

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
TRANSILVANIA BANK ACCOUNT: RO88BTRL03701202E10399XX
RAIFFEISEN BANK ACCOUNT: RO47 RZBR 0000 0600 0035 2530
BRD TULCEA ACCOUNT: RO13 BRDE 370S V016 7740 3700
UNICREDIT BANK ACCOUNT: RO26 BACX 0000 0005 2325 5000

ADMINISTRATOR'S REPORT ON THE FINANCIAL YEAR 2018, ACCORDING TO THE FINANCIAL SURVEILLANCE AUTHORITY REGULATION NO. 5/2018

Date of the report	07.03.2019
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 111,100 tons, the company occupies one of the top places 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 Romcereal – 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 2018 investments were made in the amount of 274,327 ron.

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	2016	2017	2018
	Turnover 100%	Turnover 100%	Turnover 100%
Revenues from services rendered % :	1.92	2.99	1.45
- Revenues from sale of goods and finished products %	97.81	96.40	98.18
- Other revenues from the	0.27	0.61	0.37

turnover %			
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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	2016	2017	2018
TOTAL - Tons	65,113	61,134	98,056

1.1.1. General evaluation elements

Compared to the indicators proposed for the year 2018, the company achieved the following:

-ron-				
No.	EXPLANATION	Made in 2016	Made in 2017	Made in 2018
1.	Net profit/loss in the financial year	233 201	1 104 831	1 491 319
2.	Turnover, of which:	89 037 177	65 791 467	114 041 060
	Deliveries in the exterior	0	1 362 588	1 988 387
3.	Cos of sold goods and rendered services	87 624 246	63 506 073	110 202 921
4.	Liquidity (cash and accounts in banks)	5 946 970	3 092 057	4 662 553

a) Profit

The company COMCEREAL SA TULCEA recorded in year 2018 a gross accounting profit of 1,857,510 ron, out of which 2,353,270 ron profit from exploitation and 495,760 ron profit from the financial activity. As a result of the taxation, a net profit of 1,491,319 ron resulted.

b) Turnover

In 2018 the company recorded a turnover of 114,041,060 ron. The turnover realized in 2018 represents approximately 125% of the budget provisions for 2018:

-ron-						
Name	2016		2017		2018	
	Made	Expected	Made	Expected	Made	Expected
Turnover	89,037,177	119,173,000	65,791,467	109,940,000	114,041,060	91,365,900

c) External deliveries

In 2018, Comcereal made intra-community sales of goods in total amount of 1,988,387 ron.

d) Costs

The total expenditures incurred in 2018 in the amount of 115,171,691 ron represent approximately 128% of the total expenses provided in the BVC (T.N.: Budget of Revenues and Expenses) 2018.

-ron-			
EXPLANATION	Made 2016	Made 2017	Made 2018
Total expenditure, of which:	89,453,492	69,849,854	115,171,691
Exploitation expenses, of which :	89,156,393	69,503,655	114,318,175
Expenses with raw materials	0	4,376,780	15,357,810
Expenses with materials, energy, consumed materials	447,259	465,990	552,715
Expenses with goods	81,683,098	58,167,681	89,232,294
Expenses with the staff	1,886,259	2,080,650	2,332,885
Expenses with the amortization	548,210	576,528	830,236

Expenses with taxes	232,039	225,626	307,257
Other expenditure	4,359,528	3,450,516	5,515,017
Expenses with provisions	0	159,884	189,961
Financial expenses	297,099	346,199	853,516

The expenditure on materials and energy recorded changes compared to the year 2017, because of the increase in purchase prices as well as of the quantities of traded goods.

The expenses on the staff are 12% higher compared to those in 2017, an increase due to the rise in the minimum wage from 1,450 to 1,900 ron.

As far as goods expenses are concerned, they are higher than in 2017 by about 53%. This was possible as a result of:

- the purchase of a larger quantity of cereals compared to the year 2017, by about 60%;
- the fierce competition on the cereals transactions in the area;
- the use of storage spaces between about 40% and 275% of the authorized capacity as well as the higher speed of stocks capitalization;
- the creation of a more consistent stock of goods than in 2018, in order to capitalize on it in the first semester of the year 2019.

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 increased compared to the previous years, due to the transport expenses, which have a significant share in "other expenses". This is because in 2018 the volume of purchased products significantly increased.

e) 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.

f) Liquidity

-ron-

I. Liquidity indicators	<i>Current liquidity indicator</i>	
	Current assets (A)	40 816 587
	Current debts (B)	26 596 588
	<i>A/B- in number of times</i>	<i>1.53</i>
	<i>Immediate liquidity indicator</i>	
	Current assets (A)	40 816 587
	Stocks (B)	22 525 269
	Current debts (C)	26 596 588
	<i>(A-B)/C – in number of times</i>	<i>0.69</i>

The practice suggests that the current liquidity is appropriate for most businesses when it would ensure that all current debts are covered by current assets at least once.

The security value of the fast liquidity indicator is between 0.6 and 1. In our case, a value of 0.69 expresses the ability of an enterprise to meet its short-term debt from receivables, cash and short-term financial investment, excluding the stocks, which have the slowest potential for liquidity conversion, the account available shown above provides a comfort in this respect.

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, as well as of the finished products obtained

pursuant to oleaginous processing was carried out in 2018 both on the domestic market as well as on the foreign market by the intra-community transactions made by Comcereal. 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 97.45% of the total revenues.

The evolution of these indicators is presented below:

Name	2016		2017		2018	
	Value	Percentage of total revenues	Value	Percentage of total revenues	Value	Percentage of total revenues
Total revenues, of which:	89,792,140	100	71,041,829	100	117,029,201	100
a) The turnover, of which:	89,038,177	99.16	65,791,467	92.61	114,041,060	97.45
Revenues from services provision	1,710,832	1.92	1,964,082	2.76	1,647,883	1.41
Revenues from the sale of finished goods and products	87,086,880	97.81	63,429,045	89.29	111,967,171	95.68
Other revenues from the turnover	240,464	0.27	398,340	0.56	426,007	0.36
b) Other revenues	753,963	0.84	5,250,362	7.39	2,988,141	2.55

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 2018, an amount of 4,525 tons of sprat was sold, 3,266 to crude oil and 663 to degummed oil, and in addition to agricultural commodities, Comcereal SA also sold chemical fertilizers, seeds for seedlings, herbicides for agriculture, and feed concentrates for animals feeding. It is hoped that this kind of trade will 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 2018 is presented below

DELIVERED AGRICULTURAL PRODUCTS (wheat, corn, sunflower, rapeseed, barley, etc.)	Quantity -tons-	Value -ron-
TOTAL DELIVERED PRODUCTS	87,287	106,703,117

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 2018, 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., 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.

a) Specifying the number and level of training of the employees of the issuer, as well as the degree of unionisation of the workforce.

The company carries out the aforementioned activities with a staff of 57 employees, of which 21 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, 1 accountant at the subunits, 3 auxiliary staff at headquarters - secretary/cashier). Of the 36 workers, 28 are skilled in the professions specific to our activities, and 8 are unqualified.

Of the 57 employees, 9 are graduates of higher education, 17 with secondary education and 23 professionally qualified and 8 are unqualified employees.

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

b) Description of the relationships between the manager and the employees, as well as any other conflicting elements which characterize these relationships

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

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 2018, 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

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.

1. 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.

2. 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.

3. The interest rate risk

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

4. The liquidity risk

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

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 2018, 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 2018 investments were made in the amount of 274,327 RON, which reached the target 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 2018, we mention the registration in the organic farming system regarding the production, processing, marketing and storage of organic agro-food products. This will allow the marketing of organic agricultural products with better economic results.

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

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.

For the year 2017, the net result obtained amounted to 1,104,830.61 ron. The amount of 60,123 ron was assigned to the legal reserve, and the difference in the amount of 1,044,707.61 was divided as follows: 30,678.70 ron to be used for the provision of reserves at the disposal of the company and 1,014,028, 91 ron was distributed for the distribution of dividends, i.e. 0.31 ron gross dividend / share.

In 2018, Comcereal SA achieved a net profit of 1,491,319.30 ron. The sole administrator of the company proposes to the shareholders that it be distributed as follows: constitution of legal reserves in the amount of 7,414.50 ron, and the difference in the amount of 1,483,904.80 divided as follows: 175,480.40 ron to be used to make reserves at the disposal of the company, and the amount of 1,308,424.40 ron to be let for the distribution of dividends, namely 0.40 ron gross dividend / share.

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 2018, 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. 3/20.12.2017.

There are no agreements, understanding or family relationships of the administrator with any other person in the firm.

The administrator of the company does not own shares in the share capital of the company.

4.2. The executive management of the company

For the period 01.01.2018-31.12.2018, 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 and additional acts	engineer
2.	Monea Aurora	Economic manager	CIM 266/28.08.2015	economist
3.	Cernat Corneliu	Technical manager	CIM 72574/19.07.2000	engineer

No member of the executive management of the company has any agreement, understanding, or family relationship with any other person in the company.

The technical director of the company in the person of Mr. Cernat Corneliu owns 83 shares in the share capital of Comcereal SA Tulcea.

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

Patrimonial elements	-ron-		
	31.12.2016	31.12.2017	31.12.2018
A. Fixed assets – TOTAL	19,605,838	19,262,250	18,713,302
Of which			
Intangible assets	0	32,190	26,070
Tangible assets	18,571,351	18,195,573	17,652,745
Financial assets	1,034,487	1,034,487	1,034,487
B. Current assets – TOTAL	17,857,957	23,114,201	40,816,587
Of which			
Stocks	6,889,843	11,874,814	22,525,269
Receivables	5,021,144	8,147,330	13,628,765
Cash and bank accounts	5,946,970	3,092,057	4,662,553

C. Expenses in advance	0	0	0
TOTAL ACTIVE (I+II+III+IV)	37,463,795	42,376,451	59,529,889
D. Debts to be paid in a period of up to one year	5,782,759	9,869,616	26,596,588
E. Debts to be paid in a period of more than one year	203,568	104,045	54,449
F. Provisions	19,582	27,846	35,025
G. Unearned incomes	318,379	311,693	303,286
H. Equity	31,139,507	32,063,251	32,540,541
Of which			
Paid subscribed capital	8,177,653	8,177,653	8,177,653
Reserves from reassessment	16,393,773	16,280,773	16,280,773
Reserves	6,351,840	6,628,204	6,598,211
Reported result of previous loss	0	68,087	0
Profit distribution	16,960	60,123	7415
Result of the financial year	233,201	1,104,831	1,491,319
TOTAL PASSIVE (I+II+III+IV)	37,463,795	42,376,451	59,529,889

From the analysis of the balance sheet items on 31.12.2018, we can see that the net fixed assets show changes compared to the year 2017 on the investments made in 2018 but also on the cumulative annual depreciation.

Current assets increased significantly in 2018 compared to 2017, as well as short-term debts, as a result of the increase in the short-term loan ceiling for current activity from 20,000,000 lei in 2017 to 40,000,000 in 2018.

Long-term debt diminished in 2018 as compared to 2017 following the repayment of long-term borrowing rates.

Equity shows an increase on the net result achieved in 2018.

At the end of 2018, 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.

b) The profit and loss account

The company performances are presented in the profit and loss account.

-ron-			
Criteria	2016	2017	2018
Turnover	89,038,177	65,791,467	114,041,060
Incomes from exploitation	89,671,759	70,452,354	116,671,445
Expenses from exploitation	89,156,393	69,271,247	114,318,175
Result from exploitation	515,366	1,181,107	2,353,270
Financial incomes	120.98	357,067	357,756
Financial expenses	297,099	346,199	853,516
Financial result	-176,119	10,868	-495,760
Total incomes	89,792,140	70,809,421	117,029,201
Total expenses	89,453,492	69,617,446	115,171,691
Gross result	339,247	1,191,975	1,857,510
Tax on profit	106,046	87,144	366,191
Net result	233,201	1,104,831	1,491,319

The company COMCEREAL SA TULCEA recorded a net accounting profit of 1,491,319.30 ron in 2018. 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 7,414.50 ron, and the difference in the amount of 1,483,904.80 divided as follows: 175,480.40 ron to be used for the constitution of reserves at the disposition of the company and the amount of 1,308,424.40 ron to be distributed for the distribution of dividends, namely 0.40 ron gross dividend / share.

c) Situation of treasury cash flows

The cash flow statement for 2017 and 2018 is set out in the annexes to this report.

In order to diversify the range of purchased products and to complete the performed activity, the company also needs in 2018 a working capital with a maximum value of up to 40,000,000 ron.

For this reason, we submit for approval to the shareholders the involvement of a loan of up to a maximum of 40,000,000 ron and to guarantee it up to 100% of the total assets of the patrimony as well as the mortgage on the stocks and receivables of the company.

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 2018, the Company Cereal Prest SRL recorded a net profit of 129,867 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 142,034 ron in 2018.

9. Financial instruments

The company did not use such instruments to influence the valuation of assets, liabilities, financial position or performance of the company.

Sole Administrator,
PAUNA IOAN

General Manager,
NICULESCU EMILIAN
MIHAI

Economic Manager
MONEA AURORA