



SUBSTANTIATION NOTE ON THE 2016 INCOME AND EXPENDITURE BUDGET

I. **The substantiation of the 2016 Income and Expenditure Budget** and of the 2017 - 2018 forecast was based on the law concerning:

~ implementation of International Financial Reporting Standards by the companies whose securities are traded on a regulated market;

~ strengthening of the financial discipline and establishing the expenses for salaries and wages in the 2016 budget, at the level of economic operators where the state or administrative territorial units are sole or majority shareholders or hold directly or indirectly a majority participation;

~ profit allocation by the national companies and trade companies fully or majority state owned, as amended;

~ implementation of the Fiscal Code provisions;

~ change of the titleholder of license no. 1942 for operation of underground natural gas storage system from SNGN Romgaz S.A. Mediaș to SNGN Romgaz S.A.- Filiala de Înmagazinare Gaze Naturale Depogaz Ploiești SRL

~ layout and structure of the income and expenditure budget, as well as its related substantiation annexes;

II. **The assumptions related to certain expenditure** included in the 2016 income and expenditure budget were based on „The Forecast of the Main Macroeconomic Indicators For the Period 2015 – 2019” as published by the National Prognosis Commission, Autumn Prognosis – November 2015, and are the following:

	Year 2016	Year 2017	Year 2018
Index of consumer price increase %			
- year end	1.8	2.5	2.3
- annual average	0.5	2.7	2.5
Estimated exchange rate RON/USD	3.93	3.88	3.83
Estimated exchange rate RON/EUR	4.44	4.42	4.40

LEGAL AND OPERATIONAL UNBUNDLING OF THE UNDERGROUND STORAGE ACTIVITY

SNGN ROMGAZ S.A. Mediaș (hereinafter referred to as “Romgaz”), acting as vertically integrated economic operator, in compliance with European and national laws, is required to legally and operationally unbundle the underground gas storage activity from the natural gas production and supply activity.

The solution selected for legal and operational unbundling of the underground storage activity is setting up a new sole shareholder limited liability company, a 100% Romgaz owned subsidiary, named S.N.G.N. Romgaz S.A.- Filiala de Înmagazinare Gaze Naturale DEPOGAZ Ploiești SRL (hereinafter referred to as “The Subsidiary”). The Subsidiary will perform specific underground gas storage activities, separately from the natural gas production and supply activities, which will be performed, going forward, by S.N.G.N. Romgaz SA.

The underground natural gas storage license was transferred to the Subsidiary by ANRE Decision No. 2588/30.12.2015 starting with the 1st of April 2016. A contract package will be concluded between Romgaz and the Subsidiary for fixed assets rental, maintenance, compression, dehydration, natural gas and electric power delivery services.

Further to setting up the Subsidiary (starting with Q2 2016), the income and expenditure budget was influenced as follows:

INCOME

RON thousand

2016 Budget	Romgaz (before setting up the Subsidiary)	Romgaz (after setting up the Subsidiary)	Differences
	1	2	3=2-1
Revenue from storage services	491,988	187,203	- 304,785
Revenue from rentals	6,515	135,606	129,091
Services provided (maintenance, compression, dehydration, re-invoice of energy and gas, others)	28,800	170,354	141,554
TOTAL	527,303	493,163	- 34,140

EXPENDITURE

- decrease of expenses with salaries and wages by the amount of RON 8,074 thousand and of personnel-related expenses by the amount of RON 10,600 thousand due to transferring 174 employees to the Subsidiary;

- decrease of royalty costs related to the storage activity by the amount of RON 9,144 thousand.

**III. OUTLINE AND SUBSTANTIATION OF THE INDICATORS INCLUDED IN ROMGAZ
2016 INCOME AND EXPENDITURE BUDGET
(EXCLUDING THE SUBSIDIARY)**

1. SUBSTANTIATION OF INCOME

The substantiation of the main income categories of the income and expenditure budget is based on the forecasted evolution of the gas demand and delivery price, the production programs, gas storage in underground facilities program (for Q1), of the import gas acquisition and delivery program.

Revenues of the Electricity Production Branch (Sucursala de Producție Energie Electrică Iernut (SPEE Iernut) are generated from the electricity production and delivery as well as from other field related services.

Besides the main revenue categories, revenue is also recorded from other activities such as: service provision for third parties (transmission, gas dehydration and compression, rental of goods, chemical analyses, sale of condensate, sale of goods).

Operating Income

Operating income, in amount of **RON 4,497,903 thousand** is estimated to increase by 0.27% as compared to the preliminary amount for 2015. Operating income includes income from:

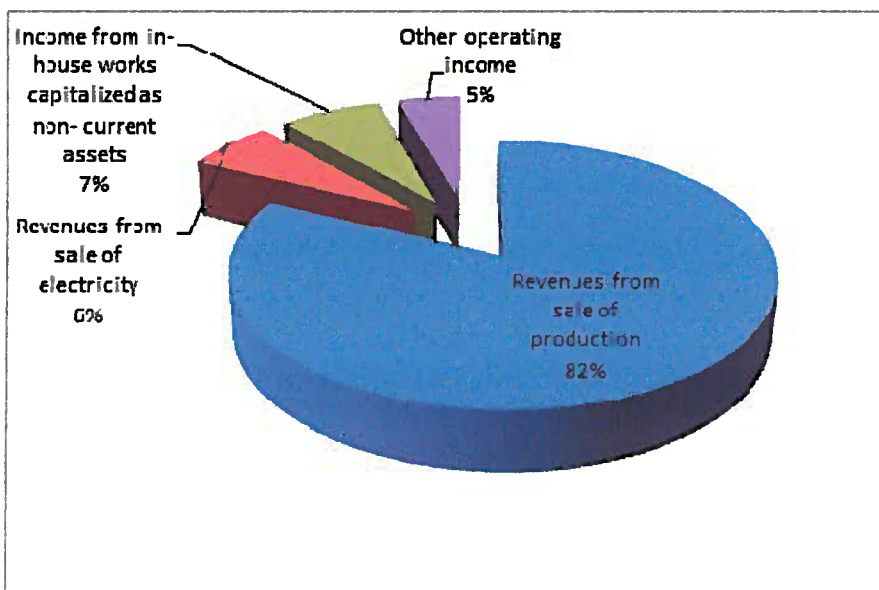
- ~ sale of gas production;
- ~ sale of condensate;
- ~ revenues from gas storage services (Q1 2016);
- ~ services to the Subsidiary (rental, maintenance, gas compression and dehydration);
- ~ sale of electricity;
- ~ sale of goods;
- ~ income from in-house works capitalized as non-current assets;
- ~ other income from fines and penalties, sale of assets.

We forecast a slight decrease of the natural gas consumption in 2016 due to the current context related to relationships on the gas market restricted by legislative amendments that directly affect the consumer by increasing gas purchase prices, especially for non-households.

Even after the planned price increase through the deregulation calendar on July 1, 2016 consumption of households and of heat producers for the consumption of the population shall follow the increasing trend; therefore we envisage an uptrend of this category.

Considering the above mentioned, in 2016 Romgaz gas deliveries shall be at least at the level of 2015, a slight increase might be recorded by increasing deliveries for household consumption.

The structure of operating income for 2016 is shown in the figure below:



Operating income is detailed in the table below:

Item no.	Description	2015 Preliminary - RON thousand -	2016 Budget proposal - RON thousand -	Ratios 2016 Budget / 2015 Preliminary - % -
1	Revenues from Romgaz gas sales delivered from own production (excluding joint ventures, and gas for electricity production)	3,159,884	3,193,306	101.06%
2	Revenues from joint ventures	131,373	122,594	93.32%
3	Revenues from import gas deliveries	4,169	10,371	248.76%
4	Revenues from electricity deliveries	334,411	283,547	84.79%
5	Revenues from storage services	332,526	187,203*	56.30%
6	Revenues from sale of production (including goods and changes in inventories)	229,029	313,394	136.84%
7	Income from in-house works capitalized as non-current assets	214,267	322,459	150.49%
8	Other operating income	80,217	65,029	81.07%
	Total operating income	4,485,877	4,497,903	100.27%

*) related to Q1 2016

Revenues from Romgaz gas delivered from own production (excluding gas from joint ventures and gas for electricity production) were determined based on the gas quantities estimated to be delivered to clients in 2016 and on the average delivery price of gas from current production and withdrawn from UGSs for both household and non-household consumption.

Revenues from joint ventures represent the value of natural gas delivered within joint ventures and are related to Romgaz participating interest.

Revenues from import gas deliveries represent the value of natural gas purchased from import and resold by Romgaz to own clients.

Revenues from delivered electricity were determined based on the quantities of delivered electricity and the estimated average delivery price.

Revenues from underground gas storage services are for Q1 2016, before the separation of underground storage activity.

Revenues from sold production and goods, estimated at **RON 313,394 thousand**, are based on:

- ~ revenues from **natural gas distribution** (regulated activity) related to distribution of natural gas from Piscu-Stejari and Ghercești;
- ~ revenues from **delivery of condensate**, related to deliveries of condensate resulting from natural gas production;
- ~ revenues from **rentals**, related to renting of spaces and/or fixed assets to third parties. Most of these revenues come from renting of underground gas storages to Subsidiary and to S.C. Depomureș;
- ~ revenues from selling of *commodity gas* are revenues from reselling of gas purchased from third parties (gas producers) who do not have the necessary infrastructure to deliver them in the National Transmission System;
- ~ revenues from *other supplied services* represent the revenues generated by the equivalent value of services supplied by the branches to third parties (gas compression, gas dehydration services). The amounts from supply of operation and maintenance services to Subsidiary are also included;
- ~ income from *changes in inventories* representing the difference between the quantity of own gas injected in the underground storage (+) and the one withdrawn (-) from the underground storage quantified to the actual withdrawal cost.

Income from in-house works capitalized as non-current assets represent the value of works performed in-house included in non-current assets.

Other operating income in amount of **RON 65,029 thousand** are 85% represented by penalties from clients for non-payment in time of the equivalent value of delivered gas.

Financial income in amount of **RON 22,106 thousand** is 98% generated by the interests received from banks for the cash of the company placed in bank deposits and state bonds. This income is anticipated to be below the income of previous year as a result of the decrease of bank interests.

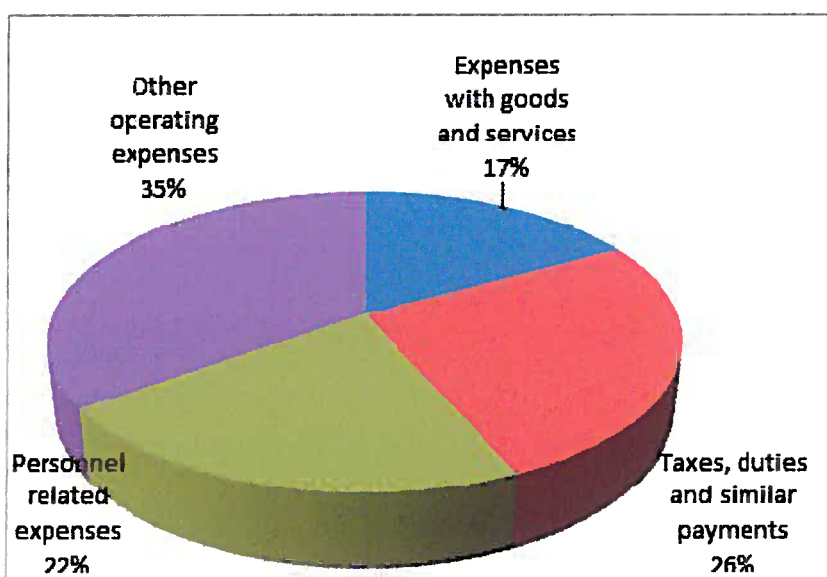
2. SUBSTANTIATION OF EXPENDITURE

Operating expenses are classified in 4 chapters, as follows:

- A. Expenses with goods and services;
- B. Expenses with taxes, duties and similar payments;
- C. Personnel related expenses;
- D. Other operating expenses.

RON thousand	Preliminary 2015	Budget 2016	Ratio (%)
	1	2	3=2/1
A. Expenses with goods and services, out of which:	379,058	484,700	127.87%
A1. Expenses with inventories	252,111	312,181	123.83%
A2. Expenses with services supplied by third parties	26,251	39,320	149.78%
A3. Expenses with other services supplied by third parties	100,696	133,199	132.28%
B Expenses with taxes, duties and similar payments	790,115	745,515	94.36%
C. Personnel related expenses	602,191	620,293	103.01%
D. Other operating expenses	1,269,985	990,266	77.97%
Total Operating Expenses	3,041,350	2,840,773	93.41%

Graphic representation of operating expenses divided on the 4 chapters:



A. Expenses for Goods and Services:

For this expense category (A) of RON 484,700 thousand, an increase of 27.87% is forecasted as compared to the 2015 estimate. This increase is mainly influenced by the high scheduled volume of in-house works relating to intangible assets and to maintenance works.

Incurring inventories-related expenses is required for undertaking substantial efforts to reduce the natural decline of production aiming at maintaining the gross natural gas production at a level similar to the previous year. Each branch has specific consumption norms, depending on the branches' scope of activity. These expenses are forecasted to increase by 23.83% as compared to 2015, meaning RON 312,181 thousand.

The increase of inventory-related expenses reflects the level of investments in exploration.

A significant share in Expenses for Goods and Services is held by the value of pipes, tubing, wellheads, foaming agents, cement, spare parts for the maintenance of gas compressors and gas drying stations.

Expenses in connection with third party services will increase by 49.78% as compared to 2015 and the forecast is at a level required for ensuring the operation continuity under safety conditions. The highest share relates to the maintenance and repairs of equipment specific for the natural gas extraction activity. This category includes inspection and refurbishment works for buildings, construction, equipment, machinery, compressor manifold, and partial or total replacement of elements or part of elements of such equipment. Services in connection with maintenance and repairs consist of:

- Christmas trees repairs;
- Gas heaters repairs;
- Gas coolers repairs;
- Sub-assemblies repairs;
- Electro-energetic installations inspections;
- Services for expertize, design and cleaning of compressor manifolds;
- Water treatment and compressor cooling services;
- Pipeline inspection and permitting services

Expenses in connection with third party services consist of expenses in connection with partners, commissions, fees, legal services, protocol, advertisement and publicity, sponsorship, transportation, employee transportation and relocation, security (as a result of commissioning new investments), organization restructure design, employee training, etc. Such expenses are expected to increase by 32.38% as compared to 2015. Experts for land register and topography services are co-opted. On January 26, 2015, the Extraordinary General Meeting of Shareholder (EGMS Resolution no. 1/January 26, 2015) approved the procurement of legal assistance services and of specialised legal assistance and representation services for the following issues:

- i. Dispute resulting from ANAF's completion of specific fiscal control;
- ii. Commencement of CTE Iernut development project at SPEE Iernut in form of "association in participation" as legal form of organization;
- iii. Commercial/civil/criminal disputes resulting from carrying out commercial activities.

B. Expenses for Taxes, Duties and Similar Payments:

These expenses include royalty calculated as percentage from the physical production and condensate (RON 285,861 thousand), windfall profit tax (RON 326,912 thousand), construction tax according to Government Emergency Ordinance no.102/2013 in amount of RON 74,206 thousand, land and building taxes, total permitting, licencing and environment taxes (RON 58,536 thousand).

Please note that the determination of the gas quantity for royalty purposes is made in accordance with Petroleum Law no. 238/2004 (chapter VI, article 49) by applying a percentage to the gross production of the reservoir. The average royalty level of S.N.G.N. Romgaz S.A. is 7%.

C. Personnel-related Expenses:

Personnel-related expenses were substantiated based on:

~ *Government Ordinance 26/2013 on strengthening the financial discipline at the level of economic operator where the state or administrative territorial units are sole or majority shareholders or hold, directly or indirectly, a majority as amended and supplemented;*

~ **Law no. 227/2015-Fiscal Code;**

~ **Law no. 339/2015 of the State Budget for the year 2016;**

~ **Labour Code;**

~ **Collective Labour Agreement**

In accordance with Law of the State Budget no. 339/2015, article 54, paragraph (1), item b) and item c) economic operator which apply the Government Ordinance 26/2013 may increase expenses for salaries and wages as compared to the level provided in the last budget of revenues and expenditures approved under the law, as follows:

- a) With the amounts related to supplementing the expenses for salaries and wages for the full year 2016 following the granting of wage increases in 2015, provided that the gross result is at least at the level of gross profit estimated for 2016 and taken into account when drawing up the 2015 budget of income and expenditure;
- b) with the amounts related to the increase of employees predicted for the end of 2016 as compared to the one approved in the previous year, between the hiring until the end of the year.

The company granted a wage increase by 1.5% in August 2015 and salary classes in December 2015. The expenses for salaries and wages for the year 2016 have been supplemented with these amounts.

Starting with April 1, 2016 the expenses related to the 174 employees transferred to the Subsidiary have been removed from the expenses for salaries and wages and implicitly from the expenses for salaries.

The company has forecasted the employment of 66 persons (average 36) for the new investments to be commissioned during the financial year.

An increase of expenses for salaries and wages by 0.81% and expenses for salaries by 0.46% is estimated.

For the end of 2016 the number of employees is anticipated to be 6.257 and the average number will be 6.270 employees.

The company included the amount of 400 Euro/employee at the contribution to optional pension plans and the amount of 250 Euro/employee representing health insurance, at "other contributions and special funds" in compliance with the Fiscal Code and the Collective Labour Agreement.

As regards the employer's contributions to social security, the percentages are those provided in the **LAW no. 227/2015 on Fiscal Code**.

The expenses related to mandate contract and other management and control bodies, commissions and committees, have been estimated in accordance with the mandate contract and director agreements, respectively. In the 2015 preliminary and in the 2015 income and expenditure budget, approved by Government Decision no. 936/2015, the costs with variable components related to Q4 and to the year 2015 are provided in the chapter provisions (and not provided in the chapter personnel-related expenses) and are to be effected in the following year of the financial year for which these are granted, according to the fulfilment of the performance criteria and objectives.

In 2016 the expenses with provisions from the previous year are recorded in write back of provisions and the amount actually granted is a cost element related to mandate contract and director agreements. Moreover, the variable components of remuneration of the director general and of Board members are granted according to the level of accomplishment of the performance indicators, the calculation formula of these indicators being included in the contracts.

The calculation of performance criteria is based on the average of accomplishments for the previous three years which resulted in a "target" level for each indicator. A weight has been granted to each indicator, resulting after integration, the level of fulfilment of the performance criteria and objectives.

A summary of weighting coefficient and performance criteria are shown in the table below:

Item no.	Specifications	Nature of indicators	Monetary units	Weighting coefficient	Performance criterion
1	EBITDA	maximizing	Thousand RON	0.25	4.5%
2	Revenue	maximizing	Thousand RON	0.20	+6%
3	Labour productivity (W)	maximizing	Thousand RON revenue/employee	0.10	+6%

4	Exploration expenses related to 1000 RON operating income	minimizing	RON	0.10	-0.6%
5	Volume of geological resource	maximizing	million m ³	0.10	+1%
6	Decline of natural gas production	minimizing	%	0.15	1.5%
7	Outstanding payments	-	Thousand RON	0.10	0

Based on the current 2016 budget proposal and taking into account the current performance criteria and reference indicators for the last three years (2013-2015), the level of accomplishment of performance criteria and objectives for the year 2016 has been calculated by 100.08%.

D. Other operating expenses:

There is a reduction of the estimated expenses for 2016 (with 22%) generated mainly by the decrease of adjustments and provisions (with approx. 55%).

It includes expenses regarding the fixed assets, other expenses which were not included in the previous chapters, tangible and intangible assets amortization, adjustments and provisions.

IV. PROPOSAL FOR PROFIT DISTRIBUTION FOR 2016 ACCORDING TO GOVERNMENT ORDINANCE NO. 64/2001 AND FOR DIVIDEND POLICY OF ROMGAZ

The recommendations of the Board of Directors according to Article 1 of Resolution No. 18/02.10.2013 of the Board of Directors are, as follows: *“The Board of Directors estimates that, by means of dividend policy, Romgaz may pay dividends up to maximum 75% from the company’s accounting profit remained after deduction of profit tax, estimating though, that starting with 2016 supplementary needs to finance investment objectives might appear”*. The same Article mentions that *“The Board of Directors considers that, when fixing the dividends, the majority shareholder should adopt a prudent policy in this respect.”*

For the 2016 Budget Proposal, the profit distribution was carried out according to the provisions of *Government Ordinance no. 64/2001 regarding profit distribution to national authorities, national companies and trading companies with full or majority state-owned capital, as subsequently amended.*

Following the recommendations of the Board of Directors of January 28, 2016, for 2016 the distribution percentage for shareholders of the net profit to be distributed, as provided in the budget draft is of 70%. During 2016 the Board of Directors shall elaborate the dividend policy. Due to regulatory reasons the draft of the budget for 2017-2018 was proposed with the minimum 50% as provided by law.

V. Level of overdue accounts receivables estimated for the end of 2016 is of RON 947,800 thousand.

VI. Level of arrears is estimated at RON 0 thousand.

VII. Investment Program in amount of RON 1,120,000 thousand is higher with 21% (with RON 195,119 thousand) than the preliminary for 2015 in amount of RON 924,881 thousand and it is completely self-financed.

The priority directions of S.N.G.N. ROMGAZ S.A. Investment Program for 2016 are structured on projects which aim the compensation of the natural decline of the natural gas production, thus:

- Continuance of geological research works through new exploration drillings and geological geophysical surveys for discovery of new natural gas reserves;
- Development of production potential by ensuring new capacities for the already existent facilities (drilling of exploration wells, compression units, booster compressors, modernization and refurbishment of the already existing units), improving the performances of the existing facilities and equipment, in order to increase the operational safety, reduction of energy consumptions and to optimize production;
- Preserving underground natural gas storage capacity, flexibility and security of the already existent storages and building up new capacities;
- Modernization and refurbishment of special well operation and intervention equipment and installations, as well as acquisition of high performance equipment and installations specific for basic activity;
- Specific machinery acquisition to ensure the basic activity of the technological transportation and maintenance as well as maintaining optimum conditions of road infrastructure in gas fields.

The proposals included in the 2016 investment program have been made in accordance with the provisions of the 2013 -2017 ROMGAZ Business Plan.

Included in the total budget amounting to RON 1,120,000 thousand, the following important investment objectives are going to be performed:

- Exploration works amounting to RON 480,000 thousand;
- Works in production fields, technological surface facilities at producing gas wells, gathering pipes, etc. amounting to approx. RON 122,000 thousand;
- Well re-completion/ reactivation, revamping of motor-compressor installations and capitalizable repairs of the existing pipeline infrastructure amounting to RON 260,000 thousand.

Substantiation of “new” objectives comprised in the 2016 investment program rests on the following:

- Obligatory performance of works included in the Concession Agreements concluded with the ANRM (The National Agency for Mineral Resources). In case of *joint ventures*,

the substantiation is made by the amount of works committed by the partners for the plan year;

- Reservoir studies performed for producing reservoirs, endorsed by ROMGAZ Technical-Economic Committee;
- Feasibility studies, endorsed by ROMGAZ Technical-Economic Committee (setting up new capacities or increase of the existing ones) or conformation to the findings of inspections performed by state institutions (emergency situations, environment);
 - obligation of well intervention for those approved in the reservoir studies, endorsed by ANRM;
 - well intervention, not planned but necessary to optimize gas production of wells having a capitalizable repairs feature, in accordance with IFRS;
 - Feasibility studies on revamping installation in operation in order to ensure an increment of gas production and/ or production safety;
- Necessity to replace fixed assets approved for write off or provision with new machinery and equipment required to sustain the base activity;
- Implementation of new information application (licenses and software) and upgrade of existing software

VIII. SYHTHESIS OF MAIN INDICATORS

	RON thousand	2015 Preliminary	2016 Budget Proposal	Ratios 2016 Budget / 2015 Preliminary (%)	2017 Budget Proposal	2018 Budget Proposal
1	Total income	4,530.2	4,520.0	99.77%	4,530.3	4,630.7
2	Total expenses	3,070.9	2,876.1	93.66%	2,882.6	2,981.0
3	Gross result	1,459.3	1,643.9	112.65%	1,647.7	1,649.7

To be noted that reduction of expenses is higher than reduction of incomes.

IX. INDICATOR FORECAST FOR THE PERIOD 2017 - 2018

The 2017 – 2018 forecast rests on those assumptions underlying the substantiation of the 2016 Budget, the market demand and conditions.

We would like to emphasize that the indicators forecasted for 2017 and 2018 are indicative only and are not the final indicators of the company's performance for the respective years; they are going to be updated in accordance with the law in force when preparing the budgets for each of the respective years.

ROMGAZ Board of Directors endorsed the 2016 Income and Expenditure Budget Proposal and the forecast for 2017 – 2018 in the meeting of January 28, 2016 (Resolution of the Board of Directors No. 2/ 2016).

In accordance with Article 4 paragraph (1) item d) of the Government Ordinance 26/ 2013, it is hereby requested that the General Meeting of Shareholders approve the 2016 Income and Expenditure Budget.

The general frame regarding the Income and Expenditure Budget comprises the following annexes:

- Annex 1: 2016 Income and Expenditure Budget (including estimations for 2017 – 2018); the column related to the current year only is published, in accordance with O.M.F.P. 20/2016.
- Annex 2: Detailed information on the economic-financial indicators included in the income and expenditure budget and their quarterly distribution;
- Annex 3: Total Income Stage of Completion;
- Annex 4: Investment Program, Equipment and Financing Sources;
- Annex 5: Measures to Improve Gross Result and Reduction of Outstanding Payments.

The columns related to years 2017 -2018 from Annex 1 and Annex 2-5 are not public. These may be reviewed only by Romgaz shareholders at the headquarters, daily between 10am – 2 pm, as well as in compliance with the procedure described in the Convening Notice of the Ordinary General Meeting of Shareholders (OGMS) on March 25, 2016, related to the manner of asking questions on the items of the OGMS agenda (page 3 of the convening notice).

CHAIRPERSON OF THE BOARD OF DIRECTORS
AURORA NEGRUȚ



ENDORSED,
DIRECTOR GENERAL,
VIRGIL MARIUS METEA



ECONOMIC DIRECTOR,
LUCIA IONASCU



2016 INCOME AND EXPENDITURE BUDGET

RON thousand

		INDICATORS	Row no.	2016 Budget proposal
0	1	2	3	4
I.		TOTAL INCOME (Row1=Row2+Row5+Row6)	1	4 520 009
	1	Total operating income out of which:	2	4 497 903
	a)	subsidies, according to legal provisions in force	3	
	b)	transfers, according to legal provisions in force	4	
	2	Financial Income	5	22 106
	3	Extraordinary Income	6	
II		TOTAL EXPENSES (Row7=Row8+Row20+Row21)	7	2 876 097
	1	Operating expenses, out of which:	8	2 840 773
	A.	expenses for goods and services	9	484 700
	B.	expenses for taxes, duties and similar payments	10	745 515
	C.	personnel-related expenses, out of which:	11	620 293
	C0	expenses for salaries and wages (Row 13+ Row14)	12	482 715
	C1	expenses for salaries	13	431 222
	C2	expenses for bonuses	14	51 493
	C3	other personnel expenses, out of which:	15	1 233
		expenses with termination benefits	16	
	C4	expenses for the mandate contract and for other management and control bodies, committees and commissions	17	3 589
	C5	expenses for social security, special funds and other legal obligations	18	132 756
	D.	other operating expenses	19	990 266
	2	Financial expenses	20	35 324
	3	Extraordinary expenses	21	
III		GROSS RESULT (profit/loss)	22	1 643 912
IV		PROFIT TAX	23	319 981
V		PROFIT AFTER DEDUCTION OF PROFIT TAX, out of which:	24	1 323 931
	1	Legal reserve	25	
	2	Other reserves representing fiscal facilities provided by law	26	
	3	Coverage of accounting loss from previous years	27	
	4	Establishing equity finance for projects co-financed from foreign loans, and establishing sources for reimbursement of instalments, payment of interest rates, charges and other costs related to such loans.	28	
	5	Other distributions provided by law	29	
	6	Accounting profit after deduction of the amounts provided at Rws. 25, 26, 27, 28 and 29.	30	1 323 931
	6a	Profit to be distributed from previous years	30 a	150 000
	6b	Total profit to be distributed (30+30a)	30b	1 473 931

		INDICATORS	Row no.	2016 Budget proposal
0	1	2	3	4
	7	Profit share payable to employees within the limit of 10% of the net profit, but not more than one monthly average base salary paid by the economic operator during the reference financial year	31	16 913
	8	Minimum 50% payments to the state budget or local budget in case of autonomous companies, or as dividends paid to shareholders in case of national companies and companies which are fully state-owned or where the state is the major shareholder, out of which:	32	1 043 591
	a)	- dividends to the state budget	33	730 514
	b)	- dividends to the local budget	33 a	
	c)	- dividends to other shareholders	34	313 077
	9	Profit not allocated to rws. 31-32 is allocated to other reserves and represent the company's own equity finance	35	430 340
VI		INCOME FROM EUROPEAN FUNDS	36	
VII		ELIGIBLE EXPENSES FROM EUROPEAN FUNDS, out of which:	37	
	a)	expenses for materials	38	
	b)	expenses for salaries	39	
	c)	expenses for services	40	
	d)	expenses for promotion and advertising	41	
	e)	other expenses	42	
VII I		INVESTMENT FINANCING SOURCES, out of which:	43	1 120 000
	1	Allocations from the budget, out of which:	44	
		budget allocations related to payments of previous years commitments	45	
IX		INVESTMENTS	46	1 120 000
X		SUPPORTING DATA	47	
	1	Forecasted no. of employees at the end of the year	48	6 257
	2	Total average number of employees	49	6 270
	3	Average monthly income per employee (lei/person) determined on basis of salary-related expenses*)	50	5 906
	4	Average monthly income per employee (lei/person) determined on basis of salary expenses (Rw.13/Rw.49)/12*1000	51	5 731
	5	Labour productivity in financial units per total average number of employees in current prices (thousand lei/person) (Rw.2/Rw.49)	52	717
	6	Labour productivity in physical units per total average number of employees (finished goods quantity/person)	53	
	7	Total expenses related to lei 1 000 total income (Rw.7/Rw.1)x1000	54	636
	8	Outstanding payments	55	
	9	Overdue accounts receivables	56	947 800



ECONOMIC DIRECTOR,
LUCIA IONASCU