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Raportul auditorului independent

Catre Actionari,
S.C. APAVIL S.A.

Raport asupra situatiilor financiare

1 Am auditat situatiile financiare anexate ale societatii S.C. APAVIL S.A. ("Societatea") care cuprind bilantul la data de 31 decembrie 2013, contul de profit si pierdere, situatia modificarilor capitalului propriu si situatia fluxurilor de trezorerie pentru exercitiul financiar incheiat la aceasta data si un sumar al politicilor contabile semnificative si alte note explicative. Situatiile financiare mentionate se refera la:

- Activ net/Total capitaluri: 21.765.322 lei
- Rezultatul net al exercitiului financiar: 5.761.914 lei, profit

Responsabilitatea conducerii pentru situatiile financiare

2 Conducerea Societatii este responsabila pentru intocmirea si prezentarea fidela a acestor situatii financiare in conformitate cu Ordinul Ministrului Finantelor Publice nr. 3055/2009 cu modificarile ulterioare si pentru acel control intern pe care conducerea il considera necesar pentru a permite intocmirea de situatii financiare care sa nu contina denaturari semnificative, datorate fraudei sau erorii.

Responsabilitatea auditorului

3 Responsabilitatea noastra este ca, pe baza auditului efectuat, sa exprimam o opinie asupra acestor situatii financiare. Noi am efectuat auditul conform standardelor de audit adoptate de Camera Auditorilor Financiar din Romania. Aceste standarde cer ca noi sa respectam cerintele etice, sa planificam si sa efectuam auditul in vederea obtinerii unei asigurari rezonabile ca situatiile financiare nu cuprind denaturari semnificative.

4 Un audit consta in efectuarea de proceduri pentru obtinerea probelor de audit cu privire la sumele si informatiile prezentate in situatiile financiare. Procedurile selectate depind de rationamentul profesional al auditorului, incluzand evaluarea riscurilor de denaturare semnificativa a situatiilor financiare, datorate fraudei sau erorii. In evaluarea acestor riscuri, auditorul ia in considerare controlul intern relevant pentru intocmirea si prezentarea fidela a situatiilor financiare ale Societatii pentru a stabili procedurile de audit relevante in circumstantele date, dar nu si in scopul exprimarii unei opinii asupra eficientei controlului intern al Societatii. Un audit include, de asemenea, evaluarea gradului de adecvare a politicilor contabile folosite si rezonabilitatea estimarilor contabile elaborate de catre conducere, precum si evaluarea prezentarii situatiilor financiare luate in ansamblul lor.

5 Consideram ca probele de audit pe care le-am obtinut sunt suficiente si adecvate pentru a constitui baza opiniei noastre de audit cu rezerve. k

Bazele opiniei cu rezerve

- 6 Deoarece am fost angajati ca auditori ulterior datei de 31 decembrie 2012, nu am participat la inventarierea factica a stocurilor Societatii in valoare neta de 2.354.839 lei efectuata la 31 decembrie 2012 si la inventarierea factica a stocurilor Societatii in valoare neta de 1.934.825 lei efectuata la 31 decembrie 2011 si nu am putut sa ne asiguram prin proceduri alternative de audit in ceea ce priveste existenta stocurilor la aceste date. Deoarece stocurile initiale afecteaza rezultatele operatiunilor si a fluxurilor de trezorerie, nu am putut determina daca sunt necesare ajustari privind cheltuielile cu materiile prime si materialele consumabile, impozitul pe profit, rezultatul net al exercitiului si ale fluxurilor de trezorerie din exploatare prezentate in situatia fluxurilor de trezorerie pentru exercitiile financiare incheiate la 31 decembrie 2013 si 31 decembrie 2012.
- 7 La 31 decembrie 2013 si la 31 decembrie 2012, Societatea nu a inregistrat un provizion pentru datorii privind pensionarea conform prevederilor contractului colectiv de munca. Efectul acestei abateri de la cerintele Ordinului Ministrului Finantelor Publice nr. 3055/2009 cu modificarile ulterioare asupra altor datorii la 31 decembrie 2012 si 31 decembrie 2013 si rezultatului reportat la 31 decembrie 2013, precum si asupra cheltuielilor cu personalul si rezultatul net pentru exercitiile financiare incheiate la 31 decembrie 2012 si 31 decembrie 2013 nu a fost determinat.
- 8 Societatea inregistreaza venituri in baza consumurilor identificate de aparatele de masura atunci cand acestea sunt citite si nu inregistreaza veniturile pentru serviciile furnizate intre data la care aparatele de masura au fost citite si data raportarii (31 decembrie 2013 si 31 decembrie 2012), respectiv cand serviciile sunt prestate. Efectul acestei abateri de la cerintele Ordinului Ministrului Finantelor Publice nr. 3055/2009 cu modificarile ulterioare asupra sumelor prezentate in situatiile financiare la creante comerciale, alte datorii si rezultat reportat la 31 decembrie 2013 si 31 decembrie 2012 si cifra de afaceri neta, cheltuiala cu impozitul pe profit si rezultat net pentru exercitiile financiare incheiate la 31 decembrie 2013 si 31 decembrie 2012 nu a fost determinat.
- 9 Societatea este implicata in proiecte finantate in principal de catre Uniunea Europeana si Statul roman prin fonduri nerambursabile pentru modernizarea si reabilitarea retelei de apa si canalizare. Fondurile nerambursabile intra in aria de aplicare a TVA si de aceea trebuie considerate ca avand TVA inclus, Societatea fiind in pozitia de a datora TVA de plata precum si penalitati aferente de intarziere. Conducerea Societatii nu a efectuat nici o estimare privind valoarea acestor datorii la 31 decembrie 2011. La 31 decembrie 2012, conducerea Societatii a estimat valoarea acestor datorii la 4.362.252 lei, inregistrand aceasta suma in acel exercitiu financiar. In consecinta, rezultatul reportat la 31 decembrie 2012 trebuia sa fie diminuat cu 4.362.252 lei, iar cheltuielile de exploatare si rezultatul net al exercitiului financiar incheiat la 31 decembrie 2012 trebuia sa fie diminuat cu 4.362.252 lei. Opinia noastra asupra situatiilor financiare aferente exercitiului incheiat la 31 decembrie 2012, data 22 mai 2013, a fost modificata corespunzator. Opinia noastra asupra situatiilor financiare aferente exercitiului financiar curent este de asemenea modificata datorita efectelor acestui aspect asupra comparabilitatii cifrelor perioadei curente cu cifrele corespondente.
- 10 La 31 decembrie 2012, in cheltuieli in avans, alte datorii, alte cheltuieli de exploatare si alte venituri din exploatare a fost inclusa suma de 3.387.696 lei pentru care nu am putut obtine probe de audit suficiente si adecvate pentru a determina daca aceasta suma este inregistrata corespunzator ca activ, datorie, cheltuiala, respectiv ca venit. Noi nu am putut confirma sau verifica prin proceduri alternative valoarea inregistrata in cheltuieli in avans, alte datorii, alte cheltuieli de exploatare, respectiv alte venituri din exploatare. In consecinta, nu am putut sa

determinam daca ar fi fost necesare ajustari ale sumelor prezentate in situatiile financiare la cheltuieli in avans, alte datorii la 31 decembrie 2012 si la alte cheltuieli de exploatare, alte venituri din exploatare si rezultat net pentru exercitiul financiar incheiat la 31 decembrie 2012. Opinia noastra asupra situatiilor financiare aferente exercitiului incheiat la 31 decembrie 2012, data 22 mai 2013, a fost modificata corespunzator. In cursul anului 2013, cheltuielile in avans si alte datorii au fost diminuate cu suma de 3.387.696 lei. Opinia noastra asupra situatiilor financiare aferente exercitiului financiar curent este de asemenea modificata datorita efectelor posibile ale acestui aspect asupra comparabilitatii cifrelor perioadei curente cu cifrele corespondente.

- 11 Dupa cum este descris in nota 1 la situatiile financiare anexate, Societatea si-a reevaluat selectiv constructiile la 31 decembrie 2011. In conformitate cu cerintele Ordinului Ministrului Finantelor Publice nr. 3055/2009 cu modificarile ulterioare, reevaluarea nu se poate face selectiv, iar in cazul efectuarii unei reevaluari de imobilizari corporale, trebuie reevaluada intrega grupa de imobilizari corporale din care respectiva imobilizare corporala face parte. Societatea si-a reevaluat doar constructii in valoare de 746.230 lei dintr-un sold total al constructiilor de 1.585.169 lei la 31 decembrie 2011. Efectul acestei abateri de la cerintele Ordinului Ministrului Finantelor Publice nr. 3055/2009 cu modificarile ulterioare asupra valorii constructiilor, rezervelor din reevaluare si rezultatului reportat la 31 decembrie 2013 si 31 decembrie 2012 precum si asupra ajustarilor de valoare asupra imobilizarilor corporale si rezultatului net pentru exercitiul financiar incheiat la 31 decembrie 2012 si 31 decembrie 2013 nu a fost determinat.
- 12 La 31 decembrie 2013, Societatea nu a inregistrat datorii privind servicii aferente anului curent prestate de furnizori si nefacturate inca de acestia in suma de 5.753.488 lei. Daca aceste datorii ar fi fost inregistrate la 31 decembrie 2013, datoriile: sumele catre trebuie platite intr-o perioada de pana la un an si imobilizarile corporale in curs de executie ar creste cu 5.753.488 lei la 31 decembrie 2013.

Opinia cu rezerve

- 13 In opinia noastra, cu exceptia efectelor posibile ale aspectelor mentionate in paragraful 6 si a efectelor asupra cifrelor corespondente ale aspectului mentionat in paragraful 9, si a efectelor posibile asupra cifrelor corespondente ale aspectului mentionat in paragraful 10 si cu exceptia efectelor aspectelor mentionate in paragrafele 7, 8, 11 si 12, situatiile financiare pentru exercitiul financiar incheiat la 31 decembrie 2013 au fost intocmite in toate aspectele semnificative, in conformitate cu Ordinul Ministrului Finantelor Publice nr. 3055/2009 cu modificarile ulterioare.

Alte aspecte

- 14 Acest raport al auditorului independent este adresat exclusiv actionarilor Societatii, in ansamblu. Auditul nostru a fost efectuat pentru a putea raporta actionarilor Societatii acele aspecte pe care trebuie sa le raportam intr-un raport de audit financiar, si nu in alte scopuri. In masura permisa de lege, nu acceptam si nu ne asumam responsabilitatea decat fata de Societate si de actionarii acesteia, in ansamblu, pentru auditul nostru, pentru raportul asupra situatiilor financiare si raportul asupra conformitatii sau pentru opinia formata.

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Raport asupra conformitatii raportului administratorilor cu situatiile financiare

In concordanta cu Ordinul Ministrului Finantelor Publice nr. 3055/2009, articolul 318, punctul 2 din Reglementarile contabile conforme cu Directiva IV-a a CEE, noi am citit raportul administratorilor atasat situatiilor financiare. Raportul administratorilor nu face parte din situatiile financiare. In raportul administratorilor, noi nu am identificat informatii financiare care sa fie in mod semnificativ neconcordante cu informatiile prezentate in situatiile financiare anexate.

Pentru si in numele KPMG Audit SRL:

Andreea Elena Manta

inregistrat la Camera Auditorilor Financiari
din Romania cu numarul 1501/2003



KPMG Audit SRL

inregistrat la Camera Auditorilor Financiari
din Romania cu numarul 9/2001

Bucuresti, 15 mai 2014



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Independent Auditors' Report (free translation¹)

To the shareholders of
S.C. APAVIL S.A.

Report on the Financial Statements

1 We have audited the accompanying financial statements of S.C. APAVIL S.A. ("the Company"), which comprise the balance sheet as at 31 December 2013, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, presenting the following:

■ Net assets/Total equity and reserves:	21,765,322 lei
■ Profit for the year:	5,761,914 lei

Management's Responsibility for the Financial Statements

2 Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Order of the Minister of Public Finance no. 3055/2009 and related amendments and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

3 Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing as adopted by the Romanian Chamber of Financial Auditors. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

4 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5 We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

¹ TRANSLATOR'S EXPLANATORY NOTE: The above translation of the auditors' report is provided as a free translation from Romanian which is the official and binding version.

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Basis for Qualified Opinion

- 6 We were appointed as auditors of the Company after 31 December 2012, and did not observe the physical count of inventory of 2,354,839 lei of the Company taken as at 31 December 2012 and of 1,934,825 lei as at 31 December 2011. We were not able to satisfy ourselves concerning those inventory quantities by alternative means. Since opening inventories enter into the determination of the financial performance and cash flows, we were unable to determine any adjustment in this respect that might be necessary to the cost with raw materials and consumables, tax on profit, net result for the year and net cash flows from operating activities reported in the statement of cash flows for the years ended 31 December 2013 and 31 December 2012.
- 7 As at 31 December 2013 and 31 December 2012, the Company did not accrue a provision for retirement benefits for its employees based on the collective employment agreement. The effect of this departure from the requirements of the Order of the Minister of Public Finance no. 3055/2009 and related amendments on other payables and retained earnings as at 31 December 2013 and 31 December 2012 and employee cost for the years then ended have not been determined.
- 8 The Company records revenues based on the quantities consumed as indicated on the meters when they are read and does not accrue for the services provided between the date the indications of the meters are read and the reporting date (31 December 2013 and 31 December 2012). The effect of this departure from the requirements of Order of the Minister of Public Finance no. 3055/2009 and related amendments to the amounts shown in the financial statements for trade receivables, other payables and retained earnings as at 31 December 2013 and 31 December 2012, revenues, income tax expenses and net profit for the years ended 31 December 2013 and 31 December 2012 has not been determined.
- 9 The Company is involved in projects financed mainly by the European Union and the Romanian State with non-refundable funds for the modernization and rehabilitation of water and sewerage system. The non-refundable funds are within the scope of VAT and therefore should be inclusive of VAT, the Company being accordingly in position to be found liable for value added tax obligations and related late payment penalties. The management has not made any assessment regarding the value of these liabilities as at 31 December 2011. As at 31 December 2012, the management estimates that the value of these liabilities is in amount of 4,362,252 lei and recorded this amount in 2012. Accordingly, as at 31 December 2012 retained earnings should have been lower by 4,362,252 lei and the operating expense and net result for the year ended 31 December 2012 should have been lower by 4,362,252 lei. Our audit opinion on the financial statements for the year ended 31 December 2012 dated 22 May 2013 was modified accordingly. Our opinion for the current year's financial statements is also modified because of the effect of this matter on the comparability of the current period's figures and the corresponding figures.
- 10 As at 31 December 2012, included in deferred expenses, other liabilities, other operating expenses and other operating revenues is an amount of 3,387,696 lei for which management was not able to provide sufficient information to assess whether the amount is appropriately recorded as an asset, a liability, an expense and a revenue, respectively. We were unable to confirm or verify by alternative means the amounts stated for deferred expenses, other liabilities, other operating expenses and other operating revenues. Accordingly, we were not able to determine whether any adjustments might be necessary to the amounts shown in the financial statements for deferred expenses, other liabilities and retained earnings as at 31 December 2012 and other operating expenses, other operating revenues and net income for

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the year ended 31 December 2012. During the year 2013, the deferred expenses and other liabilities have been decreased with 3,387,696 lei. Our audit opinion on the financial statements for the year ended 31 December 2012 dated 22 May 2013 was modified accordingly. Our opinion for the current year's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

- 11 As described in Note 1 to the accompanying financial statements, the constructions of the Company have been revalued as at 31 December 2011. The Order of the Minister of Public Finance no. 3055/2009 and related amendments requires that if an item of property, plant and equipment is revalued, the entire class of property, plant and equipment to which that asset belongs shall be revalued. The company has revalued only constructions with a carrying amount of 746,230 lei out of a total balance of constructions with a carrying amount of 1,585,169 lei as at 31 December 2011. The effect of this departure from the requirements of Order of the Minister of Public Finance no. 3055/2009 and related amendments on the value of constructions, revaluation reserve and retained earnings as at 31 December 2013 and 31 December 2012 and on depreciation charge and profit for the years ended 31 December 2013 and 31 December 2012 have not been determined.
- 12 As at 31 December 2013 the Company did not record an accrual for services not yet invoiced by suppliers related to the current year in amount of 5,753,488 lei. Current liabilities and construction in progress would increase by 5,753,488 lei as at 31 December 2013 had the accrual been recorded as at 31 December 2013.

Qualified Opinion

- 13 In our opinion, except for the possible effects of the matter described in paragraph 6, and except for the effects on the corresponding figures of the matter described in paragraph 9, except for the possible effects on the corresponding figures of the matter described in paragraph 10, and except for the effects of the matters described in paragraphs 7, 8, 11 and 12, the financial statements as at and for the year ended 31 December 2013 have been prepared, in all material respects, in accordance with the Order of the Minister of Public Finance no. 3055/2009 and related amendments.

Other Matters

- 14 This independent auditors' report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for the report on financial statements and the report on conformity or for the opinion we have formed.

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Report on conformity of the Administrators' Report with the financial statements

In accordance with the Order of the Minister of Public Finance no 3055/2009, article no. 318 point 2 of accounting regulations in accordance with the IV-th Directive of CEE we have read the Administrators' Report attached to the financial statements. The Administrators' Report is not a part of the financial statements. In the Administrators' Report we have not identified any financial information which is not in accordance, in all material respects, with the information presented in the accompanying financial statements.

Refer to the original signed
Romanian version

For and on behalf of KPMG Audit S.R.L.:

Andreea Elena Manta

KPMG AUDIT S.R.L.

registered with the Chamber of Financial
Auditors of Romania under no 1501/2003

registered with the Chamber of Financial
Auditors of Romania under no 9/2001

Bucharest, 15 May 2014