rents. The lessee's accounting remains largely unaffected by the introduction of the new standard, and the distinction between operational and financial leasing contracts will be maintained.

The company has no ongoing leasing contracts and there are no implications from the application of this standard

- **Amendments to IFRS 9 "Financial Instruments"** - Characteristics of Prepayment with Negative Clearing - adopted by the EU on March 22, 2018 (effective for annual periods beginning on or after 1 January 2019);
- **Amendments to IAS 19 "Employee Benefits"** - Modification, Reduction or Settlement of the Plan - adopted by the EU on 13 March 2019 (effective for annual periods beginning on or after 1 January 2019); Amendments should use the updated assumptions from this revaluation to determine the cost of current services and net interest for the remainder of the reporting period after the plan change.
- 
- **Amendments to IAS 28 "Investments in Associations and Joint Ventures "** - Long-Term Interest in Associates and Joint Ventures - Adopted by the EU on 8 February 2019 (effective for annual periods beginning on or after 1 January 2019 ) The amendments have been introduced to clarify that an entity applies IFRS 9 including its impairment requirements, term interest in a partnership or joint venture that is part of the net investment in the associate or joint venture, but in which the method of equivalence does not apply. The amendments also delete paragraph 41, as the Board considered that it reiterated only the requirements of IFRS 9 and created confusion about long-term interest accounting.
- 
- **Amendments to the various standards as a result of the "Improvements to IFRSs (2015-2017 cycle)"** resulting from the annual IFRS improvement project (IFRS 3, IFRS 11, IAS 12 and IAS 23), primarily to eliminate inconsistencies and clarification of forms - adopted by the EU on 14 March 2019 (in force for annual periods beginning on or after 1 January 2019);  
Amendments to various standards resulting from the annual draft improvement of IFRS (IFRS 3, IFRS 11, IAS 12 and IAS 23) are primarily intended to eliminate inconsistencies and clarity of wording. The amendments clarify that: an enterprise revalues its previous interest in a joint operation when it gains control of the business (IFRS 3); a company does not revalue its previous interest

in a joint operation when it obtains joint control over the enterprise (IFRS 11); a company accounts for all the consequences of income tax on dividends in the same way (IAS 12); and an enterprise treats, in general loans, any initial loan made to develop an asset when the asset is ready for its intended use or sale (IAS 23).

- 
- **IFRIC 23 "Uncertainty regarding income tax treatment"** - adopted by the EU on October 23, 2018 (effective for annual periods beginning on or after 1 January 2019). It may be unclear how the tax law applies to a particular transaction or circumstance or whether a tax authority will accept a company's tax treatment. IAS 12 Income tax specifies how current and deferred tax is accounted for, but not how it reflects the effects of uncertainty. IFRIC 23 provides requirements that add to the requirements of IAS 12 by specifying how the effects of uncertainty are reflected in the accounting for income taxes.
- 

The adoption of these new standards, amendments and interpretations of existing standards did not lead to significant changes in the Company's financial statements.

#### **Standards and amendments to existing standards issued by the IASB and adopted by the EU but not yet in force**

- **Fine ents to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"** - Definition material - adopted by the EU on November 29, 2019 (effective for annual periods beginning 1 January ie 2020 or subsequently),
- **Amendment is to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosure"** - Reform the reference rate - adopted by the EU on January 15, 2020 (effective for annual periods beginning with or after 1 January 2020),
- **Amendments to the conceptual framework references in the IFRS Standards** adopted by the EU on 29 November 2019 (effective for annual periods beginning on or after 1 January 2020 ).

**The Company anticipates that the adoption of these standards, revisions and interpretations will not have a significant impact on the financial statements during the initial application period.**

#### **4. Intangible assets**

Intangible assets include computer programs, licenses and various software and are accounted for in accounts 205 "Concessions, patents, purchased licenses" and in account 208 "Other intangible assets"; They are depreciated by the straight-line method; They are presented at historical cost, less depreciation and any value adjustments. No value adjustments were recorded for the periods presented. At the date of transition to the application of IFRS, they did not adjust to inflation according to IAS 29 because they do not come from a period in which the Romanian economy was a hyperinflationary economy.

The company does not own intangible assets generated internally or acquired through a government subsidy and also does not own intangible assets with indefinite useful lives .

The Company does not hold assets classified as held for sale or included in a disposal group classified as held for sale in accordance with IFRS 5. All intangible assets held as of 31.12.2019 are fully depreciated.

1

**The situation of intangible assets at 31.12.2019 is as follows:**

Name of the fixed asset	Gross value				Value adjustments (depreciation and amortization or impairment)				Net book value	
	Sold there January 1, 2019	increases	Assignments, transfers and other discounts	Sold there December 31, 2019	Sold there 1st January 2019	Adjustments recorded during the financial year	Discounts or resumes	Sold there December 31, 2019	Sold there January 1, 201 9	Balance as of December 31, 2019
<b>0</b>	<b>1</b>	<b>2</b>		<b>4 = 1 + 2 -3</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8 = 5 + 6 -7</b>	<b>9 = 1-5</b>	<b>10 = 4-8</b>
<b>a) Intangible assets</b>										
Establishment and development expenses, patents, concessions, goodwill	42.399			42.399	42.399			42.399	0	0
Other intangible assets	42.682			42.682	42.682			42.682	0	0
<b>Total intangible assets</b>	<b>85.081</b>			<b>85.081</b>	<b>85.081</b>			<b>85.081</b>	<b>0</b>	<b>0</b>

1

## 5. Tangible fixed assets

The Company chose at the date of transition to IFRS, in accordance with the provisions of IFRS 1, to use the exemption regarding the assumed cost. Under this optional waiver, an entity that adopts IFRSs for the first time may choose to use a revaluation in accordance with generally accepted accounting principles prior to an item of property, plant and equipment at or before the date of transition to IFRSs, if the revaluation was at the revaluation date broadly comparable to fair value, cost or amortized cost in accordance with IFRS, adjusted to reflect, for example, changes in a general or specific price.

For the presentation at fair value, on 31.12.2012, the revaluation of fixed assets for the *Construction* category was performed .

The re-evaluation report was prepared based on the standards and working methodology recommended by ANEVAR by the company Quantum Evaluari.

The purpose of the report was to estimate the fair value, the method used being the cost method. The approach in valuation by this method of costs is in this case a basic approach, given the specialized nature of assets, as well as the situation of general deadlock of the real estate market during this period, the financial crisis obviously leading to the blocking of investment projects. , even in progress, both the effects and the duration of the current crisis being very difficult to estimate.

Subsequently, no further reassessments were performed.

**The situation of the real estate of the coral companies on 31.12.2018 :**

Name of the fixed asset	Gross value				Value adjustments (depreciation and amortization or impairment)				Net book value	
	Sold there January 1, 2018	increases	Assignments, transfers and other discounts	Sold there December 31, 2018	Sold there 1st January 2018	Adjustments recorded during the financial year	Discounts or resumes	Sold there December 31, 2018	Sold there January 1, 2018	Sold there December 31, 2018
<b>0</b>	<b>1</b>	<b>2</b>		<b>4 = 1 + 2 -3</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8 = 5 + 6 - 7</b>	<b>9 = 1-5</b>	<b>10 = 4-8</b>
<b>Tangible fixed assets</b>										
Land and landscaping	1407029		406.742	1000287					1407029	1000287
construction	4310708	30.684	1196236	3145156	1233968	184.749	483.773	934.944	3076739	2.21021 million
Technological equipment and machines	3967678		430.890	3536788	3948522	4766	430.890	3522398	19.156	14.391
Other property, plant and equipment	152.526		1994	150.532	141.351	1812	1994	141.169	11.176	9364
Fixed assets in progress	0		0	0						
<b>Total property, plant and equipment</b>	<b>9837941</b>	<b>30.684</b>	<b>2035862</b>	<b>7832763</b>	<b>5323841</b>	<b>191.327</b>	<b>916.657</b>	<b>4598511</b>	<b>4.5141 million</b>	<b>3234252</b>
					0					

**5.1 The** decreases in net value on December 31, 2019 compared to 2018 are due to the depreciation recorded on costs and the sale of the following assets, as follows:

- apartment no . 14 located in Moreni, Dambovita county
- apartment no. 35 located in Moreni, Dambovita county
- the land with an area of 600 sqm together with the construction located on it, located in Campina, str. Industriei, no. 3 bis, Prahova county
- the land with an area of 1859 sqm located in Campina, str. Industriei, no. 3 bis, Prahova county
- the land with an area of 574 sqm together with the constructions located on it, located in Campina, str. Industriei, no. 3 bis, Prahova county
- the land with an area of 1000 sqm together with the construction located on it, located in Moreni, Dambovita county
- the land with an area of 2399 sqm together with the construction located on it , located in Ianca, Braila county
- the land with an area of 3130 sqm together with the constructions located on it, located in Moinesti , B acau county

In order to guarantee the guarantee agreements and credit agreements signed with the financing banks, the company mortgaged the following assets in favor of the respective banks, as follows:

<b>Name of assets</b>	<b>Warranty contract type</b>	<b>Financing bank</b>
1. Land + Campina headquarters building, Schelelor, no. 32, Prahova	Credit line	Karpi Expert SRL
2. Land + Moreni building, Dambovita	Warranty agreement	Karpi Expert SRL

The amount due to Karpi Expert SRL was paid in full and consequently I filed on 20.02.2020 at the District 4 Court of Bucharest a lawsuit in order to write off the mortgages set up in favor of Karpi Expert SRL.

- As a result of the summonses accompanied by executory titles received from the Ministry of Public Finance, the National Agency for Fiscal Administration, the General Regional Directorate of Public Finances, Ploiesti, the County Administration of Public Finances Prahova Forced Execution Service - CM, transmitted according to GEO no. 88/2018, based on the provisions of law no. 30/2019, we requested the application of legal norms so as to obtain the right to complete the reorganization and reinsertion of the company in the productive circuit.

Following the mediation process, it was ordered the suspension of the forced execution by the fiscal body, for a period of maximum 6 consecutive months in 2 calendar years, under the conditions provided in art. 233 para. (7) - (9) of Law no. 207/2015 on the Fiscal Procedure Code, with subsequent amendments and completions.

For this, our company guaranteed the payment of its obligations to ANAF, for the payment of the outstanding current debt, a seizure on real estate being constituted that exceeds in value by 50% the amount of the debt, respectively:

- land with an area of 7,443 sqm together with the constructions located on it (C1, C2, C3, C4, C5, C6 and C7) located in Ciulnita, Leordeni, Arges county, having no. cadastral 81019.
- land with an area of 416 sqm together with the C1 construction located on it, located in Craiova, str. Teilor, no. 101B, Dolj county, having no. cadastral 229404.

- land with an area of 4,171 sqm located in Bragadiru, Ilfov County, with no. cadastral 119431

## 6 .Investments in associated entities

Represents shares or shares held in affiliated companies and which have the value of 2,300 lei, on 31.12.2019 . None of the companies in which these investments are made is listed on the securities market.

The situation of the participation of SC Compania Energopetrol SA in the share capital of another company is presented as follows :

Company name	Percentage of ownership at December 31, 2018	Percentage of ownership at December 31, 2019	The value of the investment at December 31, 2018	The value of the investment as of December 31, 2019	Listed entity
FACC SRL Campina	25% of the head. social	25% of the head. social	300	300	N
Crysenic Energy SRL	30% of the head. social	30% of the head. social	2000	2000	N
Other			0	0	
<b>TOTAL</b>			<b>2,300</b>	<b>2,300</b>	

## 7. Other financial assets

In this category are registered the performance guarantees granted to the clients according to the concluded contracts. They are valued at cost and are tested annually for impairment.

On 31.12.2019, their value is 524,139 lei.

## 8. Receivables and other assets

Receivables are recorded at nominal value and are highlighted in the analytical accounting for each natural or legal person. Receivables in foreign currency were valued on the basis of the exchange rate in force at the end of the year, and exchange rate differences were recognized as income or expenses for the period.

*The trade receivables* amount to 1,041,475 lei as of December 31, 2019 :

	Sold there 31st of December	Sold there December 31, 2019	Liquidity term for the balance from December 31, 2019
receivables			

		2018		Under the 1 year	Over 1 year
	<b>Trade receivables</b>				
1	Trade receivables - with the entities within the group	0	0	0	
2	Trade receivables - third parties	431.600	985.971	985.971	
<b>3</b>	<b>Total trade receivables</b>				
4	Trade receivables provisions	71.681	71.681	71.681	
<b>5 = 3-4</b>	<b>Trade receivables, net</b>	<b>359.919</b>	<b>914.290</b>	<b>914.290</b>	
	<b>Other receivables and payables</b>				
6	Amounts receivable from affiliated entities				
7	Amounts receivable from entities with participation interests				
<b>8</b>	<b>Other receivables</b>	<b>119.274</b>	<b>127.185</b>	<b>127.185</b>	
9	Provisions other receivables				
<b>10 = 8-9</b>	<b>Other receivables, net</b>	<b>119.274</b>	<b>127.185</b>	<b>127.185</b>	
<b>11</b>	<b>Subscribed and unpaid capital</b>				
<b>12</b>	<b>Total trade receivables and other receivables</b>	<b>479.193</b>	<b>1041475</b>	<b>1041475</b>	

Trade receivables to be collected under 1 year generally have a collection period between 30-120 days.

As at 31.12.2019, the adjustments for the depreciation of receivables are worth 71,681 lei, constituted as follows:

–□for doubtful receivables amounting to 71,681 lei, a provision was set up: **71,681 lei** (set up on 31.12.2009 )

The movements in the receivables impairment account were as follows:

	31.12.20 18	31.12.2019
	<b>1598018</b>	<b>71.681</b>
Increases during the year		
Amounts spent on expenses	1526337	
Overflows during the year		
	<b>71.681</b>	<b>71.681</b>

*The turnover rate of customer loans on 31.12.2019 compared to 31.12.2018*

	<b>31.12.2019</b>	<b>31.12.2018</b>
Rotation speed of customer flows	1479.32	250.05

## 9. Stocuri

The company uses the first in-first out (FIFO) method to determine the cost of materials

At 31.12.2019, no adjustments were registered for the depreciation of their value, the management estimating that they can be used or capitalized in the following period at the value presented in the financial statements.

## 10. Cash and cash equivalents

As of 31.12.2019, the cash and cash equivalents amount to 62,814 lei, and consist of

	<b>Sold on 31.12.2019</b>	<b>Sold on 31.12.2018</b>
	<b>62.814</b>	<b>267.355</b>
cash in cash	5640	4125
current bank accounts	57.174	263.230
Cash advances	0	0
cash equivalents (meal vouchers, tax stamps)	0	0

## 11. Equity

*Social capital*

	<b>Sold there 31st of December 2018</b>	<b>Sold there December 31, 2019</b>
	Number	Number
Capital subscribed for ordinary shares	2 . 024 . 655	2 . 024 . 655

Subscribed capital preferred shares		
	<i>RON</i>	<i>RON</i>
Nominal value of ordinary shares	2, 50	2, 50
Nominal value of preferred shares		
	<i>RON</i>	<i>RON</i>
Share capital value	5 . 061 . 637	5 . 061 . 637

The share capital of the Company is fully paid on December 31, 2019 .

#### **Ownership structure**

	<b>Sold there 31st of December 2018</b>	<b>%</b>	<b>Sold there December 31, 2019</b>	<b>%</b>
EMPLOYEE ASSOCIATION	2 . 470 . 595	48, 79	2 . 470 . 595	48, 79
SIF MUNTENIA	400 . 640	7, 92	400 . 640	7, 92
OTHER SHAREHOLDERS	2 . 190 . 402	43, 29	2 . 190 . 402	43, 29
<b>TOTAL</b>	<b>5 . 061 . 637</b>	<b>100</b>	<b>5 . 061 . 637</b>	<b>100</b>

In the period 01.01.2019- 31.12.2019 were not issued stocks and bonds, they have not repurchased shares.

#### **Administrators, directors and supervisory committee**

Due to the financial difficulties that the company is facing, by concluding the Prahova Tribunal-Commercial and Administrative Litigation Section II, dated 24.07.2013, pronounced in the insolvency file no. 5081/105/2013, it was ordered to open the insolvency procedure of the debtor SC Compania Energopetrol SA, the judicial administrator being Andrei Ioan IPURL.

By the Decision of the General Meeting of Shareholders of SC Compania Energopetrol SA no. 2 / 03.09.2013, Mr. Celescu Mircea was appointed Special Administrator.

Through the report prepared by the judicial administrator Andrei Ioan IPURL on 09.10.2013 on the causes and circumstances that led to the insolvency of the debtor SC COMPANIA ENERGOPETROL SA it was considered that the company Compania Energopetrol SA has real chances of reorganization, reason for which proposed the continuation of the observation period for the purpose of the submission by the debtors through the special administrator of the reorganization plan, as it expressed its intention within the procedural time limit.

By the Decision of the Extraordinary General Meeting of Shareholders of SC Compania Energopetrol SA from 08.12.2014, the resignation of Mr. Celescu Mircea from the position of special administrator of the company and the appointment of Mr. Busuioc Dan-Nicolae as special administrator were approved.

By the Decision of the Ordinary General Meeting of Shareholders of SC Compania Energopetrol SA from 05.05.2015, the resignation of Mr. Busuioc Dan-Nicolae from the position of special administrator of the company and the appointment of Mr. Celescu Mircea as special administrator were approved.

There are no contractual obligations regarding the payment of pensions to former directors and administrators.

All employees are included in the pension plan of the Romanian state.

No advances or credits were granted to the directors or administrators during 01.01.2019 - 31.12.2019 .

There are no future obligations assumed by the company on behalf of the directors or administrators.

In accordance with IAS 29 “Financial Reporting in Hyperinflationary Economies”, the Company has adjusted the historical cost of share capital to the effect of inflation by December 31, 2003.

The differences from the revaluations included in the share capital were eliminated until the end of 2003, with the amount of 4,442,780 (1028 = 105) and the reserves from the respective revaluation were transferred to the carried forward result (105 = 1175).

The resulting effect is:

- on January 1, 2011: the increase of the adjustments related to *the share capital* with the amount of 34,855,478 lei and the registration in the counterpart of the amount of 34,855,478 lei in account 118 “Retained earnings from the first adoption of IAS 29”, so that equity remains unchanged . The situation is also presented on 31.12.2011 and 31.12.2012 (118 = 1028).

On 26.04.2013, in the OGMS meeting it was decided to partially cover the amount resulting from the application of IAS 29 amounting to 30,412,698 lei:

	<b>31.12. 2018</b>	<b>31.12.2019</b>
Result carried forward loss from first application IAS 29	34,855,478	34,855,478
Share capital adjustments - first application of IFRS	30,412,698	30,412,698
The difference remained uncovered	4.44278 million	4.44278 million

**The legal reserves** of the company on 31.12.2019 are in the amount of 89,536 lei as a result of the establishment of the legal reserve (5% of the accounting profit established according to Law 571/2003 with subsequent amendments and completions and of Law 31/1990 with subsequent amendments and completions).

The company registers on 31.12.2019 “ **other reserves** ” account 1068 the amount of 1,143,197 lei representing reserves for its own financing sources.

The revaluation reserves are in the amount of 3,427,142 lei on 31.12.2019 . We specify that on 31.12.2012 all the company's constructions were re-evaluated.

Sold ct 105 on 31.12.2018 3,771,340

Increases 0

Decreases 344,198

Balance ct 105 on 31.12.2019 3,427,142

In the period 01.01.2019 - 31.12.2019 the company registered an accounting loss of 90,391 lei .

The company registers losses on the result carried forward of -5,743,615 lei from the correction of some accounting errors in the previous periods , respectively from amounts included in ct 418 “Invoices to be drawn up”, without support in ongoing contracts.

## 12.Provizioane

Name of the provision	Sold there December 31, 2018	Account transfer	Account transfer	Sold there December 31, 2019
Provisions for litigation				
Provisions for guarantees granted to customers	0			0
Provisions for taxes	9655			9655
Other provisions for risks and expenses	15.957			15.957
<b>Total</b>	<b>25.612</b>			<b>25.612</b>

## 13. Loans and other debts

Debts are recorded at nominal value and are highlighted in the analytical accounting for each natural or legal person. Debts in foreign currency were valued on the basis of the exchange rate in force at the end of the year, and exchange rate differences were recognized as income or expenses for the period.

The debt situation as of 31.12.2019 is as follows:

	liability	Sold there 31st of December 2018	Sold there December 31, 2019	Due date for the balance from 31.12.2019		
				Under 1 year	15 years	Over 5 years

1	Bond issue loans					
2	Amounts owed to credit institutions	297.796	0	0		
3	Advances received on account of orders					
4	Trade payables - suppliers entities within the group	0	0	0	0	
5	Trade debts - third party suppliers	1469771	1311836	1311836	0	
<b>6 = 3 + 4 + 5</b>	<b>Total trade debt</b>	<b>1767567</b>	<b>1311836</b>	<b>1311836</b>	<b>0</b>	
7	Effect of platit trade					
8	Amounts owed to affiliated entities					
9	Amounts due to entities with participation interests					
10	Other debts including tax debts and social insurance debts	3650892	2959611	2615826	343.785	
<b>11</b>	<b>Total</b>	<b>5418459</b>	<b>4271447</b>	<b>3927662</b>	<b>343.785</b>	

Debts whose maturity is between 1 and 5 years, represent deferred taxes related to the revaluation reserve related to revaluations performed after 31.12.2003, which will be paid at the time of revaluation of revalued tangible assets, as a result of their sale or scrapping.

Line *other sum* payment amounting to 2,959,611 lei east is detailed below:

liability	Sold there December 31, 2019	Due date		
		Under 1 year	15 years	In 5 years
Salaries and assimilated debts	66.096	66.096		
Debts to shareholders	49.080	49.080		
Other taxes	2.49437 million	2.49437 million	0	
leasing	0	0		
Debt with deferred tax	343.785		343.785	
Other debts	6280	6280		

#### 14. Amounts owed to credit institutions

Until 31.12.2019, the company paid in full all its loans in the short and medium term.

### 15. Postponed taxes

As a result of the fact that the tangible fixed assets were revalued after 31.12.2003 and amounts were registered in account 105 "Reserves from the revaluation of tangible fixed assets", thus modifying the book value of the asset, but from a fiscal point of view, according to the Fiscal Code effective " reserves from revaluation of fixed assets, including land, performed after the **date of** January 1, 2004, which are deducted from taxable income through depreciation or expenditure on assets sold and / or disposed of, is taxed simultaneously with the deduction of tax depreciation , respectively at the moment of the decrease of the management of these fixed assets ” , there are temporary differences between the book value of the assets and their fiscal base.

The withdrawals show the following differences in terms of deferred tax liabilities:

#### The situation of the financial position

Elements	December 31, 2018	December 31, 2019
1 The value of the revaluation reserve related to the revaluations performed after 31.12.2003	2406744	2148656
<b>2. Deferred income tax liability (16%)</b>	385.079	343.785

### 16. Operating income

	31.12.2019	31.12.2018	DIFFERENCES
Fiscal value	235.872	630.019	-394 147
Other operating revenues	1866493	5203298	-3,336,805
<b>Total operating income</b>	<b>2102365</b>	<b>5833317</b>	<b>-3,152,678</b>

The main activity of SC Compania Energetrol SA is represented by the electro-energetic works.  
The services offered by the company are the following:

- execution of electricity transmission and distribution installations in overhead and underground networks with voltages from 0.4 to 400 kw.
- execution of actuators and installations of force, lighting and automation in normal and classified environments.
- executions of cathodic protection installations of the metallic constructions buried or mounted on the ground.
- execution of protection installations against atmospheric discharges.
- execution of automatic control systems and data acquisition (SCADA)
- service works, revisions, modernizations, and refurbishments for the installations in the field of activity

The turnover has the following structure:

	<b>Sales 01.01.2019 - 31.12.2019</b>	<b>Sales 01.01.2018 - 31.12.2018</b>
	<b>235.872</b>	<b>630.019</b>
Electric power works	219.773	587.963
Sale of goods	12.237	1116
Other incomes	3862	40 940

### **1 7. Operating expenses**

	<b>01.01.2019 - 31.12.2019</b>	<b>01.01.2018 - 31.12.2019</b>	<b>D iferent</b>
Spend. with raw materials and consumables	158.620	394.470	-235 850
Spend. With energy and water	30.108	39.410	-9.032
Spend. Looking at the goods	9577	1116	8461
Trade discounts	-1 . 971	-2.840	-869
<b>Total material expenses</b>	<b>196.334</b>	<b>435.156</b>	<b>-238 822</b>
Spend. with salaries and allowances	759.114	590.114	169,000
Spend. with insurance and social protection	42.694	31.028	11.666
<b>Total staff costs</b>	<b>801.808</b>	<b>621.142</b>	<b>180.666</b>

Value-depreciation adjustments	144.460	191.331	-46 871
Value-depreciation adjustments	0	0	0
Value adjustments on current assets	0	0	0
<b>Total depreciation and amortization</b>	<b>144.460</b>	<b>191.331</b>	<b>-46 871</b>
Spend. on external services	443.075	625.591	-185 516
Spend. with taxes and fees	169.143	311.386	-142 243
Other expenses	437.936	1130084	-692 148
<b>Total other operating expenses</b>	<b>1050154</b>	<b>2317061</b>	<b>-1,266,907</b>
Adjustments regarding provisions		0	
<b>Total operating expenses</b>	<b>2192756</b>	<b>3.56469 million</b>	<b>-1,371,934</b>

Most of the executed works are awarded following the tenders, usually the most advantageous offer from the financial point of view being declared the winner. The level of the offer prices is established on unitary technical and commercial criteria and, in general, the tenders are won by economic agents with a very coherence of the policy of acquisitions of materials and equipment, with traditional suppliers, as well as with an appropriate policy of organization and judicial use of the labor offer. In this sense, the company has ensured a series of suppliers of materials and equipment with competitive prices. , depending on the payment method and the time of payment, grants discounts.

## 18. Financial income and expenses

	<b>01.01.20 19 - 31.12.2019</b>	<b>01.01.2018 - 31.12.2019</b>	<b>differences</b>
Interest income	0	34	-34
Income from exchange rate differences	0	11.258	-11 258
	<b>0</b>	<b>11.292</b>	<b>-11 292</b>

	<b>01.01.2019- 31.12.2019</b>	<b>01.01.2018- 30.09 .2018</b>	<b>differences</b>
Interest expense	0	0	0

Losses from exchange rate differences	0	0	0
<b>Total financial expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>

Receivables and payables in foreign currency were valued on the basis of the exchange rate in force at the end of each month of the financial year, and the exchange rate differences were recognized as income or expenses for the period.

## 19. Profit tax

**On 31.12.2018, the company registered an accounting profit of 2,279,919 lei and a taxable profit of 3,290,094 lei**

**On 31.12.2019 , the company recorded an accounting loss of 90,391 lei:**

Items similar to income: 255,200 lei

Non- deductible expenses 132,657 lei

**Taxable profit 297,466 lei**

Considering that the company registered a fiscal loss, according to Declaration 101, as follows:

-In 2014 1,231,220 lei

-In 2015 1,239,398 lei

-In 2016 1,071,052 lei

and in accordance with art. 31 para. 1 of the Fiscal Code: "The annual loss, established by the profit tax return, is recovered from the taxable profits obtained in the next 7 consecutive years", it results that the company does not owe profit tax. The taxable profit for 2019 will cover 297,466 lei from fiscal loss for 2014.

## 20. The result per action

Earnings per share - basic are calculated by dividing the profit or loss attributable to ordinary shareholders of the parent entity (numerator), by the weighted average of ordinary shares, outstanding (denominator) in that year.

<b>5. Indicator on the result per action</b>	<b>31.12.2019</b>	<b>31.12 .2018</b>
Earnings per share	-0, 04	1 , 13
Diluted earnings per share	-0, 04	1 , 13

## 21. Average number of employees

a) Employees : The average number of employees has evolved as follows:

	<b>31.12.2019</b>	<b>31.12 .2018</b>
<b>TOTAL</b>	27	27
tesa	6	6
Directly productive	15	15
Indirectly productive	6	6

b) The expenses with the salaries and the afferent taxes registered in the period 01.01.2019 - 31.12.2019 and 01.01.2018 - 31.12 .2018 are the following:

	<b>01.01 .2019 - 31.12.2019</b>	<b>01.01.2018 - 31.12 .2018</b>
Expenses with salaries and allowances	759.114	590.114
Social security expenses	42.694	31.028

The company does not have a pension program for staff, especially contributing to the national pension program according to the legislation in force.

## **22. Transactions with affiliated parties**

<b>Company name</b>	<b>The nature of the relationship</b>	<b>Transaction type</b>	<b>Country of origin</b>	<b>Headquarters</b>
FACC SRL		Sales / acquisitions of goods and services	Romania	Str. Industriiei, 3, Campina

We mention that FACC SRL is being liquidated.

## **23. Commitments if contingent**

The Company's management considers that the ongoing litigations on 31.12.2019 will not have a significant impact on the Company's operations and financial position.

## **24. Risk management**

### **Capital risk management**

Capital structure within Energopetrol SA Company. consists of equity (including adjusted share capital, retained earnings (including net profit for the year) and other reserves as presented in the "Statement of changes in equity") and liabilities (which include short- and long-term loans)

The objectives of SC Energopetrol Company regarding capital management aim at protecting the company's ability to operate in the future under normal conditions so as to bring profit to shareholders and benefits to other parties involved, as well as maintaining an optimal capital structure to reduce capital expenditures. .

In order to maintain or adjust the capital structure, the company adjusted the value of dividends granted to shareholders, may return capital to shareholders, issue new shares or sell assets to reduce debt.

Like other entities operating in the same field, the company monitors capital based on the degree of indebtedness (see Note 25 ) . As of 31.12.2019, the degree of indebtedness is 0 because the company has no long-term loans to pay, and for loans or loans that have a repayment term of less than one year, there are no extensions of this term .

In carrying out its activity, the company is also exposed to the following risks:

- Credit risk
- Liquidity risk
- Market risk
- Currency risk
- Operational Risk
- Tax risk

#### **General framework for risk management**

Due to the financial difficulties that the company is facing, by concluding the Prahova Tribunal-Commercial and Administrative Litigation Section II, dated 24.07.2013, pronounced in the insolvency file no. 5081/105/2013 it was ordered the opening of the insolvency procedure of the debtor SC Compania Energopetrol SA, judicial administrator being Andrei Ioan IPURL

By the Decision of the General Meeting of Shareholders of SC Compania Energopetrol SA no. 2 / 03.09.2013, Mr. Celescu Mircea was appointed Special Administrator.

By the Decision of the Extraordinary General Meeting of Shareholders of SC Compania Energopetrol SA from 08.12.2014, the resignation of Mr. Celescu Mircea from the position of special administrator of the company and the appointment of Mr. Busuioc Dan-Nicolae as special administrator were approved.

By the Decision of the General Meeting of Shareholders of SC Compania Energopetrol SA from 05.05.2015, the resignation of Mr. Busuioc Dan-Nicolae from the position of special administrator of the company and the appointment of Mr. Celescu Mircea as special administrator were approved.

According to law 85/2006, “after the opening of the procedure, the general meeting of shareholders / associates of the debtor, legal person, will appoint, at their expense, a representative, natural or legal person, special administrator, to represent the interests of the company and their participate in the procedure, at the expense of the debtor. After the lifting of the administration right, the debtor is represented by the judicial administrator / liquidator who also leads his commercial activity, and the mandate of the special administrator will be reduced to representing the interests of the shareholders / associates.

The special administrator has the following attributions:

- a) expresses the debtor's intention to propose a plan, according to art. 28 para. (1) lit. h), corroborated with art. 33 para. (2);

- b) participates, as a representative of the debtor, in the judgment of the actions provided in art. 79 and 80;
- c) formulates appeals within the procedure regulated by the present law;
- d) proposes a reorganization plan;
- e) administers the activity of the debtor, under the supervision of the judicial administrator, after the confirmation of the plan;
- f) after entering bankruptcy, participates in the inventory, signing the deed, receives the final report and the closing balance and participates in the meeting convened to resolve the objections and approve the report;
- g) receives notification of the closure of the procedure. "

### Credit risk

Credit risk is the risk that the Company will incur a financial loss as a result of the breach of contractual obligations by a customer or a counterparty to a financial instrument, and this risk results mainly from the Company's trade receivables .

The Company's exposure to credit risk is mainly influenced by the individual characteristics of each client and of the country in which he carries out his activity. The Company's clients operate in Romania.

The company monitors the exposure to credit risk by analyzing the seniority of its receivables records and acts to recover past due or expired.

The Company establishes an adjustment for impairment that represents estimates of losses on trade receivables, other receivables and investments. The main components of this adjustment are a specific loss component related to significant individual exposures.

The carrying amount of financial assets represents the maximum exposure to credit risk. The maximum exposure to credit risk was:

Accounting value	December 31, 2019	December 31, 2018
Trade receivables and other receivables	1,041,475	479,193

The Company's exposure to credit risk is mainly influenced by the individual characteristics of each client.

**Impairment losses** - see Note 8 , which states that there were impairments in the amount of 71,681 lei for receivables not collected within the contractual term, older than 365 days, from customers exposed to the risk of non-collection.

The analysis by seniority of the commercial receivables on 31.12.2019 is presented as follows:

### December 31, 2019

#### in lei Gross value Depreciation

Currents between 0 and 30 days	305,884	-
Age between 30-60 days	351,503	-
and between 60-90 days	231,403	-
between 90-120 days	40,172	-
over 120 days	184,194	71,681
<b>TOTAL</b>	<b>CREATOR 1,113,156</b>	<b>71,681</b>

\* V alue of 184.194 lei represents clients are in the procedure of insolvency or bankruptcy.

### **Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulties in fulfilling the obligations associated with debts that are settled in cash or by transferring another financial asset. The Company's approach to liquidity risk is to ensure, to the extent possible, that it has sufficient liquidity at all times to meet its liabilities when they become due, both under normal and stressful conditions, without to bear unacceptable losses or to endanger the Company's reputation.

Currently, the company carries out its activity under the conditions of law 85/2006, regarding the insolvency procedure.

The following table shows the residual contractual maturities of financial liabilities at the end of the reporting period, including estimated interest payments:

#### **31.12.2019 Value Cash flows**

	<b>total contractual accounting less than 1 year 1 - 5 years</b>			
Loans	0	0	0	0
Trade payables and other debts	4,271,447	4,271,447	3,927,662	343,785

### **Market risk**

Market risk is the risk that changes in market prices, such as exchange rates, interest rates and the price of major raw materials and materials will affect the Company's expenses.

#### ***Exposure to interest rate risk***

The Company's exposure to interest rate risk changes primarily relates to the Company's long-term variable interest loans (see Note 14 ).

### **Currency risk**

Sensitivity analysis

An appreciation / depreciation by 10 % of the RON currency on December 31, 2019 compared to the presented currencies would not have determined an increase (decrease) of the profit. This analysis assumes that all other variables, in particular interest rates, remain constant.

### **Operational risk**

Operational risk is the risk of direct or indirect losses arising from a wide range of causes associated with the Company's processes, personnel, technology and infrastructure, as well as from external factors other than credit, market and liquidity risk, such as coming from legal and regulatory requirements and from generally accepted standards regarding organizational behavior .

The operational risks come from all the Company's operations. The main responsibility for the development and implementation of controls related to operational risk rests with the management of the entity. The responsibility is supported by the development of the generated standards of the Operational Risk Management Company on the following areas:

- Requirements for separation of responsibilities;
- Alignment with regulatory and legal requirements
- Documentation of controls and procedures
- Requirements for periodic analysis of the operational risk to which the Company is exposed and the adequacy of controls and procedures to prevent the identified risks
- Requirements for reporting operational losses and proposals to remedy the causes that generated them
- Elaboration of operational continuity plans
- Professional development and training
- Establishing ethical standards
- Prevention of the risk of litigation, including insurance where applicable
- Risk mitigation, including the efficient use of insurance where appropriate.

#### **Tax risk**

Starting with January 1, 2007, as a result of Romania's accession to the European Union, the Company had to submit to the regulations of the European Union and consequently prepared for the application of the changes brought by the European legislation.

The company has implemented these changes, but the way of their implementation remains open to the fiscal audit for 5 years, respectively 7 years starting with the financial year 2012 .

The interpretation of the texts and the practical implementation of the procedures of the new applicable fiscal regulations harmonized with the European legislation, could vary from entity to entity, and there is the risk that in certain situations the tax authorities adopt a different position from the Company .

It is possible that the Company will continue to be subject to fiscal controls as new fiscal regulations are issued.

#### ***Risk regarding data protection and processing***

The risk can be generated by situations such as accidental loss or modification of data, as well as unauthorized access to personal data. Regardless of the basis of processing, the company complies with the obligations set out in the General Regulation on Data Protection (RGPD) - Regulation (EU) 2016/679 including the obligation to inform the data subject at the time of data collection.

#### ***Medical risks***

The globalization of the infection with the new coronavirus COVID 19 causes negative effects such as:

- A Manar / waiver acquisition by potential buyers of assets put up for sale by the company caused by the instability created in the world ;

- The decrease of the demand for works executed by our company as a result of the reduction of the budgetary and investment allocations of the eventual beneficiaries;
- possible cases of staff illness or entry into childcare leave.

At this time we cannot estimate the economic impact of this pandemic.

## 25.IN ECONOMIC-FINANCIAL INDICATORS

	31.12.2019	31.12 .2018
Current liquidity indicator	0, 64	0.43
Immediate liquidity indicator	0, 2 8	0, 15
<b>2. Risk indicators</b>		
Indebtedness rate indicator (Loans on TL / Equity)	0	0
Interest coverage indicator	0	0
<b>3. Activity indicators</b>		
Stock turnover rate	3.80	0.74
Rotation speed of customer flows	1479.32	250.05
Rotation speed of supplier credits	2030.00	851.51
Rotation speed of fixed assets	0, 07	0.16
Rotation speed of total assets	0, 04	0.10
<b>4. Profitability indicators</b>		
Return on capital employed	-0.18	4.06
Gross sales margin	-38.32%	360.09 %
<b>5. Indicators on earnings per share</b>		
Earnings per share	-0, 04	1.13

## 26. Segments of activity

An operating segment is a separate component of the Company that engages in activities from which it may derive revenue and record expenses, including revenue and expenses related to transactions with any of the other components of the Company and which is subject to risks and benefits other than those of to the other segments.

Considering that the shares of SC Compania Energopetrol SA are traded on BVB, and the company applies IFRS, it presents in the annual financial statements as well as in the interim reports prepared according to IAS 34 Interim Financial Reporting, information on business segments, products and services, about the geographical areas in which it operates and about the main clients.

In accordance with IFRS 8 "Business Segments", a business segment is a component of an entity:

- who engages in business activities from which he can obtain income and from which he can bear expenses (including income related to transactions with other components of the same entity)
- whose activity results are periodically examined by the main operational decision-maker of the entity in order to make decisions regarding the allocation of resources by segments and to evaluate its performance, and for which distinct financial information is available.
- Taking into account the criteria for identifying the business segments as well as the quantitative thresholds described in IFRS 8, SC Compania Energopetrol SA did not identify business segments for which to present the information separately, the entire activity of the company representing a single segment, respectively the achievement of the main object of activity, : realization of works of electrical installations code CAEN 4321.

The revenues related to the turnover amounting to 235,872 lei have the following geographical distribution:

- Prahova 193,199 lei
- Bacau 42,673 lei

## **27. Events after the reporting date**

In the insolvency file 5081/105/2013 pending before the Prahova Tribunal, at the deadline of 16.12.2019 the Court decided to postpone the case on 25.03.2020 for the execution of the reorganization plan and the continuation of the procedure.

On 23.01.2020 were conducted 's pla your worth 85.816 lei related Annex 1 "program pay debts SC Compania Energopetrol SA" plan of reorganization, remaining payment amount of 123.518 lei.

The actions for the sale of a part of the company's assets that are not absolutely necessary for the current activity of the company are continued.

- The request of Ferruno SRL regarding the acquisition of the land with an area of approximately 2300 sq m was received, together with the constructions located on it, located in Campina, str. Industriei, no . 3, Prahova county . The auction took place, and after the full payment, the sale-purchase contract will be signed.

-To receiving one company Ned Construct SRL on acquiring the land surface of 416 sqm, with construct has placed on it, located in Craiova , str. Teilor , nr. 106 , jud Dolj . The auction took place, and after the full payment, the sale-purchase contract will be signed.

- The steps at the Bragadiru City Hall were continued for the classification of our land in the category "construction-yards", respectively we also acted in the Court-File 333/93/2018. The solution at the deadline of 1 8.03.2020 „Rejects as unfounded the exception of the lateness of the action invoked by the defendant. Grants a deadline for the continuation of the trial on 06.05.2020 "

- Banners were installed and I contacted several real estate agencies through which I made known the fact that the company has for sale land with constructions and utilities.

-The lands for sale have been posted and promoted on a monthly basis on the following sites:

OLX.ro

AT JUMATE.ro

HOMEZZ.ro

PUBLI 24.ro

Considering the emergency situation created by COVID-19 in the world and in Romania, we consider that our company can also have the chance to benefit from the facilities given by the Government during this period, which will help us to continue the activity.

SPECIAL ADMINISTRATOR  
ING. CELESCU MIRCEA

PREPARED  
DIR.EC.ENACHE ROXANA

## STATEMENT

In accordance with the provisions of art. 30 of the Accounting Law no. 82/1991, the annual financial statements were prepared on 31.12.2019 for:

Legal entity: SC COMPANIA ENERGOPETROL SA

Prahova County

Address: Campina locality, Schelelor street, no. 32, tel. 0742 220 111

Number from the trade register: J29 / 3 / 15.01.1991

Form of ownership: 34 - Joint stock companies

Predominant activity: 4321- Electrical installation works

Tax Identification Code: RO1323700

Special Administrator Eng. Celescu Mircea, assumes the responsibility for the preparation of the annual financial statements on 31.12.2019 and confirms that:

- The accounting policies used in preparing financial statements annual are in accordance with International Financial Reporting Standards adopted by the European Union ( "IFRS") effective at the reporting date Annual S ocietatii respectively 31.12.2019
- The annual financial statements provide a true and fair view of the financial position, financial performance and other information relating to the business.
- The legal person carries out its activity under the conditions of law 85/2006, regarding the insolvency procedure.

SPECIAL ADMINISTRATOR  
ING. CELESCU MIRCEA

## INDEPENDENT AUDITOR'S REPORT

**C complicated by the,  
Shareholders of ENERGOPETROL COMPANY SA CAMPINA  
SOCIETY IN JUDICIAL REORGANIZATION**

**Report on the audit of the financial statements prepared on 31.12.2019**

### ***Opinion with reservations***

1. We have audited the financial statements of companies complicated keep COMPANI A ENERGOPETROL SA Campina-company in receivership single ( "**Company**" ), headquartered in Campina, str.Schelelor , 32, identified single pin co d the uni c d e registration tax of 1323700 comprising statement of financial position as at 31 December 201 9 , situation profit or loss ii and other elements of them the overall result, the statement of changes in equity and the statement of cash flows for the year ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

2. Financial statements at 31.12.2019 are identified complicated follows:

Net assets / Total equity: 512 168 lei;

The result exercises tert year (loss) : -90 391 lei.

3. In our opinion, except tert takes effects of the matters described in section "Basis for overture to reserve" in our report , financial statements attached provides image loyal complicated the Society complicated keep at December 31 201 in September and has high measurement its financial e and the fluxuril or cash for the year ended it gave complicated , as required OMPF 2844/2016 approving Regulations single countries accounting in accordance with IFRS Accountant complicated .

### ***The basis for the view with the re z Erve***

4. As shown complicated in form "Balance" registered company eaz signed a valo has a net asset less complicated than half of the share capital , fits so in art. 153 <sup>24</sup> of Law no. 31/1990 on companies signed tile commercial . In accordance with these provisions, given unreconstituted and country net assets in the period ahead single harmful , the company is exposed single risk that any part in t ERES complicated and complicated requiring complicated dissolution.

5. We conducted our audit in accordance with International Standards on Auditing ("ISA"), EU Regulation no. 537 of the European Parliament and the Council (hereinafter "Regulation") and Law no.162 / 2017 (the "Act"). Responsibilities single tile in our these standards are described in detail in the section" Responsibilities single tile auditor In an audit of the financial statements "of our report. We are independent fetus complicated by the Company under the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for complicated for Accountants (IESBA Code), according to the ethical requirements relevant to the audit of financial statements in Romania, including Regulation and Law, and non- we met the responsibilities single tile according to these requirements and ethical as IESBA Code. We believe single audit evidence we have obtained is sufficient and appropriate to provide a basis complicated for our opinion complicated .

### ***Highlighting some aspects***

6. As shown in notes to the financial statements on 31.12.2019 the company is in judicial reorganization , the reorganization plan ordered by the judgment of the Civil complicated no. 499 / 25.04.2016 . In Note 27 " Events after the Reporting Period" stated complicated that single is currently before the court and the judge signed request societies complicated keep extending the procedure , term 03/25/2020. Depending on the hot single rare court 's complicated and I signed measures we taken nationally for situated to urgently complicated impacting society complicated know, it could and complicated -and carry out further work .

### ***Key audit issues***

7. The key aspects of the audit are those aspects that, based on our professional reasoning , have had the greatest importance for the audit of the financial statements of the current period. These issues have been addressed in the context of the audit of the financial statements as a whole and in the formation of our opinion on them and we do not provide a separate opinion on these issues.

Except as described in Section ile "Basis for qualified opinion" and " Emphasis of matter is " , I determined that complicated there is no single other key audit issues to be communicated in our report.

### ***Other information - Administrators' Report***

8. The administrators are responsible for the preparation and presentation of other information. Those other information comprises the Directors' Report, d would not comprise the financial statements and the auditor's report thereon.

Our opinion on the financial statements does not cover this other information and unless explicitly mentioned in our report, we do not express any assurance about them.

In connection with the audit of the financial statements for the financial year ended December 31, 2019, our responsibility is to read that other information and, in doing so, to assess whether that other information is significantly inconsistent with the financial statements, or with the knowledge we have. -we obtained during the audit, or if they appear to be significantly distorted.

Regarding the Directors' Report, we have read and report whether it has been prepared, in all material respects, in accordance with the requirements of OMFP 2844/2016 for the approval of the Accounting Regulations in accordance with International Accounting Reporting Standards, points 15-19.

Q n the basis of the work to be performed exclusively during the audit of financial statements, in our opinion:

- a) The information presented in the Directors' Report for the financial year for which the financial statements have been prepared is in accordance, in all material respects, with the financial statements;
- b) The directors' report was prepared, in all significant aspects, in accordance with the requirements of OMFP 2844/2016 for the approval of the Accounting Regulations compliant with the International Accounting Reporting Standards, points 15-19.

Q In addition, based on knowledge and our understanding about the company and its environment, acquired during the audit of financial statements for the year ended 31 December 2019, we are asked to report if we have identified material misstatements in the Directors' Report. We have nothing to report on this issue.

### ***The responsibilities of the management and of the persons responsible with governance for the financial statements***

9. The Company's management is responsible for preparing financial statements that provide a true and fair view in accordance with the requirements of OMFP 2844/2016 for the approval of the Accounting Regulations in accordance with International Accounting Reporting Standards, points 15-19 and for that internal control that management deems necessary for to allow the preparation of financial statements free from significant misstatement, caused by either fraud or error.

10. Q. In preparing financial statements, management is responsible for assessing the company's ability to continue its work to present, if appropriate, on issues related to business continuity and using accounting on a going concern basis unless management either intends to liquidate the Company or to stop the operations, or it has no other realistic alternative besides them.

11. The persons responsible for governance govern the supervision of the financial reporting process of the Company.

### ***The auditor's responsibilities in an audit of financial statements***

12. Our objectives are to obtain reasonable assurance as to the extent to which the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to the issuance of an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but there is no guarantee that an audit conducted in accordance with the ISA will always detect significant misstatement, if any. Distortions can be caused by either fraud or error and are considered significant if it can reasonably be expected that they, individually or cumulatively, will influence users' economic decisions based on these financial statements.

13. As part of an audit in accordance with the ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. Also :

- We identify and evaluate the risks of material misstatement of the financial statements, caused by either fraud or error, design and perform audit procedures in response to those risks and obtain sufficient and adequate audit evidence to provide a basis for our opinion. The risk of not detecting a significant misstatement caused by fraud is higher than the risk of not detecting a significant misstatement caused by error, because fraud can involve secret agreements, forgery, intentional omissions, false statements and avoidance of internal control.
- We understand the internal control relevant to the audit, in order to design audit procedures appropriate to the circumstances, but without the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- We evaluate the adequacy of the accounting policies used and the reasonableness of the accounting estimates and the related disclosures made by management.
- We formulate a conclusion regarding the adequacy of the management's use of accounting based on business continuity and determine, based on the audit evidence obtained, whether there is significant uncertainty about events or conditions that could raise significant doubts about the Company's capacity to continue its activity. If we conclude that there is significant uncertainty, we must draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, change our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease its activity based on the principle of business continuity.
- We evaluate the presentation, structure and content of financial statements, including disclosures, and the extent to which financial statements reflect the underlying transactions and events in a manner that results in a fair presentation.

14. We communicate to those responsible for governance, among other things, the planned area and timing of the audit, as well as the main findings of the audit, including any significant deficiencies in internal control, which we identify during the audit.

15. We also provide those responsible for governance with a statement of our compliance with ethical requirements regarding independence and communicate to them all relationships and other matters that may reasonably be considered to affect our independence and, where applicable, our independence. related safety measures.

16. Among the aspects that we communicated to the persons in charge of governance, we establish those aspects that had a greater importance in the audit on the financial statements of the current period and, therefore, represent key audit aspects. We describe these issues in our audit report, unless legislation or regulations prevent the public disclosure of that issue or if, in extremely rare circumstances, we believe

that an issue should not be disclosed in our report because it is expected in reasonably that the benefits of the public interest are outweighed by the negative consequences of this communication.

***Report on other legal and regulatory provisions***

17. We were appointed by the General Meeting of Shareholders on 23.04.2019 to audit the financial statements of ENERGOPETROL SA CAMPINA COMPANY -company in judicial reorganization- for the financial year ended on December 31, 2019. Signed Addendum no. 4 / 24.04.2019 in September in service contract no. 48 / 15.1.2016. Length overall our commitment was for four years and .

Confirm signed m c complicated :

- Q. In conducting our audit we have maintained independence fetus single entity audited complicated .
- We did not provide for the Company the prohibited **non-audit services** , mentioned in Article 5 (1) of EU Regulation no. 537/2014.

Ploiesti, 23.03.2020

**In the name**

**AUDIT EXPERT SRL Ploiesti**

Registered with the Public Surveillance Authority  
of the Statutory Audit Activity number 50

**CEO**

Constantin Maria

Registered with the Authority for Public  
Supervision of the Statutory Audit Activity  
number 184

**Name of signatory**

Gheorghiu Genica

Registered with the Authority for Public  
Supervision of the Statutory Audit Activity  
number 2 810