

COMCEREAL SA TULCEA

Tulcea, Isacsei Street, no. 73; Ph./Fax: 0240/534061/534069; e-mail: comcereal_tulcea@yahoo.com
Unique Registration Code: RO8392201; Trade Register Registration no. J 36/165/1996; LEI Code:

254900R1D1AN3UY3Q040; Share Capital: 8,177,652.50 ron

BANCA TRANSILVANIA ACCOUNT: RO88BTRL03701202E10399XX

RAIFFEISEN BANK ACCOUNT: RO47 RZBR 0000 0600 0035 2530

BRD TULCEA ACCOUNT: RO13 BRDE 370S V016 7740 3700

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ADMINISTRATOR'S REPORT ON THE FINANCIAL YEAR 2017, ACCORDING TO THE NATIONAL SECURITIES COMMISSION REGULATION NO. 1/2006

Date of the report	14.02.2017
Name of the issuing entity	COMCEREAL SA Tulcea
Registered office	Isacsei Street, no. 73, 3 rd fl., Tulcea
Ph./Fax	0240534061 / 0240534069
Unique Registration Code / Fiscal Registration Code	RO 8392201
Number in the Trade Register Office Tulcea	J 36 / 165 /1996
LEI Code	254900R1D1AN3UY3Q040
Subscribed and paid-up share capital	8,177,652.50 ron
The regulated market on which securities are traded	Bucharest Stock Exchange - Alternative Trading System - AeRO
Market symbol	CTUL

2. ANALYSIS OF THE COMPANY'S ACTIVITY

1.1. Analysis of the company's activity

a) Description of the company's main activity

The Company COMCEREAL SA TULCEA is a joint stock company, with private share capital, which operates in the agriculture and food industry.

The main activity of the company is the conditioning, storage and selling of agricultural products. With a total storage capacity of approximately 137,000 tons of cereals and a capacity authorized by the Directorate for Agriculture and Rural Development Tulcea of 108,100 tons, the company occupies the 1st place in Tulcea district in this domain, having the capacity to receive up to 2/3 of the agricultural production of the district.

b) Specification of the incorporation date of the company

The company Comcereal was established by the Government Decision 1054/1995, upon the reorganization of the former Romcereral - Autonomous Administration of Tulcea and its transformation into two economic agents, namely the Company Comcereal S.A. Tulcea and the National Agency for Agricultural Products - Autonomous Administration Tulcea.

c) Description of any significant merger or reorganization of the company, of the subsidiaries or of the controlled companies, during the financial year

- Not applicable.

d) Description of assets acquisitions and/or sales

In 2017 investments were made in the amount of 365,488 ron according to the approved investments plan as well as the completion of the proposed investment, approved and initiated for the year 2016 regarding the putting into operation of the 3000 tons storage mechanization at the Reception base station from Peceneaga.

Regarding the sales/disposals of fixed assets, in 2017, fully depreciated fixed assets were disposed, with an inventory value of 8,572 ron, which had a degree of wear and tear that could no longer allow their use, and following the inventory made on 31.12.2017, in 2018 fully depreciated fixed assets and with an advanced degree of wear were proposed to be taken out of use, these having an inventory value of 36,142 ron.

e) Description of the main results of the company's activity evaluation

The CAEN (T.N.: Activities Classification in the National Economy) code based on which the annual reports were made is 5210 "Storage".

The main object of our company is the storage and preservation of the cereals. The technological process for the conservation of cereals includes the following stages:

- the quantitative reception (weighing) and qualitative reception (laboratory analysis of the samples taken from the means of transport). The net quantity, moisture content, hectolitre weight and cereals' foreign bodies content from that means of transport are determined. There is also aimed at checking the presence or absence of pests and disease attacks;
- cereals cleaning/selection, the stage in which the foreign bodies, dust and weed seeds are removed;
- vertical transport (with elevators) and horizontal transport (with conveyor belts or with drag conveyor belts) for storage in cells or warehouses;
- if the humidity does not allow the storage (being too high), the cereals are subjected to the artificial drying process (in drying columns-dryers), by successive passes, for the extraction of the excess water. When the humidity reaches the values recommended by the standards, the cereals are stored for preservation;
- the storage for the preservation and monitoring of cereal parameters (humidity, temperature and the presence of infections or not). Maintaining the parameters within the limits recommended by norms and standards is done by measuring the temperature in the product mass, periodically, eliminating excess heat by forced aeration (ventilation), observing the presence of pests and applying phytosanitary treatments (disinsection, disinfection, deratization);
- the delivery of cereals is done by weighing, laboratory analyses of the delivered cereals and preparation of necessary documentation.

In the last 3 years, the share of the revenues generated from the basic activity in the total turnover is presented below:

Name	2015	2016	2017
	Turnover 100%	Turnover 100%	Turnover 100%
Revenues from services rendered % :	2.72	1.92	2.99
- Revenues from sale of goods and finished	96.83	97.81	96.40

products %			
- Other revenues from the turnover %	0.45	0.27	0.61

Although the revenues from the provision of services (grain storage) had a small share in the turnover structure, compared to the previous years, the storage spaces available to the company contributed decisively to increase the volume of the sold products.

The evolution of the quantities received during the last 3 years is presented in the table below:

-tons-			
RECEIVED PRODUCT / YEAR	2015	2016	2017
TOTAL - Tons	60,247	65,113	61,134

1.1.1. General evaluation elements

Compared to the indicators proposed for the year 2017, the company achieved the following:

-ron-					
No.	EXPLANATION	Made in 2015	Made in 2016	Planned in 2017	Made in 2017
1.	Total revenues, of which:	63,271,431	89,792,140	110,297,000	71,041,829
	Exploitation revenues	62,376,433	89,671,759	110,297,000	70,558,084
	Sale of assets	0	0	0	126,678
	Financial revenues	894,998	120,980	0	357,067
2.	Total expenses, of which:	61,107,975	89,453,492	108,666,000	69,849,854
	Exploitation expenses	60,842,974	89,156,393	108,363,000	69,405,655
	Expenses on assets sale (values not fully amortized)	0	0	0	98,000
	Financial expenses	265,001	297,099	303,000	346,199
3.	Gross results	2,163,456	339,247	1,631,000	1,191,975
	From exploitation	1,533,459	515,366	1,934,000	1,181,107
	From assets sale				
	From financial assets	629,997	-176,719	-303,000	10,868
4.	Profit tax	256,193	106,046	330,500	87,144
5.	Profit/loss of net in the financial year	1,907,263	233,201	1,300,500	1,104,831

a) Profit

The company COMCEREAL SA TULCEA recorded in year 2017 a gross accounting profit of 1,191,975 RON, out of which 1,181,107 RON profit from exploitation and 10,868 RON profit from the financial activity. As a result of the taxation, a net profit of RON 1,104,831 resulted.

b) Turnover

In 2017 the company recorded a turnover of 65,791,467 RON. The turnover realized in 2017 represents 60% of the budget provisions for 2017:

-ron-						
Name	2015		2016		2017	
	Made	Expected	Made	Expected	Made	Expected
Turnover	61,284,797	56,996,515	89,037,177	119,173,000	65,791,467	109,940,000

c) Costs

The total expenditures incurred in 2017 in the amount of 69,849,854 RON represent 64% of the total expenses provided in the BVC (T.N.: Budget of Revenues and Expenses) 2017.

-ron-			
EXPLANATION	Made 2015	Made 2016	Made 2017
Total expenditure, of which::	60,683,105	89,453,492	69,849,854

Exploitation expenses, of which :	60,418,104	89,156,393	69,503,655
Expenses with raw materials	0	0	4,376,780
Expenses with materials, energy, consumed materials	550,693	447,259	465,990
Expenses with goods	55,809,330	81,683,098	58,167,681
Expenses with the staff	1,678,103	1,886,259	2,080,650
Expenses with the amortization	502,037	548,210	576,528
Expenses with taxes	268,282	232,039	225,626
Other expenditure	1,609,659	4,359,528	3,450,516
Expenses with provisions	0	0	159,884
Financial expenses	265,001	297,099	346,199

The expenditure on materials and energy did not record major changes compared to year 2016, due to the cost-effectiveness regarding the investments made in recent years, although the acquisition prices had increased.

The expenses on the staff are 10% higher compared to those in 2016, an increase due to the rise in the minimum wage from 1,250 to 1,450 ron.

As far as goods expenses are concerned, they are lower than in 2016 by about 29%. This was possible as a result of:

- the purchase of a smaller amount of cereals compared to the year 2016;
- the fierce competition on the cereals transactions in the area;
- the use of storage spaces between about 40% and 117% of the authorized capacity as well as the higher speed of stocks capitalization;
- the creation of a more consistent stock of goods than in 2017, in order to capitalize on it in the first semester of the year 2018.

With regard to "Other Expenses", this indicator includes: repair costs, insurances, paid rent, collaborators expenses (workers by day), transportation costs, IT services, telephony, internet, legal services, laboratory analyzes, grading fees, etc. Their volume decreased by about 25% compared to the previous year, due to the decrease of the transport expenses, which have a significant share in "other expenses". This is because in 2017 the volume of purchased products decreased.

Market percentage held

The crops set up in the agricultural basins adjacent to the subdivisions of Comcereal SA Tulcea represent a percentage of about 25% of the crops of cereals and oilseeds sown in the district.

The received amount of product is influenced by the company's desire to buy each product, by the price, the cash availability and the competition on the market during that period.

d) Liquidity

-ron-

I. Liquidity indicators 2017	<i>Current liquidity indicator</i>	
	Current assets (A)	23,114,201
	Current debts (B)	9,869,616
	<i>A/B- in number of times</i>	2.34
	<i>Immediate liquidity indicator (acid test)</i>	
	Current assets (A)	23,114,201
	Stocks (B)	11,874,814
	Current debts (C)	9,869,616
	<i>(A-B)/C – in number of times</i>	1.14

The practice suggests that a 2:1 level of the current liquidity is appropriate for most businesses, as this proportion would ensure that all current debts are covered by current assets at least once. A value of **2.34** is a very good result for the company's business.

The safety value of the fast liquidity indicator is between 0.6 and 1. In our case, a value of **1.14** expresses the capacity of an enterprise to honour its short-term debts from receivables, cash available and short-term financial investments, excluding the stocks, which have the slowest potential for the transformation into liquidities.

1.1.2. Assessment of the technical level of the company

a) sales markets for each product, service and the distribution methods;

The trade activity for agricultural products was carried out in 2017 both on the domestic market as well as on the foreign market by the export made by Comcereal to Thailand. The purchased products are sold both to the cereals traders and to the commercial agents from the agricultural products processing industry (beer, oil, bakery products).

The services provision activity is mainly addressed to the domestic producers who do not have storage facilities or have, but they are not properly equipped to preserve the products in good condition (so as to reach the quality required to obtain an attractive price).

b) the share of the commercial activity and services provision in the total turnover for the last 3 years.

In the last years, a change in the revenue structure of the turnover has been attempted, so as to achieve a balance of the revenues from services (decreasing) towards the revenues from the marketing of the agricultural products, the trade revenues reaching 96.4% of the total revenues.

The evolution of these indicators is presented below:

-ron-

Name	2015		2016		2017	
	Value	Percentage of total revenues	Value	Percentage of total revenues	Value	Percentage of total revenues
Total revenues, of which:	63,271,431	100	89,792,140	100	71,041,829	100
a) The turnover, of which:	61,284,797	96.86	89,038,177	99.16	65,791,467	92.61
Revenues from services provision	1,668,131	2.64	1,710,832	1.92	1,964,082	2.76
Revenues from the sale of finished goods and products	59,340,117	93.79	87,086,880	97.81	63,429,045	89.29
Other revenues from the turnover	276,549	0.43	240,464	0.27	398,340	0.56
b) Other revenues	1,986,634	3.14	753,963	0.84	5,250,362	7.39

c) the new products taken into account for which a substantial volume of assets will be given in the next financial year and the stage of development of these products.

In 2017, a quantity of 2,092 tons of sprat, 154,780 kg of crude oil was sold, and besides the agricultural products, also 1,583 tons of chemical fertilizers for agriculture were sold. It is hoped that this kind of trade be developed in the next years, at a significant level compared to the previous years.

1.1.3. Assessment of the technical-material supply activity (indigenous sources, import sources).

The technical-material basis is generally provided from the domestic market and consists mainly of materials, spare parts and components for the technical facilities afferent to the reception bases and to Baia Silo.

1.1.4. Assessment of the sale activity

a) Description of the sequential evolution of the sales on the domestic and/or foreign market and of the sales prospects on medium and long term;

The situation of the sales of agricultural products on the internal and foreign market during the year 2017 is presented below

DELIVERED AGRICULTURAL PRODUCTS (wheat, corn, sunflower, rapeseed, barley, etc.)	Quantity -tons-	Value -ron-
TOTAL DELIVERED PRODUCTS	60,919	59,378,418

For 2018 there are assumptions for increasing the quantities of received and purchased agricultural products, which would allow also the substantial increase in the volume of the agricultural products delivered on the internal and foreign market, there being implicitly an increase in the utilization degree of the available storage capacities. Everything depends on the evolution of cereals prices in the world market.

b) The description of the competitive situation in the company's field of activity, the market share of the products or services of the company and of the main competitors.

In the last 5 years, the number of companies buying cereals in Tulcea district has increased considerably. Either there are companies from Constanta harbour, who have given up to intermediaries and make purchases directly from the producers (from the field, at the time of the harvesting – Company Ameropa Grains S.A., Company Bunge S.A., Company ADM Romania S.R.L., Company Cargill Agricultura S.R.L., Brise Group) or there are companies that sell seeds, fertilizer, herbicide together with agricultural products (Company Agricover S.A.), or there are companies that use cereals and oilseeds as raw material in the production process (Company Dobrogea Grup S.A., Company LTA Mondial S.R.L., Company Prutul Galati S.A., etc.). This has led to the increase of competition on our acquisition market.

The Company Comcereal SA Tulcea has the capacity to adapt to the new market conditions, as we have qualified personnel, with experience in the field, an appropriate infrastructure and a flexible pricing policy, adapted to the market requirements at a given moment.

Thus, in 2017, new commercial contacts were established with the big operators on the cereals market, for the capitalization of the purchased products: Patberg International S.R.L., ADM Romania Trading S.R.L., Cofco International Romania S.R.L., Argus S.A. Constanta, Glencore Agriculture Romania, Agricover, Cargill Agricultura S.R.L., Bunge Romania S.R.L., CHS Agritrade Romania S.R.L., Carniprod S.R.L., etc.

c) The description of any significant dependence of the company towards a single customer or to a group of clients of which loss would have a negative impact on the company's revenues.

The company is directly dependent on the agricultural producers, on their vitality, on their ability to produce goods to condition, store, sell on an organized market, so as to make a profit which would be reintroduced in the economical-financial circuit.

On the other hand, the company sells its products to a diverse clientele. Comcereal is not dependent on a single client or on a group of clients, the management's policy being to ensure the profitability of the performed activity, based on the market criteria.

1.1.5. Assessment of the aspects regarding the employees/staff of the company.

The company carries out the aforementioned activities with a staff of 60 employees, of which 22 with TESA (T.N.: Technical, Economic and Socio-Administrative) qualifications (1 general manager with mandate contract, 2 directors with individual employment contract, 8 TESA persons at the headquarters, 6 heads of subunits who are also managers, 2 accountants at the subunits, 3 auxiliary staff at headquarters - secretary/cashier). Of the 38 workers, 28 are skilled in the professions specific to our activities, and 10 are unqualified.

Of the 60 employees, 9 are graduates of higher education, 17 with secondary education and 24 professionally qualified and 10 are unqualified employees.

The employees' relationships with the managers are normal, without stress, based on mutual respect.

The workforce is not registered in any union, the employees have no affiliations to any union block.

Taking into account the diversification and development plans of the company's operations, it is intended to employ qualified and specialized personnel to carry out these activities within the limit of the available resources.

1.1.6. Assessing the issues related to the impact of the issuer's basic activity on the environment.

As a result of the technological conditioning process (removal of foreign bodies, vegetable and mineral powders by suction from the product mass) it results:

- non-valuable technological wastes, which are transported by own means to the waste dumps from the localities where the reception bases operate
- valuable technological wastes that are capitalized by resale or restitution to the agricultural producers.

At the reception bases belonging to our company, no sources of soil and subsoil pollution have been identified, there are no sources of radiation, the noise and vibrations levels are within the permissible limits.

There are concluded contracts with sanitation companies at each reception base: Edilitar Salub Term – Reception Base of Macin, JT Grup – Reception Base of Mahmudia, Servicii Publice Tulcea – Tulcea, Star Eco Salubris S.R.L. – Baia Silo.

The company has no litigation regarding to the breach the legislation on the environment protection.

In the course of the activity of storage and preservation of agricultural products there have been no events that would have had any impact on the environment. At the same time, there were no violations of the legal provisions regarding the environment, health, safety at work, DSVSA (T.N.: Sanitary-Veterinary and Food Safety Directorate), safety at work, fires prevention and extinguishing.

We mention that the company holds all the operating permits and authorizations required by the legislation in force.

During the year 2017, the inspections carried out by the specialized control bodies did not reveal any deviations or violations of the legal provisions.

1.1.7. Assessment of the development & research activity

The company does not have a distinct department for the research and development activities, but it has particular concerns in the field of the market research, as well as the evolution

of the cereals storage and handling technologies.

1.1.8. Evaluating the company's activity on the risk management

By the nature of its activity, the company is primarily exposed to the risk of natural phenomena manifestations. Other risks specific to the company's activity are the ones regarding the prices or the liquidity.

Taking into account the financial results of the company registered in the year 2017, as well as the company's perspective, there are created the premises of attracting liquidities from the crediting institutions, which would reduce the liquidity risk, would increase the company's turnover and company's performance.

1.1.9. Prospective elements regarding the activity of the company

a) Presenting and analyzing the trends, elements, events or uncertainty factors that affect or could affect the liquidity of the company compared to the same period of the previous year.

In the activity that the company carries out, the advancement of inputs allows to contract goods in advance, which is an advantage.

However, the granting of these inputs presents a risk of exposure in respect of the recovery of the amounts paid in advance. In the year 2017, the company provided inputs, by the contracts concluded increasing the conditions for guaranteeing these advances.

In order to diminish such risks, there were stipulated contractual clauses that set up a pledge on the crop, pledge on the bank account, promissory notes are required as a guarantee of a good execution of the contract and securities guarantees.

b) Presentation and analysis of the effects of current or anticipated capital expenditures, on the financial situation of the company compared to the same period of the previous year.

In 2017 an investment plan amounting to 297,170 ron was approved, which was completed in a percentage of 100%, to which there is added the finalization at 31.12.2017 of the mechanization of the 3,000 tons storehouse from Peceneaga started in 2016. The investments made have achieved their goal for which they were provided.

c) Presentation and analysis of the events, transactions and economic changes that significantly affect the revenues from the main business.

A fact that significantly affects the revenues from services provision in the last years is the increased competition related to the storage services, due to the fact that the agricultural producers, benefiting from the offered economic facilities, have purchased their own storage facilities.

Regarding the important events that occurred in the year 2017, we mention the obtaining of I.S.C.C. certification (T.N.: International Sustainability and Carbon Certification) in accordance with the Directive 28/2009/EC and the Order 136/2012 referring to the reduction of CO2 emissions in Europe by using bio-fuels instead of fossil fuels. This has allowed the marketing of sustainable agricultural products with better economic results.

In the course of the year 2017, Comcereal SA obtained the Legal Entity Identifier (LEI code), according to the legislative package adopted at European level, in order to increase the transparency and integrity on the financial markets.

2. TANGIBLE ASSETS OF THE COMPANY

2.1. Specifying the characteristics of the main production capacities owned by the company.

The Company COMCEREAL S.A. TULCEA has 7 active and authorized work points and two mobile bases, which are in conservation. These are spread all over the district so as to cover an

area as large as possible to collect and receive the cereals in quantities as large as possible. The work points belonging to the Company COMCEREAL S.A. can be presented as follows:

- Baia Silo – Baia village, Tulcea district, 65 km. distance from Tulcea, on the European Road 87, Tulcea – Constanta), with two grain silos (type Froment Clavier – PIF 1946, 5000 tons, with annex – PIF 1968, 5500 tons and type I.P.S.C.A.I.A. – PIF 1975, 44000 tons). The silo benefits from an inner railway, with a length of approx. 1,400 m., with two lines, connected to the Baia station at the Tulcea-Medgidia railroad line. Also included in the work point's endowment there are sheds, concrete platforms, interior roads, an electrical energy transformation and supply network, water supply network and hydrants network. In the premises there is a mechanical workshop where works of turning, welding, locksmithing, painting, etc. can be done, a cereals analysis laboratory with modern equipment: remote sampling probe, humidity, temperature, weight hectolitre electronic analyzer, mechanical foreign matter analyzer, etc.).

The other working points are cereals reception centres, with horizontal storage spaces (grain storehouses) equipped with laboratories, weighing systems, mechanized cereals taring/selection and transportation systems (horizontally and vertically), storage areas, concrete platforms, premises interior roads and electricity and water supply networks.

As peculiarities, the cereals reception bases are presented as follows:

- The Mahmudia reception base is located in the east of the district, on the District Road 222C, about 35 km from Tulcea and about 3 km from the Danube;
- The Isaccea reception base, located halfway between Tulcea and Galati ferry crossing (National Road 22, 37 km from Tulcea), situated on the Danube bank, with a platform (elevation quota + 5.5m) and an arranged pier, with the possibility of ships operation, with draught up to 3.5 m;
- The Macin reception base, located in the western part of the district, is about 80 km from Tulcea, and about 20 km from the Braila ferry crossing point;
- The Peceneaga reception base, located at about 300 m from the Danube bank, on the District Road 222 F, about 80 km from Tulcea;
- Casimcea reception base, located in the southern part of the district, on the District Road 222 E, about 85 km from Tulcea;
- Mihai Kogalniceanu reception base, located on Tulcea – Constanta road, E 87, about 30 km from Tulcea, in the vicinity of the station of the Romanian Railway Company, is endowed with a railroad of about 900 m, but is not connected to the main line as it is in conservation.
- Topolog Mobile Base – Topolog village, Tulcea district
- Horia Mobile Base – Horia village
- Isaccea Bakery – Isaccea town, Vidin Street, no. 32, Tulcea district

The management of the company ensures the maintenance and repair of the tangible assets in order to keep the operating parameters within normal limits.

2.2 Description and analysis of the degree of wear and tear of the company's properties

The properties of the trading company are in a state of functioning and fully operational.

The last assessment of the lands, buildings and special constructions belonging to the company was made on 31.12.2014, the values set for each asset, taking into account the degree of their wear.

2.3 Indication of the potential problems related to the ownership of the tangible assets of the issuing company

Our company owns 40.66 hectares of land, and for the subunits where we do not have land ownership (Macin, Peceneaga), it is leased from the Local Councils.

There are no problems related to the ownership of the company's tangible assets

3. MARKET OF THE SECURITIES ISSUED BY THE COMPANY

3.1. Specification of the markets from Romania and from other countries where the securities issued by the company are negotiated

The Romanian market on which the securities issued by the company are negotiated is the Bucharest Stock Exchange through the alternative trading system AeRO. The symbol of company is CTUL.

3.2. Description of the company's dividends policy. Specification of the dividends due/paid/accumulated in the last 3 years and, if applicable, of the reasons for the possible diminishing of the dividends over the last 3 years

For the year 2011, the dividend was set at 90% (505,363 RON) of the net profit to be distributed (561,514 RON), according to the decision of Shareholders' General Meeting dated on 12.04.2012. The gross dividend/share was 0.17569 ron.

For the years 2012 and 2013, as losses were recorded, no dividends were distributed. For this reason, the profit of the year 2014 in the amount of 1,669,533.31 RON was used for reserves in the amount of 47,256 RON, and the partial coverage of the losses from the previous years amounted to 1,622,277.31 RON. The net profit recorded in the year 2015 in the amount of 1,907,263.46 RON was allocated for the constitution of the legal reserve in the amount of 65,557 RON, 435,150.23 RON for the constitution of reserves at the disposal of the company and the difference of 1,406,556.23 RON to be used for the distribution of dividends, the gross dividend per share being of 0.43 RON.

The result obtained in the year 2016 was allocated for the constitution of the legal reserve amounting to 16,960 and the difference, in the amount of 216,241.38, was used to constitute reserves at the disposal of the company.

On 31.12.2017 the company has in its balance dividends unclaimed by the shareholders natural persons in the total amount of 216,722.73 RON with the following structure:

No.	Name / year	Value -ron-
1	Dividends year 2007	154,002.92
2	Dividends year 2008	29,590.90
3	Dividends year 2009	15,771.00
4	Dividends year 2011	16,850.33
5	Dividends year 2015	47,190.71
	Total	263,405.86

3.3. Description of any activities of the company to purchase its own shares

Not applicable

3.4. The number and the nominal value of the shares issued by the mother company owned by the subsidiaries

Not applicable

3.5. The manner in which the company ensures its financial obligations towards the bondholders and/or other debt securities

Not applicable, the company has no issued bonds.

4. THE MANAGEMENT OF THE COMPANY

4.1. The administrators of the company:

In the year 2017, the management of the company was provided by Mr. Ioan Pauna, as the Sole Administrator, appointed on the basis of the Shareholders' General Ordinary Meeting Decision no. 1/23.01.2014, whose mandate was extended for a period of 4 years until 23.01.2022 by the Shareholders' General Ordinary Meeting Decision no. 3/20.12.2017.

4.2. The executive management of the company

For the period 01.01.2017-31.12.2017, the executive management of the company was provided by:

No.	Last and first name	The function held in the company	Mandate Contract (CM)/ Individual Employment Contract (CIM)	Qualification
1.	Niculescu Emilian	General manager	CM 3088/08.11.2013	engineer
2.	Monea Aurora	Economic manager	CIM 266/28.08.2015	economist
3.	Cernat Corneliu	Technical manager	CIM 72574/19.07.2000	engineer

4.3. Litigations or administrative proceedings in which the company's administrators or members of the executive management have been involved in the past 5 years in relation to their activity within the issuing company, as well as those concerning the capacity of those persons to perform their duties within the issuing company

Not applicable

5. THE FINANCIAL-ACCOUNTING SITUATION

a) Balance sheet items

-ron-			
Patrimonial elements	31.12.2015	31.12.2016	31.12.2017
A. Fixed assets – TOTAL	19,855,686	19,605,838	19,262,250
Of which			
Intangible assets	0	0	32,190
Tangible assets	18,821,199	18,571,351	18,195,573
Financial assets	1,034,487	1,034,487	1,034,487
B. Current assets – TOTAL	32,278,027	17,857,957	23,114,201
Of which			
Stocks	18,941,418	6,889,843	11,874,814
Receivables	4,511,703	5,021,144	8,147,330
Cash and bank accounts	8,824,906	5,946,970	3,092,057
C. Expenses in advance	0	0	0
TOTAL ACTIVES (I+II+III+IV)	52,133,713	37,463,795	42,376,451

D. Debts to be paid in a period of up to one year	19,241,858	5,782,759	9,869,616
E. Debts to be paid in a period of more than one year	231,871	203,568	104,045
F. Provisions	22,558	19,582	27,846
G. Unearned incomes	324,565	318,379	311,693
H. Equity	32,312,861	31,139,507	32,063,251
Of which			
Paid subscribed capital	8,177,653	8,177,653	8,177,653
Reserves from reassessment	16,393,773	16,393,773	16,280,773
Reserves	8,044,921	6,351,840	6,628,204
Reported result of previous loss	2,145,192	0	68,087
Profit distribution	65,557	16,960	60,123
Result of the financial year	1,907,263	233,201	1,104,831
TOTAL PASSIVE (I+II+III+IV)	52,133,713	37,463,795	42,376,451

SITUATION OF THE FIXED ASSETS ON 31.12.2017 (at inventory value)

-ron-		
NO.	NAME	VALUE
1.	INTANGIBLE ASSETS	36,364
2.	TANGIBLE ASSETS of which:	21,388,255
	- lands	2,709,099
	- buildings	15,693,863
	- technical installations and machines	2,968,513
	- other installations, machineries and furniture	16,780
3.	FINANCIAL ASSETS	1,034,487
	TOTAL FIXED ASSETS	22,459,106

The situation of the tangible fixed assets, less the amortized value is presented below:

-ron-		
No.	NAME	VALUE
1.	Lands	2,709,099
2.	Buildings	14,492,763
3.	Technical installations and machines	991,434
4.	Other installations, machineries and furniture	2,276
5.	Advances and tangible fixed assets in progress	0
	TOTAL	18,195,572

SITUATION OF THE CURRENT ASSETS OF THE COMPANY

1) Situation of stocks

On 31.12.2017 the company has in stock the amount of 2,178 tons of cereals and 1,372 tons of crude oil.

The inventory is carried out twice a year, out of which:

- In May, for the agricultural products from the previous year, at the liquidation of stocks;
- In January of the next year, the inventory of patrimony at the end of the year – capitals, fixed assets, matters, materials, commodities, inventory items, receivables, debts, availabilities and disbursements inventory within the company (according to the Accounting Law no. 82/1991, republished in the Official Gazette, Part I no. 454 / 18.06.2008 and the Order of the Public Finances Ministry no. 2861 / 09.10.2009)

2) The Receivables Situation

On 31st December 2017, the company had to recover receivables in the amount of **9,700,876** ron in the following structure:

-ron-		
No.	NAME	VALUE
1.	Clients	6,991,143
2.	Uncertain clients	1,553,546
3.	Non-payable VAT, VAT to be recovered	722,704
5.	Disbursements from ongoing operations	28
6.	Various debtors	304,500
7.	Advances for service provision	128,955
	TOTAL	9,700,876

ANALYSIS OF THE CONSTITUTED PROVISIONS

On 31.12.2017 the provisions for the uncertain clients from the balance amount to 1,553,546 RON. Most of this value, 1,523,725 ron, represents the amount of debts of the debtor Cereal Impex SRL. In order to recover the debts from the previous years, forced execution proceedings are underway, with the aim of continuing to recover the debts, in 2017 a provision was constituted for a partner who represents a risk of cashing, Fil Construct SRL, in the amount of 22,320 lei.

SITUATION OF DEBTS

In 2017, the company involved a short-term revolving loan limit in the amount of 20,000,000 RON, and on 31.12.2017 the amount to be repaid from this limit was of 9,044,257 RON.

At the end of 2017, the balance of the company's debts was of **9,973,661** ron in the following structure:

-ron-		
No.	NAME	VALUE
1.	Internal suppliers	103,654
2.	Staff - salaries, material support	57,875
3.	Other debts in connection to the staff (guarantees)	54,036
4.	Contributions on salaries and retentions	53,733
5.	Tax on salaries	18,188
6.	Creditors	295,332
7.	Tax on profit	87,144
8.	Credit line	9,044,257
9.	Investments credit, leasing	259,442
	TOTAL	9,973,661

We specify that the debts to the social security budget, the state budget and the local budgets are current debts.

The Company has no overdue liabilities towards other creditors except for the dividends not claimed by the shareholders in 2007, 2008, 2009, 2011 and 2015 in the amount of **263,405.86 RON**.

EVOLUTION OF THE EQUITY

-ron-							
Equity item		Balance on 01.01.2017	Increases		Decreases		Balance on 31.12.2017
			Total	By Transfer	Total	By	
			of which		of which	Transfer	
0		1	2	3	4	5	6
Subscribed capital		8,177,653	0	0	0	0	8,177,653
Reserves from reassessment		16,393,773	0	0	113,000	113,000	16,280,773
Legal reserves		1,567,993	60,123	60,123	0	0	1,628,116
Statutory or contractual reserves		347,987	0	0	0	0	347,987
Other reserves		4,435,860	216,241	216,241	0	0	4,652,101
Result brought forward representing the unallocated profit/loss	D Balance	0	0	0	0	0	0
	C Balance	0	216,241	216,241	216,241	216,241	0
Result brought forward from corrections	D Balance	0	0	0	68,087	68,087	68,087
	C Balance	0	0	0	0	0	0
Profit or loss of the financial year	D Balance	0	0	0	0	0	0
	C Balance	233,201	1,104,831	1,104,831	233,201	233,201	1,104,831
Distribution of profit	D Balance	16,960	60,123	60,123	16,960	16,960	60,123
	C Balance	0	0	0	0	0	0
TOTAL of Equity		31,139,507	1,537,313	1,537,313	613,569	613,569	32,063,251

At the end of 2017, the share capital of Comcereal SA Tulcea is of 8,177,652.50 RON divided into 3,271,061 shares with a nominal value of 2.5 RON.

Profit and loss account

-ron-

INDICATOR NAME	row	FINANCIAL YEAR		
		2015	2016	2017
1. Net turnover (row 02 to 04)	1	61,284,797	89,038,177	65,791,467
Sold production (cat. 701+702+703+704+705+706+708)	2	1,944,680	1,951,297	3,195,031
Incomes from sale of commodities (cat. 707)	3	59,340,117	87,086,880	62,596,436
Incomes from exploitation subventions afferent to the net turnover (cat. 7411)	4			
2. Variation of stocks ----- C Balance	5			4,153,849
(cat. 711) ----- D Balance	6			
3. Immobilized production (cat. 721+722)	7	30,085	4,956	
4. Other incomes from exploitation (cat. 7417+758)	8	636,681	628,626	507,038
INCOMES FROM EXPLOITATION – TOTAL (row 01+05-06+07+08)	9	61,951,563	89,671,759	70,452,354
5. a) Expenses on raw materials and consumables (cat. 601+602)	10	287,316	233,062	4,589,038
Other material expenses (cat. 603+604+606+608)	11	11,388	20,595	21,296
b) Other external expenses (on energy and water) (cat. 605)	12	251,989	193,602	232,435
c) Expenses concerning commodities (cat. 607)	13	55,809,330	81,683,098	58,167,681
6. Personnel expenses (row 15+16), of which:	14	1,678,103	1,886,259	2,080,650
a) Salaries (cat. 642+641)	15	1,374,365	1,545,490	1,718,316
b) Expenses on insurances and social protection (cat. 645)	16	303,738	340,769	362,334
7. a) Depreciation and provisions for depreciation of tangible and intangible assets (row 18-19)	17	502,037	548,210	576,528
a.1) Expenses (cat 6811+6813)	18	502,037	548,210	576,528
a.2) Incomes (cat. 7813)	19	0	0	0
b) Adjustment of the current assets value (row 21-22)	20	-405,000	93,520	-80,788
b.1) Expenses (cat. 654+6814)	21	0	103,108	132,038
b.2) Incomes (cat. 754+7814)	22	405,000	9,588	212,826
8. Other exploitation expenses (row 24 to 26)	23	2,280,253	4,501,023	3,676,143
8.1. Expenses on external services (cat. 611+612+613+614+621+622+623+624+625+626+627+628)	24	1,942,410	4,224,498	3,190,448
8.2. Expenses on other taxes and similar payments (cat. 635)	25	268,282	232,039	225,626
8.3. Expenses with indemnities, donations and ceded assets (cat. 658)	26	69,561	44,486	260,069
Adjustment on provisions for risks and expenses (row 28-29)	27	2,688	-2,976	8,264
- Expenses (cat. 6812)	28	22,558	19,582	27,846
- Incomes (cat. 7812)	29	19,870	22,558	19,582
EXPLOITATION EXPENSES - TOTAL (row 10 to 14+17+20+23+27)	30	60,418,104	89,156,393	69,271,247
RESULT FROM EXPLOITATION - Profit (row 09-30)	31	1,533,459	515,366	1,181,107
- Loss (row 30-09)	32	0	0	0
9. Incomes from the participation interests (cat. 7613+7614+7615+7616)	33	450,000	120,891	337,060
- of which, within the group	34	450,000	120,891	337,060
10. Incomes from other financial investments and receivables which are part of the fixed assets (cat. 7611+7612)	35			

- of which, within the group	36			
11. Incomes from interests (cat. 766)	37	37,708	2	6
- of which, within the group	38			
Other financial incomes (cat. 762+763+764+765+767+768)	39	407,290	87	20,001
FINANCIAL INCOMES - TOTAL (row 33+35+37+39)	40	894,998	120,980	357,067
12. Adjustment of the value of financial assets and financial investments detained as current assets (row 42-43)	41			
- Expenses (cat. 686)	42			
- Incomes (cat. 786)	43			
13. Expenses on interests (cat. 666)	44	257,966	296,153	326,906
- of which, within the group	45			
Other financial expenses (cat. 663+664+665+667+668)	46	7,035	946	19,293
FINANCIAL EXPENSES - TOTAL (row 41+44+46)	47	265,001	297,099	346,199
FINANCIAL RESULT - Profit (row 40-47)	48	629,997		10,868
- Loss (row 47-40)	49		176,119	0
14. CURRENT RESULT - Profit (row 09+40-30-47)	50	2,163,456	339,247	1,191,975
- Loss (row 30+47-09-40)	51	0	0	0
15. Extraordinary incomes (cat. 771)	52			
16. Extraordinary expenses (cat. 671)	53			
17. EXTRAORDINARY RESULT - Profit (row 52-53)	54			
- Loss (row 53-52)	55			
TOTAL INCOMES (row 09+40+52)	56	62,846,561	89,792,140	70,809,421
TOTAL EXPENSES (row 30+47+53)	57	60,683,105	89,453,492	69,617,446
18. GROSS RESULT - Profit (row 56-57)	58	2,163,456	339,247	1,191,975
- Loss (row 57-56)	59	0	0	0
19. PROFIT TAX (cat. 691)	60	256,193	106,046	87,144
20. Other taxes expenses which are not shown at the above items (cat. 698)	61			
21. NET RESULT OF THE FINANCIAL YEAR	62	1,907,263	233,201	1,104,831
- Profit (row 58-60-61)				
- Loss (row 59+60+61); (row 60+61-58)	63			

The Company COMCEREAL SA TULCEA recorded in the year 2017 a net accounting profit of 1,104,830.61 RON. The Sole Administrator of the company proposes to the shareholders to approve the following distribution of the realized profit: constitution of legal reserves in the amount of 60,123 RON and 5% of the profit, according to article 183 (1) of the Law 31/1990 regarding the companies and the difference in the amount of 1,044,707.61 divided as follows: 30,678.70 RON to be used for constituting reserves at the disposal of the company and the amount of 1,014,028.91 RON to be distributed for the distribution of dividends, namely 0.31 RON gross dividend/share.

c) Situation of the treasury flows

-ron-

Item name	Financial year	
	Previous	Current
	2016	2017
Treasury flows from exploitation act		
Receipts from customers	87,572,219	63,313,043
Payments to suppliers, employees and taxes	74,915,343	69,648,053
Paid interests	287,837	317,659
Paid profit tax	73,823	231,671
Receipts from the earthquakes insurance	0	0

Net treasury from exploitation activities	12,295,610	-6,884,340
Treasury flows from investment activities		
Payments for the purchase of shares	0	0
Payments for the purchase of tangible assets	64,463	489,775
Receipts from the sale of tangible assets	0	0
Earned interests	2	2
Received dividends	120,891	337,060
Net treasury from the investment activities	55,831	-152,713
Treasury flows from financing activities		
Receipts from shares issue	0	0
Receipts from loans	24,846,953	44,375,149
Paid loans	38,669,428	40,193,009
Paid dividends	1,407,107	0
Net treasury from financing activities	-15,229,582	4,182,140
Net increase of the treasury and treasury equivalents	-2,878,141	-2,854,913
Treasury and treasury equivalents at the beginning of the financial year	8,824,906	5,946,970
Treasury and treasury equivalents at the end of the financial year	5,946,970	3,092,057

In order to diversify the range of purchased products and to complete the performed activity, the company needs an additional working capital, which is why in 2018 it is necessary to contract a working capital loan with a maximum value of up to 40,000,000 ron.

That is why we submit for approval to the shareholders to get a loan of up to 40,000,000 ron and guarantee it up to 100% from the total assets from the patrimony.

6. Participations held by the company

Following the decision no. 1/30.08.2006 of the Shareholders' Extraordinary General Meeting regarding the participation of the Company Comcereal S.A. Tulcea on the establishment of a limited liability company, with the activity object of cultivating cereals (except rice), leguminous plants and oleaginous seeds producing plants, there started the approaches for the establishment of the Company CEREAL PREST S.R.L, which were finalized in October 2006.

The Company Cereal Prest SRL has a share capital subscribed and fully paid up at the date of the incorporation, amounting to 1,033,600 RON, divided into 103,360 shares, with a value of 10 RON each.

At the end of 2017, the Company Cereal Prest SRL recorded a net profit of 352,388 RON.

7. Important events happened after closing the financial year

Not applicable.

8. The total revenues of the Board members and of the general manager

The remuneration received for the activity performed and for the degree of fulfilment of the indicators and the performance criteria by the sole administrator and by the general manager of the company was in the net amount of 124,391 RON in 2017.

Sole Administrator,
PAUNA IOAN

General Manager,
NICULESCU EMILIAN
MIHAI

Economic Manager
MONEA AURORA

COMCEREAL SA

Trade Register No. J36/165/1996

Unique registration code: RO 8392201

Bank: TRANSILVANIA TULCEA

Account: RO88BTRL03701202E10399XX

NOTE 1**ACCOUNTING PRINCIPLES, POLICIES AND METHODS**

The main accounting policies adopted in the preparation of these financial statements are presented below.

A Bases of the financial statements preparation**(1) General information**

These financial statements have been prepared in accordance with:

- The Order of the Romanian Minister of Public Finances 1802/2014 regarding the approval of the accounting regulations in compliance with the European directives
- The Accounting Law no. 82/1991 republished and amended.

(2) Continuity of activity

These financial statements have been prepared based on the activity continuity principle, which implies that the Company will continue its activity in the foreseeable future. In order to assess the applicability of this assumption, the management examines the projections referring to future cash inflows.

Based on these analyses, the management believes that the Company will be able to continue its activity in the foreseeable future and therefore applying the activity continuity principle in the preparation of the financial statements is justified.

B The conversion of transactions in foreign currency**1) Currency of the measurement of financial statements**

The financial statements are presented in Romanian Lei, which is also the Company's measurement currency.

2) The transactions and balances in foreign currency

The transactions of the Company in foreign currency are recorded at the exchange rates communicated by the National Bank of Romania ("BNR") for the transaction date. The foreign currency balances are converted into lei at the exchange rates communicated by the BNR for 31.12.2017, respectively 1 euro = 4.6597 lei, 1 usd = 3.8915 lei. The gains and losses arising from the settlement of the transactions in a foreign currency and from the conversion of assets and monetary liabilities expressed in foreign currency are recognized into the account of profit and loss, within the financial result.

C Intangible assets

(1) Cost

(i) Goodwill

The goodwill represents the difference between the cost of a purchase and the value at the date of the transaction of the share held by the Company in the subsidiary/purchased associate enterprise, at the acquisition date. The goodwill is amortized over a five-year period.

(ii) Computer programs

The software and computer licenses are recorded at the cost of acquisition and amortized on a period of maximum 3 years.

(iii) Research and development expenses

The research expenses are recorded in the profit and loss account when they are incurred. The expenditure afferent to the development programs (related to the design and testing of new or improved products) are recognized as intangible assets when it is probable that the project will be successfully launched taking into account the commercial and technical feasibility and the cost can be measured reliably. The development expenses that do not meet the above criteria are recorded at expenses when they occur. The development expenditures that have been recorded as expenses are not capitalized in later periods.

(iv) Other intangible assets

The patents, trademarks and other intangible assets are recognized at acquisition cost. The intangible assets are not re-valued.

(2) Amortization

(i) Goodwill

The goodwill is amortized over a five-year period.

(ii) Computer programs

The expenditures for the development of capitalized software programs are amortized using the straight-line method on a period of maximum 5 years.

(iii) Development expenses

The capitalized development expenditures are amortized on a straight-line basis starting with the date of initiation of the product's commercial production for as long as the product generates economic benefits but not for more than five years.

(iv) Other intangible assets

The patents, trademarks and other intangible assets are amortized using the straight-line method over their useful lives, but not for more than 20 years. The licenses afferent to the computer software usage rights are amortized on a period of 3 years.

(3) Profit/(loss) from the sale of some entities

The gain or loss resulting from the sale of an entity includes the accounting value of the goodwill afferent to the sold entity.

D Tangible assets

(1) Cost/measurement

The tangible assets are initially measured at the acquisition cost. The Company opted for the treatment of the periodic assessment of the tangible assets. A depreciation test of tangible assets is made annually according to which the decision to re-evaluate a group or the entire estate is made. The last re-evaluation was on 31 December 2014.

The fixed asset maintenance and repairs are recorded as expenses when they occur, and the improvements to the assets that increase their value or their useful lives are capitalized. The significant upgrades are capitalized only if they extend the life of the asset or significantly increase the ability to generate future economic benefits.

The fixed assets that are unaffected by the nature of the inventory items, including the utensils and tools, are recorded as expenses at the acquisition date and are not included in the accounting value of the tangible assets.

(2) Amortization

The amortization is calculated at the assessed value using the **straight-line method** over the estimated useful life of the assets, as follows:

<u>Asset</u>	<u>Years</u>
Constructions	10 - 40
Technical installations and machinery	2 - 12
Other installations, machinery and furniture	3 - 15

The land is not amortized because it is considered to have an indefinite life.

(3) Sale/disposal of the tangible assets

The tangible assets that are disposed or sold are removed from the balance sheet together with the amortization appropriately accumulated. Any profit or loss resulting from such an operation is included in the current profit and loss account.

(4) The costs of indebtedness

The expenses on interests afferent to all loans are recorded as expenses when they are incurred, except for the loans for the acquisition or construction of tangible assets, which are included in the value of the assets until the date of entry into service of the respective tangible assets. The subsequent interests are recorded as expenses.

E Financial assets

The participation titles are classified as held until the non-defined maturity, not being available for sale in order to meet the company's temporary liquidity needs.

F Stocks

The stocks are recorded at the date of entry into the company at acquisition cost. On exiting from the accounting, the cost is determined based on the specific identification method. The cost of services and the ongoing execution includes the materials, manpower and afferent indirect production expenses. Where necessary, provisions are made for slow-moving stocks (older than 3 years from the date of acquisition) physically or morally used in accordance with the accounting policies adopted in

COMCEREAL SA. The net realizable value is estimated on the basis of the sale price less the finalization costs and the expenses for the sale.

G Commercial receivables

The commercial receivables are recorded at the invoiced amount less the provision for the depreciation of these receivables. The provision for the depreciation of the commercial receivables is constituted if there is objective evidence that the Company will not be in a position to collect all the amounts at the initial terms. The provision is calculated as the difference between the value recorded in the accounting and the recoverable value, which is the present value of the future cash flows using the actual current rate afferent to a similar financial instrument.

H Short-term financial investment

These include the short-term deposits with banks and other short-term high liquidity-providing investments as well as treasury bills.

I Cash and cash equivalents

The cash and the cash equivalents are recorded in the balance sheet at costs. For the cash flow situation, its cash and cash equivalents include cash in hand, bank accounts, short-term financial investments, treasury advances and net of overdraft. In the balance sheet, the overdraft is shown in debts to be paid over a period of one year – amounts due to credit institutions.

J Share capital

The ordinary shares are classified in equity.

K Dividends

The dividends afferent to ordinary shares are recognized in equity during the period in which they are declared.

L Loans

The short-term and long-term loans are initially recorded at the amount received, net of transaction costs.

The short-term portion of the long-term loans is classified in “Liabilities payable over a one-year period” and included with the interest accrued at the balance sheet date in “Amounts owed to credit institutions” in the current debts.

M The accounting of leasing contract in which the Company is a lessee

(1) Financial leasing contracts

The leasing contracts for tangible assets in which the Company assumes all the risks and benefits related to the property are classified as finance leasing contracts. The financial leases are capitalized at the estimated current value of payments. Each payment is split between the capital element and interest element to obtain a constant interest rate during the reimbursement. The amounts payable are included in short or long term debts. The interest element is recorded into the profit and loss account over the life of

the contract. The assets held under financial leasing contracts are capitalized and amortized over their useful lives.

(2) Operational leasing contracts

The leasing contracts in which a significant portion of the risks and benefits associated to the property are retained by the lessor, are classified as operating leasing contracts. The payments made under such a contract (net of any facilities granted by the lessor) are recognized in profit and loss account on a straight line basis over the life of the contract.

N Commercial payables

The short-term commercial payables (maturing in less than 12 months) are recorded at the nominal value, approximating the fair value of the amounts to be paid for the goods or services received.

O Provisions for risks and expenses

The provisions for risks and expenses are recognized when the Company has a legal or implicit obligation arising from past events when for the settlement of the obligation an outflow of resources embodying economic benefits is required and when a credible estimate of the value of the obligation can be made.

P Employees' benefits

Pensions and other benefits after retirement

In the normal course of the activity, the Company pays health, pension and unemployment benefits to the state funds for its employees at the statutory rates. All the employees of the Company are members of the Romanian state pension plan. These costs are recognized in the profit and loss account together with the recognition of salaries.

The company does not operate any other pension or retirement benefits plan and therefore has no other obligations regarding the pensions.

R Taxation

The Company records the current profit tax based on the taxable profit in the fiscal reports, according to the relevant Romanian legislation.

S Recognition of revenue

The revenues refer to the sold goods and to the provided services.

The revenues from the sale of goods are recognized when the Company transferred to the buyer the principal risks and benefits associated to the ownership of the goods.

The revenues from royalties and rents are recognized on the basis of the engagement accounting principles according to the economic substance of the related contracts.

The dividends are recognized as revenues when the legal right to receive these amounts is established.

T Turnover

The turnover represents the invoiced amounts and amounts to be invoiced, net of VAT and commercial rebates, for delivered goods or services rendered to third parties.

U Management of the financial risk

Financial risk factors

Due to the nature of the activities it performs, the Company is exposed to various risks including: the credit risk, foreign exchange risk, interest rate risk and liquidity risk. The management aims to reduce the potential adverse effects associated with these risk factors on the Company's financial performance.

(i) The credit risk

The Company is subject to credit risk due to its commercial receivables and to other types of receivables. The references on the clients' creditworthiness are normally obtained for all new customers, the receivables due date is carefully monitored, and the amounts due after the deadline are promptly tracked.

(ii) Foreign exchange risk

The company may be exposed to the exchange rate fluctuations through the debt generated by any foreign currency loans or commercial debts. Due to the high associated costs, the Company's policy is not to use financial instruments to mitigate this risk.

(iii) The interest rate risk

The Company's cash flows are affected by the rate fluctuations of the interests.

(iv) The liquidity risk

The prudent management of the liquidity risk involves maintaining sufficient cash and available credit lines.

Administrator:
IOAN PAUNA

Economic manager:
MONEA AURORA

COMCEREAL SA

Trade Register No. J36/165/1996

Unique registration code: RO 8392201

NOTE 2

FIXED ASSETS IN THE YEAR 2017

lei

Name of the fixed asset element *)	Gross value **)				Value adjustment***) (amortizations and adjustments for the depreciation or loss of value)			
	Balance at the beginning of the financial year 1	Increases ****)	Disposals, transfers and other discounts 3	Balance at the end of the financial year 4=1+2-3	Balance at the beginning of the financial year 5	Adjustments recorded during the financial year 6	Discounts or retakes 7	Balance at the end of the financial year 8=5+6-7
0								
intangible fixed assets	0	36,364	0	36,364		4,174	7	4,174
Lands	2,709,099			2,709,099				0
Constructions	15,749,340	42,523	98,000	15,693,863	798,026	403,073	0	1,201,099
Technical installations and machinery	2,687,763	286,601	5,851	2,968,513	1,814,567	168,363	5,851	1,977,079
Other installations, machinery and furniture	19,501	0	2,721	16,780	16,307	918	2,721	14,504
Advances and tangible fixed assets in progress	34,548	151,743	186,291	0				
Financial fixed assets	1,034,487	0		1,034,487				0
TOTAL	22,234,738	517,231	292,863	22,459,106	2,628,900	572,354	8,572	3,196,856

The last evaluation of the land, buildings and special constructions belonging to the company was made on 31.12.2014 by an independent evaluator member of ANEVAR (T.N.: National Association of Authorized Evaluators in Romania), the values set for each asset taking into account their degree of wear and tear. During the year 2017 the straight-line method was used as an amortization method, the amortizable value of the tangible fixed assets being allocated systematically over the useful life of the asset, and there was no special situation requiring a change in the amortization method.

Administrator:
IOAN PAUNA

Economic manager:
MONEA AURORA

COMCEREAL SA

Trade Register No. J36/165/1996

Unique registration code: RO 8392201

Note 3 - Stocks

<i>Name</i>	lei	
	31-dec 2016	31-dec 2017
RAW MATERIALS, MATERIALS AND INVENTORY OBJECTS (class 3 – 30)	11,368	12,169
STOCKS IN COURSE OF SUPPLY (class 3 – 32)	0	0
SEMI-PRODUCTS; FINISHED PRODUCTS; RESIDUAL PRODUCTS (3 – 34)	0	4,153,848
COMMODITIES (class 3 - 37)	1,314,232	2,055,208
PACKAGING (class 3 - 38)	0	0
ADVANCES (4091)	5,564,243	5,653,589
Total stocks	6,889,843	11,874,814

Regarding the adjustments for the stocks depreciation, Comcereal SA did not constitute adjustments.

Administrator:
IOAN PAUNA

Economic manager:
MONEA AURORA

COMCEREAL SA

Trade Register No. J36/165/1996

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Account: RO88BTRL03701202E10399XX

NOTE 4**THE RECEIVABLES SITUATION**

RECEIVABLES	Balance at the end of the financial year	lei Term of liquidity	
		under 1 year	over 1 year
0	1 = 2 + 3	2	3
Total, of which:	8,147,330	8,147,330	0
internal clients (cat. 4111)	6,991,143	6,991,143	0
Advances for services provision (cat.4092)	128,955	128,955	0
Medical leaves (cat. 4316)	0	0	0
non-payable VAT (on receipt)	2,173	2,173	
Various debtors (cat. 461)	304,500	304,500	0
Settlements from ongoing operations	28	28	
VAT to be recovered	720,531	720,531	0

ADJUSTMENTS	BALANCE ON	TRANSFERS		BALANCE ON
	01.01.2017	Into the account	From the account	31-12-2017
0	1	2	3	4 = 1 + 2- 3
Adjustments for depreciation of receivables clients (cat. 491)	1,744,052	22,320	212,826	1,553,546
TOTAL	1,744,052	22,320	212,826	1,553,546

Following the inventory of receivables it was found that there is the risk of cashing for one of the clients in the balance at the end of 2017, Fil Construct SRL, for which a provision was constituted in the amount of 22320 lei. The provisions for uncertain clients from the balance come from the previous years and amount to 1553546 lei. Most of this value, 1,523,725 lei, represents the debts of the debtor Cereal Impex SRL.

The receipt of the adjustments constituted for uncertain, bad-payer clients or clients in litigation was made in accordance with the rules in force for the amounts registered in the previous years.

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NOTE 5**Available money**

<i>Lei</i>	lei	
	31 December 2016	31 December 2017
Bank accounts	5,930,316	3,075,153
Cash in hand	12,395	14,853
Cash at the end of the period	5,942,711	3,090,006
Checks to be cashed in	0	0
Treasury advances	0	0
Other values	4,259	2,051
Assimilated accounts	4,259	2,051
Cash and assimilated accounts	5,946,970	3,092,057

“Other values” represents the sum of fuel vouchers unused until 31.12.2017.

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NOTE 6**SITUATION OF DEBTS**

DEBTS *)	Balance at the end of the financial year	Term of chargeability		
		under 1 year	1-5 years	over 5 years
0	1 = 2 + 3 + 4	2	3	4
Total, of which:	9,973,661	9,869,616	104,045	0
internal suppliers (cat. 401)	103,654	103,654	0	0
fixed assets suppliers (cat. 404)	0	0	0	0
due salaries (cat. 421)	57,875	57,875		
Staff-due matured aids (cat. 423)	0	0		
other debts regarding the staff (cat. 4281)	54,036	54,036	0	0
deductions from salaries (cat. 427, 431, 437, 447)	53,733	53,733	0	0
profit tax (cat. 441)	87,144	87,144	0	0
salaries tax (cat. 444)	18,188	18,188	0	0
other taxes (cat. 446)	0	0	0	0
other debts to the state budget (cat.4481)	0	0		
VAT to be paid (cat. 4423)	0	0	0	0
advances not used by mandate contract (cat.419)	0	0		
Various creditors (cat. 462)	295,332	295,332	0	0
Credits, leasing (cat. 1621, 167, 5191)	9,303,699	9,199,654	104,045	0

In 2017, the company involved a short-term loans revolving limit in the amount of 20,000,000 lei, and on 31.12.2017 the amount to be reimbursed from this limit was 9044257 lei.

From the long-term investments loan accessed in 2015 amounting to 59,850 euro, repayable in 7 instalments, the remaining loan balance outstanding at 31.12.2017 was of 17,252 euro.

In 2016 a lease was contracted for the acquisition of analyzers on the quality of agricultural goods purchased in total amount of 46,984 euro repayable in 7 instalments, the balance at 31.12.2017 being of 30,753 euro.

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NOTE 7**PROVISIONS FOR RISKS AND EXPENSES IN THE YEAR 2017**

Name of the provision *)	Balance at the beginning of the financial year	Transfers **)		lei
		into the account	from the account	Balance at the end of the financial year
0	1	2	3	4 = 1+2-3
Provisions for employees' benefits	0	0	0	0
Provisions for taxes	0	0	0	0
Other provisions	19,582	27,846	19,582	27,846

"Other provisions" represent amounts to be distributed to the company's management according to Shareholders' Ordinary General Meeting Decision 1/23.01.2014 and the provision constituted for days of rest leave not performed on 31.12.2017 in the amount of 17.350 lei

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NOTE 8**PARTICIPATIONS AND FINANCING SOURCES**

a) the existence of any participation certificates, transferable securities, convertible bonds, by disclosing the information required in Subsection 9.2;				lei	
Yes.	-	No.	X	not applicable	
b) paid subscribed share capital/entity's patrimony;				8,177,652.50	
c) the number and total value of each type of issued share					
- on 31.12.2017, the share capital of Comcereal SA Tulcea is worth 8,177,652.50 lei divided into 3,271,061 shares with a nominal value of 2.50 lei.					
The company is traded on the Bucharest Stock Exchange market - The alternative trading system is AeRO					
* have been entirely paid				yes	not applicable
* the number of shares for which it was requested, without result, the payments to be made;					
d) redeemable shares:					
* the closest date and the limit date for redemption;				not applicable	
* the mandatory or non-mandatory nature of the redemption;				not applicable	
* the value of the possible redemption premium;				not applicable	
e) shares issued during the financial year:					
* type of shares;				not applicable	
* number of issued shares;				not applicable	
* the total nominal value and the value received at the distribution;				not applicable	
* rights related to distribution:				not applicable	
				* the number, description and value of the corresponding shares;	not applicable
				* the period to exercise of the rights;	not applicable

	* the price paid for the distributed shares;	not applicable
f) issued bonds:		
	* the type of issued bonds;	not applicable
	* the issued value and the amount received for each type of bond;	not applicable
	* bonds issued by the entity, held by a nominated person or empowered by such person:	not applicable
	* nominal value;	not applicable
	* value recorded at the moment of the payment.	not applicable

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NOTE 9**DISTRIBUTION OF PROFIT IN THE YEAR 2017**

lei	
DESTINATION	AMOUNT
NET PROFIT TO BE DISTRIBUTED:	1,104,830.61
legal reserve	60,123.00
covering of accounting loss	0.00
dividends, etc.	0.00
NON-DISTRIBUTED PROFIT:	1,044,707.61

The Company COMCEREAL SA TULCEA recorded a net accounting profit of 1104830.61 lei in 2017, out of which the amount of 60123 lei allocated for the constitution of the legal reserves according to article 183(1) of Law 31/1990 regarding the companies and the amount of 1044707.61 lei will be distributed according to the Decision of the Shareholders' Ordinary General Meeting. The administrator of the company proposes that the amount of 1014028,91 lei be distributed for the distribution of dividends, namely 0,31 lei gross dividend/share and the difference in the amount of 30678.70 lei to be distributed to the reserve fund at the disposal to the company.

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NOTE 10**ANALYSIS OF THE RESULT FROM EXPLOITATION IN THE YEAR 2017**

lei

No.	Indicator name	Financial year	
		Previous	Current
0	1	2	3
1.	Production of the year	89,043,133	69,945,316
	1.1 Net turnover	89,038,177	65,791,467
	1.2 Variation of stocks	4,956	4,153,849
2.	Cost of sold goods and rendered services	87,629,202	67,659,922
	2.1 Expenses for the main activity	83,255,276	64,252,706
	2.2 Expenses for the auxiliary activities	3,732,112	2,490,060
	2.3 Indirect production expenses	641,814	917,156
3.	Gross result afferent to the net turnover (1-2)	1,413,931	2,285,394
4.	Selling expenses	0	0
5.	General administration expenses	1,160,122	1,198,154
6.	Adjustments regarding the current assets and provisions	-90,544	72,524
7.	Other revenues from exploitation	628,626	507,038
8.	Other expenses from exploitation	276,525	485,695
9.	Result from exploitation (3 - 4 - 5 + 6+7-8)	515,366	1,181,107

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NOTE 11**INFORMATION REGARDING THE EMPLOYEES AND THE MEMBERS OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES**

a) allowances granted to the members of the administrative, management and supervisory bodies;				
Yes.	x	No.	62,361 lei	
b) the contractual obligations regarding the payment of the pensions to former members of the administrative, management and supervisory bodies;				
the total amount of the commitments for each category		Administration	Management	Supervision
not applicable				
c) the amount of the advances and credits granted to the members of the administrative, management and supervisory bodies during the year:				
* the interest rate;				not applicable
* the main credit terms;				not applicable
* the amount reimbursed up to that date;				not applicable
* future obligations such as the guarantees assumed by the entity on their behalf;				not applicable
d) employees:				
* average number, broken down by each category;		Comcereal Tulcea on 31.12.2017 has an average number of employees in 2017 of 59 persons and an effective number of 60 persons in the following structures:		
		* men 44 and women 16		
		* TESA (T.N.: Technical, Economic and Socio-Administrative) personnel 22, qualified workers 28 and unqualified workers 10		
		* 1 person with mandate contract (general manager) and 59 persons with individual labour contract.		
* salaries paid or to be paid, afferent to the year;		1,718,316 lei		
* expenses on social security;		362,334 lei		
* other expenses with the contributions for pensions.		not applicable		
Starting with 23.01.2014, the management of the company was provided by Mr. IOAN PAUNA, named SOLE ADMINISTRATOR of the company, based on the SHAREHOLDERS' ORDINARY GENERAL MEETING DECISION NO. 1/23.01.2014.				

The executive management was conducted by 1 General Manager based on the mandate contract and three managers: commercial, technical and economic based on individual labour contracts:	
	*General manager: eng. Niculescu Emilian (mandate contract)
	*Economic manager: ec. Monea Aurora (individual labour contract)
	*Technical manager: eng. Cernat Corneliu (individual labour contract)
The salary level is set according to the normative acts in force, the salaries are paid on time, and the contributions afferent to salaries are transferred within the legal deadlines.	
All the employees of the company are employed by a labour contract, respectively with mandate contract, payrolls were monthly drawn up, all obligations, including those of the company, were retained and transferred.	

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NOTE 12**ECONOMICAL-FINANCIAL INDICATORS**

I. Liquidity indicators	<i>Current liquidity indicator</i>	
	Current assets (A)	23,114,201
	Current debts (B)	9,869,616
	<i>A/B- in number of times</i>	2.34
	<i>Immediate liquidity indicator</i>	
	Current assets (A)	23,114,201
	Stocks (B)	11,874,814
	Current debts (C)	9,869,616
	<i>(A-B)/C – in number of times</i>	1.14
II. Risk indicators	<i>Indicator of indebtedness degree</i>	
	Borrowed capital (A)	104,045
	Committed capital (B)	32,493,486
	<i>A/B (if negative, it is not calculated)</i>	0.0032
	<i>Indicator regarding the interests coverage</i>	
	Profit before payment of the interest and the profit tax (A)	1,518,881
	Interest expenses (B)	326,906
	<i>A/B – in number of times (if negative, it is not calculated)</i>	4.65
III. Activity indicators	<i>Number of storage days</i>	
	Average stock (A)	9,382,329
	Cost of sales (B)	62,778,015
	<i>(A/B)*365 – in number of days</i>	54.55
	<i>Speed of stocks rotation</i>	
	Cost of sales (A)	62,778,015
	Average stock (B)	9,382,329
	<i>(A/B) - in number of times</i>	6.69
	<i>Speed of debts rotation – clients</i>	
	Clients' average balance (A)	1,648,799
	Net turnover (B)	65,791,467
	<i>(A/B)*365 - in number of days</i>	9.15
	<i>Speed of credits rotation - suppliers</i>	
	Suppliers' average balance (A)	175,362
	Cost of sales (B)	62,778,015
	<i>(A/B)*365 – in number of days</i>	1.02
	<i>Speed of fixed assets rotation</i>	
	Net turnover (A)	65,791,467
	Fixed assets (B)	19,262,250
	<i>(A/B) - in number of times</i>	3.42
	<i>Speed of rotation of total assets</i>	
	Net turnover (A)	65,791,467
	Total assets (B)	42,376,451
	<i>(A/B) - in number of times</i>	1.55

IV. Profitability indicators	<i>Profitability of the involved capital</i>	
	Profit before the payment of the interest and of the profit tax (A)	1,518,881
	Total assets minus current debts (B)	32,493,486
	<i>A/B (if negative, it is not calculated)</i>	<i>0.05</i>
	<i>Gross margin on sales</i>	
	Gross profit from exploitation (A)	1,181,107
	Net turnover (B)	65,791,467
	<i>(A/B) - in percentages</i>	<i>1.80%</i>

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NOTE 13**OTHER INFORMATION**

a) Information on the presentation of the reporting entity, according to Subsection 8.2.	
The Company Comcereal SA Tulcea is a Romanian legal person, operates under the legal regime of a joint stock company and carries out its activity in accordance with the applicable Romanian legislation, in conjunction with the provisions of the Articles of Incorporation. The accounting records of the company are kept in Romanian language and in the national currency.	
The main activity object of the company according to the CAEN (T.N.: Activities Classification in the National Economy) code is 5210 "Storage". In the future, the same activity will take place in the same locality. The company had an average number of 59 employees during 2017, and an actual number of 60 employees at 31.12.2017	
b) Information on the relationships of the entity with subsidiaries, associated entities or other entities, in which participations are held, required under Subsection 8.2.	
The decision no. 1/30.08.2006 of the Extraordinary General Meeting of the Shareholders regarding the participation of the Company Comcereal S.A. Tulcea in the constitution of the Company Cereal Perst S.R.L. Tulcea – the action was completed in October 2006	
c) The bases of conversion used to express in national currency the assets and liabilities, the incomes and expenses originally denominated in a foreign currency.	
not applicable	
d) Information regarding the profit tax:	
* the reconciliation between the result of the year and the fiscal, results as presented in the tax statement;	
* Gross result	1,104,831
* Total elements similar to the incomes	440,768
* Total elements similar to the expenses	645,352
* Total deductions	749,651
* Total of non-taxable incomes	581,354
* Total of non-deductible expenses	975,408
* Total of taxable income	544,650
* Fiscal loss to be recovered from the previous years	0
* Taxable profit	544,650
* Total of profit tax	87,144
* Sums representing the sponsorship	0
* Tax on the profit finally due	87,144
* Profit tax reported by the form 100	0
* Difference of profit tax	87,144

* the extent to which the calculation of the profit or loss of the financial year has been affected by an assessment of the items that, by way of derogation from the general accounting principles and valuation accounting rules, has been made in the current financial year or in a previous financial year in order to obtain tax incentives;		not applicable
* the profit tax remaining to be paid.		87,144
e) Turnover:		65,791,467
* on segments of activities		
* Sold production		832,609
* Provision of services		2,362,422
* Revenues from the commodities sale		62,596,436
* Other incomes from the turnover		0
* on geographical markets:		
* Romania		64,428,879
* Internationally		1,362,588
f) Post-balance sheet events that have such importance that their failure to be presented could affect the ability of the users of the financial statements to make evaluations and make informed decisions – information for each significant category of such events:		
* nature of the event;		not applicable
* estimation of the financial effect or an indication according to which the estimation can not be made.		not applicable
g) Explanations about the value and the nature:		
* extraordinary income and expenses;		not applicable
* incomes and expenses recorded in advance – if they are significant.		
* Incomes recorded in advance		13,349
* Expenses recorded in advance		0
h) Instalments paid under a leasing contract.		
not applicable		
i) Financial leasing - information:		
Financial leasing – highlights:		
* General description of the major leasing contracts:		
On 20.05.2016 there was concluded a financial leasing contract no. 3010244/20.05.2016 to finance the acquisition of 5 (five) portable analyzers with a total value of 41,950 euro, of which an advance of 8390 euro was paid, the financed value was 33,560 euro. Subsequently, the number of portable analyzers was increased by 2 (two) more pieces for the financing of which the financial leasing contract no. 30106876/06.07.2016 having a total value of 16,780 euro, of which an advance amounting to 3,356 euro was paid, the financed value being 13,424 euro. Both contracts have the same reimbursement terms in 8 instalments, payable twice a year in September and December and the balance on 31.12.2017 being of 23305.85 Euro and 9261.02 Euro respectively.		
* The interest to be paid afferent to the future periods – 2,532 euro		11,801 lei
j) The fees paid to the auditors/censors and the fees paid for other certification services, fiscal advisory services and services other than auditing.		
* fees paid to auditors: 20,097.74 lei – the value includes VAT (external audit – JPA Audit&Consultantia SRL)		
* fees paid to auditors: 16.320,24 lei – the value includes VAT (internal audit – CIPL Expert Audit SRL)		
k) The expected commercial effects which are not due.		
		not applicable

j) When the amount to be reimbursed for the debts is greater than the amount received, the difference is shown in the explanatory notes.

not applicable

m) The probable debts and the granted commitments.

not applicable

n) The commitments in the form of guarantees of any kind must, if there is no obligation to present them as debts, be clearly presented in the explanatory notes and a distinction should be made between the different types of guarantees recognized by the national legislation. Also, a separate presentation of any value guarantee that has been provided should be made. Such commitments that exist in the relation with the affiliated entities should be presented separately.

* the guarantees of the nature of the Promissory Notes advanced by Comercial SA Tulcea in order to execute and honour the payment obligations resulting from the Leasing Contracts concluded as well as the Credit Contract for long-term investments. Their situation is as follows:

No.	Series and number	instalment value (credit+interest) in euro	instalment value in lei	Beneficiary	CONTRACT
1	BTRL3BS 2246064	692.51	3,144.76	Unicredit Leasing IFN	30087987/14.10.2015
2	BTRL3BS 2246065	8,708.15	39,544.58	Unicredit Leasing IFN	30087987/14.10.2015
3	BTRL3BS 2246066	8,708.15	39,544.58	Unicredit Leasing IFN	30087987/14.10.2015
4	BTRL3BS 2246067	8,708.15	39,544.58	Unicredit Leasing IFN	30087987/14.10.2015
5	BTRL3BS 2246068	8,708.15	39,544.58	Unicredit Leasing IFN	30087987/14.10.2015
6	BTRL3BS 2246069	8,708.15	39,544.58	Unicredit Leasing IFN	30087987/14.10.2015
7	BTRL3BS 2246070	8,708.15	39,544.58	Unicredit Leasing IFN	30087987/14.10.2015
8	BTRL3BS 2246071	8,708.15	39,544.58	Unicredit Leasing IFN	30087987/14.10.2015
9	BTRL3BS 2246073	4,939.74	22,259.95	Unicredit Leasing IFN	30102444/20.05.2016
10	BTRL3BS 2246074	4,939.74	22,260.00	Unicredit Leasing IFN	30102444/20.05.2016
11	BTRL3BS 2246075	4,939.74	22,260.00	Unicredit Leasing IFN	30102444/20.05.2016
12	BTRL3BS 2246076	4,939.74	22,260.00	Unicredit Leasing IFN	30102444/20.05.2016
13	BTRL3BS 2246077	4,939.74	22,260.00	Unicredit Leasing IFN	30102444/20.05.2016
14	BTRL3BS 2246078	4,939.74	22,260.00	Unicredit Leasing IFN	30102444/20.05.2016
15	BTRL3BS 2246079	4,939.74	22,260.00	Unicredit Leasing IFN	30102444/20.05.2016
16	BTRL3BS 2246080	4,939.74	22,260.00	Unicredit Leasing IFN	30102444/20.05.2016
17	BTRL3BS 2246081	1,962.68	8,812.43	Unicredit Leasing IFN	30106876/13.07.2016
18	BTRL3BS 2246082	1,962.68	8,812.00	Unicredit Leasing IFN	30106876/13.07.2016
19	BTRL3BS 2246083	1,962.68	8,812.00	Unicredit Leasing IFN	30106876/13.07.2016
20	BTRL3BS 2246084	1,962.68	8,812.00	Unicredit Leasing IFN	30106876/13.07.2016
21	BTRL3BS 2246085	1,962.68	8,812.00	Unicredit Leasing IFN	30106876/13.07.2016
22	BTRL3BS 2246086	1,962.68	8,812.00	Unicredit Leasing IFN	30106876/13.07.2016
23	BTRL3BS 4279977	1,962.68	8,812.00	Unicredit Leasing IFN	30106876/13.07.2016
24	BTRL3BS 4279978	1,962.68	8,812.00	Unicredit Leasing IFN	30106876/13.07.2016
Total		116,868.92	528,533.20		

* real estate mortgage type guarantees committed under the short-term credit contract of 20,000,000 lei concluded with Transilvania Bank:

land and constructions at Baia Silo	6,405,410 lei
land and constructions at Mihail Kogalniceanu Reception Base	2,337,562 lei

land and constructions at Mahmudia Reception Base	2,120,989 lei
land and constructions Comcereal headquarters on Isacsei street, no. 73	953,520 lei
o) If an asset or a liability relates to more than one item in the balance sheet format, its relationship with other items should be disclosed in the explanatory notes if such disclosure is critical to the understanding of the annual financial statements.	
not applicable	
p) Any detailing of the items from the annual financial statements, when these elements are significant and relevant to the users of the financial statements.	

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NOTE 14**TRANSACTIONS WITH AFFILIATED PARTIES**

On 31.12.2017, the majority shareholding of Comcereal SA Tulcea, respectively 95.3577%, is held by Argus SA Constanta.

Comcereal SA Tulcea holds on 31.12.2017 shares of 100% of the share capital of the Company Cereal Prest SRL

In 2017 there were transactions with the aforementioned affiliated parties as follows:
lei

Type of transaction with the affiliated parties	Argus SA		Cereal Prest SRL	
	2016	2017	2016	2017
Sales of goods	30,743,922	22,399,905	125,219	107,364
Sales of services	1,586,476	1,633,110	1,440	1,428
Purchases of goods	7,100,997	3,216,344	1,036,043	842,544
Purchases of services	0	0	0	0
Transfer of ceded claims	0	0	0	244,500
Transfer of receivables taken over	0	0	0	0
Paid dividends	1,341,260	0	0	0
Cashed-in dividends	0	0	120,292	337,060
Type of balance	Balances		Balances	
	2016	2017	2016	2017
Commercial receivables	532,078	212,222	125,219	106,779
Other receivables	0	0	0	244,500
Commercial debts	9,487	73,436	0	4,860
Other debts	0	0	0	0

Administrator:
IOAN PAUNA

Economic manager :
MONEA AURORA

**Annex to the Annual Report
related to the financial year 2017**

Statement on the Corporate Governance

Sections	Provisions to be replaced	YES	NO	If NO, then Explain
A.1.	The company must have an Internal Regulation of the Board of Directors that includes terms of reference related to the Board and the key management functions of the company. The administration of the conflict of interests at the Board level should also be dealt with in Board Regulation.	YES		
A.2.	Any other professional engagements of the Board members, including the position of executive or non-executive Board member in other companies (excluding affiliated companies) and non-profit institutions, will be brought to the attention of the board prior to the appointment and during the term of the mandate.	YES		
A.3.	Each member of the board shall inform the Board of any relationship with a shareholder who directly or indirectly has shares representing not less than 5% of the total voting rights.	YES		
A.4.	The annual report must inform whether an evaluation of the Board has taken place under the chairmanship of the President. It must also contain the number of meetings of the Board.		NO	In the course of 2018, the evaluation criteria will be developed by the Board of Directors
A.5.	The procedure on the cooperation with the Authorized Consultant for the period during which this cooperation is imposed by the Bucharest Stock Exchange shall contain at least the following:			
A.5.1.	The contact person with the Authorized Consultant	YES		
A.5.2.	The frequency of the appointments with the Authorized Consultant that will be at least once a month and whenever events or new information involve the submission of current or periodic reports so that the Authorized Consultant can be consulted.	YES		

A.5.3.	Obligation to provide the Authorized Consultant with all relevant information and any information that is reasonably required by the Authorized Consultant or is necessary to the Authorized Consultant in fulfilling his/her responsibilities;	YES		
A.5.4.	Obligation to inform the Bucharest Stock Exchange about any malfunction occurring in the framework of the cooperation with the Authorized Consultant.	YES		
B.1.	The Board will adopt a policy so that any transaction of the company with a subsidiary representing 5% or more of the net assets of the company, according to the most recent financial reports, is approved by the Board.		NO	The company has no subsidiaries. If they shall be set up, the Board will adopt a policy in this respect.
B.2.	The internal audit must be carried out by a separate organizational structure (internal audit department) within the company or by the services of a third independent party, who will report to the Board and within the company will report directly to the General Manager.	YES		
C.1.	The Company will publish in the annual report a section that will include the total revenues of the members of the Board and of the general manager for the respective financial year and the total value of all bonuses or of any variable compensation and, as well as the key assumptions and principles for calculating the incomes mentioned above.	YES		
D.1.	In addition to the information provided in the legal provisions, the company's website will contain a section dedicated to the Relation with the Investors, both in Romanian and English languages, with all relevant information of interest to the investors, including:	YES		
D.1.1.	The main regulations of the company, in particular the constitutive act and the internal regulations of the statutory bodies;	YES		
D.1.2.	The CVs of statutory body members	YES		
D.1.3.	The current reports and the periodical reports;	YES		
D.1.4.	Information on shareholders' general meetings; the agenda and the related materials; decisions of general meetings.	YES		

D.1.5.	Information on the corporate events such as the payment of dividends or other events that result in obtaining or limiting the rights of a shareholder, including deadlines and the principles of such operations;	YES		
D.1.6.	Other extraordinary information that should be made public: cancellation / modification / initiation of cooperation with an Authorized Consultant: signing / renewing / terminating an agreement with a Market Marker.	YES		
D.1.7.	The company must have a function of Relations with the Investors and to include in the dedicated section of this function, on the Company's website, the names and contact details of a person who is able to provide the appropriate information upon request.	YES		
D.2.	A company must have adopted a company's dividends policy as a set of directives relating to the distribution of the net profit that the company claims to respect. The principles of the dividend policy should be published on the company's website.		NO	This provision is due to be fulfilled in the year 2018
D.3.	A company must have adopted a policy on forecasts to be published on the company's website.		NO	This provision is due to be fulfilled in the year 2018
D.4.	A company must set the date and place of a general meeting so as to allow the participation of as many shareholders as possible.	YES		
D.5.	The financial reports will include information in both English and English languages on the main factors which are influencing changes in sales, operating profit, net profit or any other relevant financial indicator.	YES		
D.6.	The company will hold at least one meeting / telephone conference with analysts and investors each year. The information presented on these occasions will be published in the Relations with the Investors section from the company's website at the time of that meeting / telephone conference.		NO	It was considered that the continuous and periodic reports prepared by the company for the disclosure of the financial items were relevant from the point of view of the information necessary for the investors.

**SOLE ADMINISTRATOR
IOAN PAUNA**

STATEMENT

In accordance with the provisions of article 30 of the Accounting law no. 82/1991

The annual financial statements on 31/12/2017 were prepared for the:

Entity: COMCEREAL SA TULCEA

District: 36-- TULCEA

Address: ISACCEI STREET, NO. 73, TULCEA

Number in the trade register: J36/165/1996

Ownership type: 34 – JOINT STOCK COMPANY

Main activity (CAEN (T.N.: Activities Classification in the National Economy) class name and code): 5210 – STORAGE

Unique registration code: RO 8392201

LEI Code: 254900R1D1AN3UY3Q040

The undersigned IOAN PAUNA assumes the responsibility for the preparation of the annual financial statements on 31/12/2017 and confirms that:

- a) The accounting policies used to prepare the annual financial statements are in accordance with the applicable accounting regulations.
- b) The annual financial statements provide a true picture of the financial position, financial performance and of other information about the performed activity.
- c) The legal persons carry on their activity in conditions of continuity.

Administrator:

IOAN PAUNA