Translation from Romanian

AGRANA ROMANIA S.A
CONSOLIDATED FINANCIAL STATEMENTS

Drawn up in accordance with
the Order of the Ministry of Public Finance
no. 1802/2014 as subsequently amended.
as at the date and for the financial year
ended on February 28th, 2017

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Consolidated Report of the Board of Management

CONSOLIDATED BALANCE SHEET

	Item name	Row no.	29.02.2016	28.02.2017
	A	B	2	3
A.	NON CURRENT ASSETS			
	I. INTANGIBLE ASSETS			
	1. Set-up costs (acc. 201-2801)	1	-	-
	2. Development costs (acc. 203 - 2803 - 2903)	2	-	-
	3. Concessions, patents, licenses, trademarks, similar rights and assets and other intangible assets (acc. 205 + 208 - 2805 - 2808 - 2905 - 2908)	3	228,250	114,080
	4. Goodwill (acc. 2071 - 2807)	4	-	-
	5. Intangible assets for the exploration and evaluation of mineral resources (acc. 206 - 2806 - 2906)	5	-	-
	6. Advance payments (acc. 4094)	6	-	-
	TOTAL INTANGIBLE ASSETS (rows 01 to 06)	**7**	**228,250**	**114,080**
	II. TANGIBLE ASSETS			
	1. Land and buildings (acc. 211 + 212 - 2811 - 2812 - 2911 - 2912)	8	99,027,113	99,086,402
	2. Technical installations and machinery (acc. 213 + 223 - 2813 - 2913)	9	82,687,810	79,044,904
	3. Other installations, machinery and furniture (acc. 214 + 224 - 2814 - 2914)	10	1,269,410	1,085,642
	4. Real estate investments (acc. 215 - 2815 - 2915)	11	2,851,539	2,727,584
	5. Tangible fixed assets under construction (acc. 231 - 2931)	12	2,209,457	2,000,703
	6. Real estate investments under construction (acc. 235 - 2935)	13	-	-
	7. Tangible assets for the exploration and evaluation of mineral resources (acc. 216 - 2816 - 2916)	14	-	-
	8. Productive biological assets (acc. 217 + 227 - 2817 - 2917)	15	-	-
	9. Advance payments (acc. 4093)	16	68,750	269,181
	TOTAL TANGIBLE ASSETS (rows 08 to 16)	**17**	**188,114,078**	**184,214,416**
	III. FINANCIAL ASSETS			
	1. Shares held in subsidiaries (acc. 261 - 2961)	18	-	-
	2. Loans to entities in the group (acc. 2671 + 2672 - 2964)	19	-	-
	3. Shares held in affiliated entities and jointly controlled entities (acc. 262 + 263 - 2962)	20	-	-
	4. Loans to associated entities and jointly controlled entities (acc. 2673 + 2674 - 2965)	21	-	-
	5. Other long-term investments (acc. 265 + 266 - 2963)	22	11,396	11,396
	6. Other loans (acc. 2675* + 2676* + 2677 + 2678* + 2679* - 2966* - 2968*)	23	11,216	10,291
	TOTAL FINANCIAL ASSETS (rows 18 to 23)	24	22,612	21,687
	NON-CURRENT ASSETS - TOTAL (rows 07 + 17 + 24)	**25**	**188,364,940**	**184,350,183**
B.	**CURRENT ASSETS**			

	Item name	Row no.	29.02.2016	28.02.2017
	A	B	2	3
	I. INVENTORIES			
	1. Raw materials and consumables (acc. 301 + 302 + 303 + /- 308 + 321 + 322 + 323 + 328 + 351 + 358 + 381 + /- 388 - 391 - 392 - 3951 - 3958 - 398)	26	13,889,501	34,455,629
	2. Production in progress (acc. 331 + 332 + 341 + /- 348* - 393 - 3941 - 3952)	27	223,799	44,969
	3. Finished goods and merchandise (acc. 327 + 345 + 346 + 347 + /- 348* + 354 + 356 + 357 + 361 + 326 + /- 368 + 371 + /- 378 - 3945 - 3946 - 3947- 3953 - 3954 - 3955 - 3956 - 3957 - 396 - 397 - from acc. 4428)	28	175,870,286	261,201,817
	4. Advances (acc. 4091)	29	84,690	15,495
	TOTAL INVENTORIES (rows 26 to 29)	**30**	**190,068,276**	**295,717,910**
	II. RECEIVABLES (The amounts to be collected after a period of time longer than one year must be presented separately for each item)			
	1. Trade receivables[1] (acc. 2675* + 2676* + 2678* + 2679* - 2966* - 2968* + 4092 + 411 + 413 + 418 - 491)	31	65,069,929	41,126,760
	2. Amounts to be collected from affiliated entities (acc. 451** - 495*)	32	10,437,761	5,189,706
	3. Amounts to be collected from affiliated entities and jointly controlled entities (acc. 453** - 495*)	33	-	-
	4. Other receivables (acc. 425 + 4282 + 431** + 437** + 4382 + 441** + 4424 + from acc. 4428** + 444** + 445 + 446** + 447** + 4482 + 4582 + 4662 + 461 + 473** - 496 + 5187)	34	20,900,332	18,611,043
	5. Subscribed and unpaid capital (acc. 456 - 495*)	35	-	-
	TOTAL RECEIVABLES (rows 31 to 35)	**36**	**96,408,022**	**64,927,509**
	III. SHORT TERM INVESTMENTS			
	1. Shares held in affiliated entities (acc. 501 - 591)	37	-	-
	2. Other short term investments (acc. 505 + 506 + 507 + from acc. 508 - 595 - 596 - 598 + 5113 + 5114)	38	3,463,630	-
	TOTAL (rows 37 + 38)	**39**	**3,463,630**	-
	IV. CASH AT HAND AND IN BANK (from acc. 508 + acc. 5112 + 512 + 531 + 532 + 541 + 542)	40	10,385,459	18,527,535
	CURRENT ASSETS - TOTAL (rows 30+36+39+40)	**41**	**300,325,387**	**379,172,954**
C.	**ADVANCE EXPENSES (acc. 471) (rows 43 + 44)**	**42**	**370,938**	**313,827**
	Amounts to be repeated within a period up to one year (from acc. 471*)	43	370,938	313,827
	Amounts to be repeated within a period over one year (from acc. 471*)	44	-	-
D.	**LIABILITIES: AMOUNTS PAYABLE WITHIN A PERIOD OF UP TO ONE YEAR**			
	1. Loans from bonds issue, showing loans from convertible bonds separately (acc. 161 + 1681 - 169)	45	-	-
	2. Amounts owed to credit institutions (acc. 1621 + 1622 + 1624 + 1625 + 1627 + 1682 + 5191 + 5192 + 5198)	46	-	-

	Item name	Row no.	29.02.2016	28.02.2017
	A	B	2	3
	3. Advance payments collected for orders (acc. 419)	47	464,949	948,382
	4. Trade liabilities – suppliers (acc. 401 + 404 + 408)	48	16,661,922	34,963,760
	5. Bills of exchange payable (acc. 403 + 405)	49	-	-
	6. Amounts owed to affiliated entities (acc. 1661 + 1685 + 2691 + 451***)	50	442,109,022	416,401,502
	7. Amounts owed to associate entities and jointly controlled entities (acc. 1663 + 1686 + 2692 + 2693 + 453***)	51	-	-
	8. Other payables, including tax liabilities and social security liabilities (acc. 1623 + 1626 + 167 + 1687 + 2695 + 421 + 423 + 424 + 426 + 427 + 4281 + 431*** + 437*** + 4381 + 441*** + 4423 + 4428*** + 444*** + 446*** + 447*** + 4481 + 455 + 456*** + 457 + 4581 + 462 + 4661 + 473*** + 509 + 5186 + 5193 + 5194 + 5195 + 5196 + 5197)	52	8,576,226	5,878,498
	TOTAL (rows 45 to 52)	**53**	**467,812,119**	**458,192,142**
E.	**NET CURRENT ASSETS /NET CURRENT LIABILITIES (rows 41 + 43 - 53 - 70 - 73- 76)**	**54**	**(167,134,463)**	**(78,719,530)**
F.	**TOTAL ASSETS MINUS CURRENT LIABILITIES (rows 25 + 44 + 54)**	**55**	**21,230,477**	**105,630,653**
G.	**LIABILITIES: AMOUNTS PAYABLE WITHIN A PERIOD OVER ONE YEAR**			
	1. Loans from bonds issue, showing loans from convertible bonds separately (acc. 161 + 1681 - 169)	56	-	-
	2. Amounts owed to credit institutions (acc. 1621 + 1622 + 1624 + 1625 + 1627 + 1682 + 5191 + 5192 + 5198)	57	-	-
	3. Advance payments collected for orders (acc. 419)	58	-	-
	4. Trade liabilities – suppliers (acc. 401 + 404 + 408)	59	-	-
	5. Bills of exchange payable (acc. 403 + 405)	60	-	-
	6. Amounts owed to affiliated entities (acc. 1661 + 1685 + 2691 + 451***)	61	-	-
	7. Amounts owed to associate entities and jointly controlled entities (acc. 1663 + 1686 + 2692 + 2693 + 453***)	62	-	-
	8. Other payables, including tax liabilities and social security liabilities (acc. 1623 + 1626 + 167 + 1687 + 2695 + 421 + 423 + 424 + 426 + 427 + 4281 + 431*** + 437*** + 4381 + 441*** + 4423 + 4428*** + 444*** + 446*** + 447*** + 4481 + 455 + 456*** + 4581 + 462 + 4661 + 473*** + 509 + 5186 + 5193 + 5194 + 5195 + 5196 + 5197)	63	-	-
	TOTAL LIABILITIES Long term (rows 56 to 63)	**64**	-	-
H.	**PROVISIONS**			
	1. Provisions for employee benefits (acc. 1515 + 1517)	65	-	848,886
	2. Provisions for taxes (acc. 1516)	66	375,999	63,380,297
	3. Other provisions (acc. 1511 + 1512 + 1513 + 1514 + 1518)	67	2,794,112	954,256
	TOTAL PROVISIONS (rows 65 + 66 + 67)	**68**	**3,170,111**	**65,183,439**
I.	**DEFERRED INCOME**			
	1. Investment subsidies (acc. 475) (rows 70 + 71):	69	-	-

	Item name		Row no.	29.02.2016	28.02.2017
	A		B	2	3
	Amounts to be repeated within a period up to one year (from acc. 475*)		70	-	-
	Amounts to be repeated within a period over one year (from acc. 475*)		71	-	-
	2. Revenues recorded in advance (acc. 472) - total (rows 73 + 74), of which:		72	18,669	14,169
	Amounts to be repeated within a period up to one year (from acc. 472*)		73	18,669	14,169
	Amounts to be repeated within a period over one year (from acc. 472*)		74	-	-
	3. Deferred revenues related to assets received from transfer from customers (acc. 478) (rows 76 + 77):		75	-	-
	Amounts to be repeated within a period up to one year (from acc. 478*)		76	-	-
	Amounts to be repeated within a period over one year (from acc. 478*)		77	-	-
	Negative goodwill (acc. 2075)		78	-	-
	TOTAL (rows 69 + 72 + 75 + 78)		**79**	**18,669**	**14,169**
J.	**CAPITAL AND RESERVES**				
	I. CAPITAL				
	1. Subscribed and paid capital (acc. 1012)		80	14,454,215	80,919,034
	2. Subscribed and unpaid capital (acc. 1011)		81	-	-
	3. State-owned equity and assets (acc. 1015)		82	-	-
	4. Patrimony of national research and development institutes (acc. 1018)		83	-	-
	5. Other equity elements (acc. 1031)		84	-	-
	TOTAL (rows 80 + 81 + 82 + 83 + 84)		**85**	**14,454,215**	**80,919,034**
	II. SHARE PREMIUMS (acc. 104)		**86**	**19,101,921**	**19,101,921**
	III. REVALUATION RESERVES (acc. 105)		**87**	**45,220,743**	**41,840,537**
	IV. RESERVES				
	1. Legal reserves (acc. 1061)		88	2,931,039	2,931,038
	2. Statutory and contractual reserves (acc. 1063)		89	-	-
	3. Other reserves (acc. 1068)		90	97,712,973	98,743,526
	TOTAL RESERVES (rows 88 to 90)		**91**	**100,644,012**	**101,674,564**
	Own shares (acc. 109)		92	-	-
	Gains related to equity capital instruments (acc. 141)		93	-	-
	Losses related to equity capital instruments (acc. 149)		94	-	-
	V. PROFIT OR LOSS BROUGHT FORWARD (acc. 117)	CREDIT BALANCE	95	-	-
		DEBIT BALANCE	96	150,375,437	159,012,219
	VI. PROFIT OR LOSS FOR THE FISCAL YEAR (acc. 121) related to the parent company	CREDIT BALANCE	97		
		DEBIT BALANCE	98	10,917,365	44,081,507
	Profit distribution (acc. 129)		99	-	-
	EQUITY CAPITAL - TOTAL (rows 85 + 86 + 87 + 91 - 92 + 93 - 94 + 95 - 96 + 97 - 98 - 99)		**100**	**18,128,089**	**40,442,330**

Item name	Row no.	29.02.2016	28.02.2017
A	B	2	3
Public assets (acc. 1016)	101	-	-
Private assets (acc. 1017)	102	-	-
EQUITY CAPITAL - TOTAL (rows 100 + 101 + 102)	**103**	**18,128,089**	**40,442,330**
V. NON-CONTROLLING INTERESTS			
Other equity	104	2,010	2,010
Loss for the financial year related to the non-controlling interests	105	69,733	-
Profit for the financial year related to the non-controlling interests	105	-	2,874
EQUITY CAPITAL - TOTAL (rows 103 + 104 - / + 105)	**106**	**18,060,366**	**40,447,214**

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Member of the Board of Management,
Leamy Patrick

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Drafted by,
DRAGHICI Dan Cosmin

24.05.2017

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Name of indicators		Row no.	29.02.2016	28.02.2017
A			B	1	2
1	**Net turnover (rows 02 + 03 - 04 + 05 + 06)**		1	**880,695,936**	**779,000,279**
	Sold production (acc. 701 + 702 + 703 + 704 + 705 + 706 + 708)		2	632,998,918	513,597,518
	Revenues from the sale of merchandise (acc. 707)		3	251,306,051	270,002,468
	Commercial discounts granted (acc. 709)		4	3,609,033	4,599,707
	Interest revenues recorded by entities removed from the General Register and who have ongoing leases (acc. 766*)		5	-	-
	Revenues from operating grants related to the net turnover (acc. 7411)		6	-	-
2	**Revenues related to the cost of production in progress (acc. 711 + 712)**	**Credit Balance**	7	-	**83,959,177**
		Debit Balance	8	**26,727,871**	-
3	Revenues from the production of tangible and intangible assets (acc. 721 + 722)		9	-	-
4	Revenues from the revaluation of tangible assets (acc. 755)		10	-	-
5	Revenues from the sale of real estate investments (acc. 725)		11	-	-
6	Revenues from operating grants (acc. 7412 + 7413 + 7414 + 7415 + 7416 + 7417 + 7419)		12	41,500	57,498
7	Other operating income (acc. 751 + 758 + 7815)		13	3,107,502	2,297,760
	- of which, income from negative goodwill (acc. 7815)		14	-	-
	- of which, income from investment subsidies (acc. 7584)		15	-	-
OPERATING REVENUES - TOTAL (rows 01 + 07 - 08 + 09 + 10 + 11 + 12 + 13)			**16**	**857,117,067**	**865,314,714**
8	a) Raw material and consumables costs (acc. 601 + 602)		17	453,299,815	419,363,390
	Other material expenses (acc. 603 + 604 + 606 + 608)		18	2,179,482	1,841,854
	b) Other external expenses (with energy and water) (acc. 605)		19	43,330,890	31,014,444
	c) Expenses related to commodities (acc. 607)		20	230,600,840	236,839,833
	Commercial discounts received (acc. 609)		21	363,551	29,357
9	**Personnel-related expenses (rows 23 + 24), of which:**		22	**35,720,133**	**35,758,638**
	a) Salaries and compensations (acc. 641 + 642 + 643 + 644)		23	28,646,120	28,589,486
	b) Expenses for insurance and social protection (acc. 645)		24	7,074,013	7,169,152
10	**a) Value adjustments on tangible and intangible assets (rows 26 - 27)**		25	**17,016,897**	**16,679,624**
	a.1) Expenses (acc. 6811 + 6813 + 6817)		26	17,016,897	16,679,624
	a.2) Revenues (acc. 7813)		27	-	-

	Name of indicators	Row no.	29.02.2016	28.02.2017
	A	B	1	2
	b) Value adjustments related to current assets (rows 29 - 30)	28	**(21,653,008)**	**(144,321)**
	b.1) Expenses (acc. 654 + 6814)	29	5,840,465	5,536,479
	b.2) - Revenues (acc. 754 + 7814)	30	27,493,473	5,680,800
11	**Other operating expenses (rows 32 to 38)**	**31**	**82,651,780**	**96,424,760**
	11.1. Expenses related to external services (acc. 611 + 612 + 613 + 614 + 615 + 621 + 622 + 623 + 624 + 625 + 626 + 627 + 628)	32	77,262,679	90,524,110
	11.2. Expenses with other taxes, duties and similar payments; costs representing transfers and contributions due under special regulations (acc. 635 + 6586*)	33	4,284,177	3,406,428
	11.3. Expenses related to environmental protection (acc. 652)	34	647,803	705,606
	11.4 Expenses from the revaluation of tangible assets (acc. 655)	35	-	-
	11.5. Expenses related to calamities and other similar events (acc. 6587)	36	-	-
	11.6. Other expenses (acc. 651 + 6581 + 6582 + 6583 + 6588)	37	457,121	1,788,616
	Expenses with the refinancing interest recorded by entities removed from the General Register and who have ongoing leases (acc. 666*)	38	-	-
	Adjustments on provisions (rows 40 - 41)	**39**	**1,011,931**	**62,175,958**
	- Expenses (acc. 6812)	40	1,174,989	63,115,821
	- Income (acc. 7812)	41	163,058	939,863
OPERATING EXPENSES- TOTAL (rows 17 to 20 - 21 + 22 + 25 + 28 + 31 + 39)		**42**	**843,795,211**	**899,924,823**
OPERATING PROFIT OR LOSS:				
	- Profit (rows 16 - 42)	**43**	**13,321,856**	**-**
	- Loss (rows 42 - 16)	**44**	**-**	**34,610,109**
12	Revenues from participation interests (acc. 7611 + 7612 + 7613)	45	-	-
	- of which, income from affiliated entities	46	-	-
13	Interest revenues (acc. 766*)	47	**11,139**	**3,590**
	- of which, income from affiliated entities	48	-	-
14	Revenues from operating grants for interest due (acc. 7418)	49	-	-
15	Other financial revenues (acc. 7615 + 762 + 764 + 765 + 767 + 768)	50	7,041,653	7,041,139
	- of which, income from other financial assets (acc. 7615)	51	-	-
FINANCIAL REVENUES - TOTAL (rows 45 + 47 + 49 + 50)		**52**	**7,052,792**	**7,044,729**
16	Value adjustments on financial assets and financial investments held as current assets (rows 54 - 55)	53	-	-
	- Expenses (acc. 686)	54	-	-

	Name of indicators	Row no.	29.02.2016	28.02.2017
	A	B	1	2
	- Income (acc. 786)	55	-	-
17	Interest-related expenses (acc. 666*)	56	9,763,260	8,056,757
	- of which, expenses related to affiliated entities	57	9,763,260	8,056,757
	Other financial expenses (acc. 663 + 664 + 665 + 667 + 668)	58	9,118,457	8,358,495
FINANCIAL EXPENSES - TOTAL (rows 53 + 56 + 58)		**59**	**18,881,717**	**16,415,252**
FINANCIAL PROFIT OR LOSS:				
	- Profit (rows 52 - 59)	**60**	-	-
	- Loss (rows 59 - 52)	**61**	**11,828,925**	**9,370,523**
TOTAL REVENUES (rows 16 + 52)		**62**	**864,169,859**	**872,359,443**
TOTAL EXPENSES (rows 42 + 59)		**63**	**862,676,928**	**916,340,075**
18	**GROSS PROFIT OR LOSS**			
	- Profit (rows 62 - 63)	**64**	**1,492,931**	-
	- Loss (rows 63 - 62)	**65**	-	**43,980,632**
19	Profit tax (acc. 691)	**66**	**571,079**	**98,001**
20	Other taxes not mentioned above (acc. 698)	**67**	-	-
21	**NET PROFIT OR LOSS FOR THE FINANCIAL YEAR RELATED TO THE PARENT COMPANY:**			
	- Profit (rows 64 - 66 - 67)	**68**	**910,873**	-
	- Loss (rows 65 + 66 + 67); (rows 66 + 67 - 64)	**69**	-	**44,081,507**
21	**NET PROFIT OR LOSS OF THE FINANCIAL YEAR - related to non-controlling interests:**			
	- Profit (rows 64 - 66 - 67)	**70**	**10,979**	**2,874**
	- Loss (rows 65 + 66 + 67); (rows 66 + 67 - 64)	**71**	-	-

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Member of the Board of Management,
Lcamy Patrick

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Drafted by,
DRAGHICI Dan Cosmin

24.05.2017

NOTE 1: INFORMATION ON THE GROUP

The company Agrana Romania SA (the "Company") is a Romanian joint stock company, managed in dual system, with headquarters in Bucharest, sector 1, Soseaua Straulesti nr. 178-180, registered with the Trade Registry under no. J40/4411/10.03.2008.

The company operates under this name since March 7, 2005 following the merger by absorption between Zaharul Romanesc S.A. Buzau as absorbing company and Danubiana Roman S.A. and Agrana Romania Holding and Trading Company SRL Bucuresti, as absorbed companies.

As at February 28, 2017, the Company's share capital consists of 809,190,338 shares with a nominal value of 0.10 RON each. All issued shares are paid in full.

The main shareholder of the company is Agrana Zucker GmbH, holding 98.4013% of its share capital. The Company's shareholding is completed by AVAS, with 0.7238% participation in the share capital, and other shareholders, with a participation of 0.8749% in the share capital.

The company has shares listed on the Bucharest Stock Exchange, the AeRO Standard category - the alternative trading system under the BETA symbol.

The Company's financial statements for the year ended on 28 February 2017 are public and can be obtained from the Company's website: agrana.ro, Shareholders Info section.

Agrana Romania SA has as main activity the production and marketing of sugar and derived products. The company produces and sells white sugar and provides services for customers both on the domestic market and on the international market.

The company is part of the Agrana group. The consolidated annual financial statements are prepared at the level of AGRANA Beteiligungs AG, the holding company holding the majority of the shares of Agrana Zucker GMBH, with its head office at Friedrich-Wilhelm-Raiffeisen-Platz 1, Vienna, Austria. These consolidated annual financial statements are public and can be obtained from the website of the parent - company: www.agrana.com.

As at February 29, 2016 and as at February 28, 2017, Agrana Romania S.A., a member of the Agrana Group, holds:

- 99% of the shares of Agrana Buzau S.R.L.;
- 99% of the shares of Agrana Tandarei S.R.L.;
- 99% of the shares of Agrana Agro S.R.L.;

together the "Group".

Agrana Buzau S.R.L. was established in 2010 and is a limited liability company, under the Romanian law, with headquarters in Buzau, Aleea Industriei no. 7, Administrative building, 4th floor, office 4.

The Company is registered with the Trade Registry under no. J10/275/2010 and its main activity is the production and commercialization of sugar.

Agrana Tandarei S.R.L. was founded in 2010 and is a limited liability company governed by Romanian law with its headquarters in Tandarei, Al. Teilor nr. 3, biroul nr 7, administrative building no. 2, Ialomita county.

The Company is registered with the Trade Registry under no. J21/155/2010 and its main activity is the production of sugar.

Agrana Agro S.R.L. was established in 2010 and is a limited liability company, under the Romanian law with its registered office in Roman, str. Energiei nr. 6, Neamt county.

The Company is registered with the Trade Registry under no. J27/284/2010 and its main activity is growing cereals.

NOTE 2: ACCOUNTING PRINCIPLES, POLICIES AND METHODS

2.1. Basis of preparation of the consolidated financial statements

As at 28 February 2017, namely as at 29 February 2016, the Companies included in the consolidation are:

- The parent company, Agrana Romania S.A. (the "Company");
- Agrana Buzau SRL ("Branch"), which is owned by the Company in a proportion of 99%, hereinafter referred to as "Agrana Buzau";
- Agrana Tandarei SRL ("Branch"), which is owned by the Company in proportion of 99%, hereinafter referred to as "Agrana Tandarei";
- Agrana Agro SRL ("Branch"), which is owned by the Company in proportion of 99%, hereinafter referred to as "Agrana Agro".

together the "Group".

The consolidated annual financial statements present the assets, liabilities, financial position and profits or losses of entities included in consolidation as if they were a single entity. In particular, the following are eliminated from the consolidated annual financial statements:

a) payables and receivables between the entities included in consolidation, including internal dividends;

b) revenues and expenses related to the transactions between the entities included in the consolidation;

c) profits and losses from transactions between the entities included in consolidation that are included in the book value of the assets.

Subsidiaries

In order to prepare the consolidated financial statements, those entities controlled by another entity, called the parent company, were considered subsidiaries. Control is exercised when a company can decide, directly or indirectly, the financial and operating policies of an entity so as to generate benefits from its business. The financial statements of the subsidiaries have been included in the consolidated financial statements as of the date when the control was exercised, i.e. from 31.12.2010 in the case of Agrana Buzau SRL, Agrana Tandarei SRL, Agrana Agro SRL.

Consolidation method

The book values of the shares in the capital of the entities included in the consolidation were offset by the proportion that they represent in the equity of these entities based on the fair values of the identifiable assets and liabilities at the acquisition date of the shares.

The acquisition date is the date when the control of the net assets or operations of the acquired entity is effectively transferred to the acquirer.

The differences resulting from such offsetting are recorded, to the extent possible, directly under those items in the consolidated balance sheet that have values above or below book values.

The assets and liabilities of the entities included in the consolidation are fully embedded in the consolidated balance sheet by adding together similar items.

The amount attributable to the shares in the subsidiaries included in the consolidation, held by other persons than the entities included in the consolidation (if any), is shown separately in the consolidated balance sheet, under the item "Non-controlling interests", separate from the equity of the parent company.

Revenues and expenditures of the entities included in the consolidation incorporate fully in the consolidated profit and loss account, by adding similar elements.

The amount of any profit or loss attributable to the shares in the subsidiaries included in consolidation held by persons other than the entities included in the consolidation, if any, is separately disclosed in the consolidated profit and loss account, under "Profit or loss in the financial year corresponding to minority interests".

The consolidated financial statements include:

- Consolidated balance sheet;
- Consolidated profit and loss account;
- Notes to the consolidated financial statements.

The consolidated financial statements for the year ended on 28 February 2017 were prepared in accordance with:

- Accounting Law 82/1991 (republished 2008), with subsequent amendments;
- The provisions of the Order of the Minister of Public Finance no. 1802/2014 as amended ("OMFP 1802/2014");
- The provisions of the Order of the Minister of Public Finance no. 4160/2015 ("OMFP 4160/2015").

These consolidated financial statements prepared as at and for the 12-month period ended on 28 February 2017 present as comparative information the consolidated balance sheet, respectively the consolidated profit and loss account for the period 1 March 2015 - 29 February 2016, according to the requirements of OMFP 4160/2015 regarding the preparation of the annual financial statements by entities that have opted for a financial exercise different from the calendar year, according to art. 27 paragraph (3) of Accounting Law 82/1991, with subsequent amendments.

The accounting policies adopted for the preparation and presentation of the consolidated financial statements are in accordance with the accounting principles laid down in the OMFP 1802/2014.

The accounting records on the basis of which these consolidated financial statements were prepared are denominated in lei ("RON").

The accompanying consolidated financial statements are not intended to present the financial position, results of operations and a complete set of notes to the consolidated financial statements in accordance with accounting policies and principles accepted in countries and jurisdictions other than Romania. Therefore, the attached consolidated financial statements are not prepared for the use of persons who are not familiar with the accounting and legal regulations in Romania, including the Order of the Minister of Public Finance no. 1802/2014 with subsequent amendments and the Order of the Minister of Public Finance no. 4160/2015.

2.2. Significant accounting principles

The consolidated financial statements for the year ended on 28 February 2017 were prepared in accordance with the following accounting principles:

The going concern principle

The Group will normally continue its operation without going into liquidation or significant reduction of activity.

The principle of consistency of methods

The Group consistently applies accounting policies and valuation methods from one financial year to the next.

The principle of prudence

In the preparation of the annual financial statements, the recognition and evaluation have been carried out on a prudent basis, and in particular:
a) the profit and loss account included only the profit realized at the balance sheet date;
b) debts incurred during the current financial year or a previous exercise have been recognized even if they become apparent only between the balance sheet date and the date of its drawing;
c) depreciation has been recognized, whether the result of the financial year is loss or profit.

The principle of accrual accounting

The effects of transactions and other events have been recognized when transactions and events have occurred (and not as cash or equivalent has been earned or paid) and have been recorded in the accounting records and reported in the financial statements of the periods.
All income and expenses of the exercise have been taken into account, regardless of the date of collection or payment.
Income and expenses that arose directly and simultaneously from the same transaction were recognized simultaneously in the accounting by the direct association between expenses and related income, with a distinct indication of such income and expense.

The principle of intangibility

The opening balance sheet of the financial year corresponds to the closing balance sheet of the previous financial year.

The principle of separate valuation of assets and liabilities

In order to determine the amount corresponding to a balance sheet position, the value of each component of the asset and liability items was determined separately.

The principle of no set-off

The values of the items that are assets were not set off against the values of the items that represent liabilities, respectively the revenues against the expenses.

Accounting for and disclosing items in the financial statements taking into account the economic substance of the transaction or undertaking in question

The recording and presentation in the financial statements of economic and financial operations reflect their economic reality, highlighting the rights and obligations, as well as the risks associated with these operations.

The principle of valuation at acquisition cost or production cost

The items presented in the financial statements were valued on the basis of the cost of acquisition or cost of production, except for certain items of property, plant and equipment measured at fair value.

The principle of significance threshold

The entity may deviate from the requirements of applicable accounting regulations for disclosures and publication when the effects of non-compliance are insignificant.

2.3. Reporting currency

The accounts are kept in Romanian language and in the national currency ("RON"). The accounting of foreign currency transactions is carried out both in national currency and in foreign currency. The items included in these situations are presented in Romanian lei.

2.4. Comparative statements

The financial statements prepared on 28 February 2017 are comparable to the financial statements of the previous financial year ended 29 February 2016. If the values for the previous period are not comparable to those for the current period, this is presented and justified in the explanatory notes, without altering the comparative figures for the previous year.

During 2015, the Group companies opted for a change in the financial year from the calendar year ended December 31, to the 12-month period ended February 28.

2.5. Use of accounting estimates

The preparation of consolidated financial statements in accordance with OMFP 1802/2014, as amended, requires management to make estimates and assumptions that influence the reported amounts of assets and liabilities and the presentation of contingent assets and liabilities at the date of the consolidated financial statements and the amounts of income and expenditure over the reporting period. Actual results may differ from estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the profit and loss account in the period when they become known.

2.6. Going concern

These consolidated financial statements were prepared on the basis of the going concern principle for Agrana Romania S.A., Agrana Buzau S.R.L., Agrana Tandarei S.R.L. and Agrana Agro S.R.L., which assumes that the companies will continue their activity in the foreseeable future. To evaluate the applicability of this presumption, the management analyses projections of future cash inflows. Based on these analyzes, management believes that Group companies will be able to continue their operations in the foreseeable future and therefore the application of the going concern principle in the preparation of the consolidated financial statements is justified.

In the fiscal year ended on February 28th, 2017, the Group registered consolidated net loss of 44,078,633 RON (net profit of 921,852 RON as at February 29th, 2016). Also, as at 28 February 2017, the Group presents on consolidated basis a cumulative loss of RON 159,012,219 (RON 150,375,437 as at 29 February 2016) and net current liabilities of RON 78,719,530 (RON 167,134,463 as at 29 February 2016).

In addition, the projections made by management take into account that the work becomes profitable in the medium term. During this period, the Group is dependent, primarily, on the continued support of the majority shareholder, through the loans granted. The group relies on the financial support of its majority shareholder to be able to continue its activity in the foreseeable future.

The standing of the entities within the Group, based on the individual financial statements, is as follows:

Agrana Romania S.A.

In the fiscal year ended on February 28th, 2017, the Company recorded a net loss of 44,527,455 RON (8,338,988 RON for the fiscal year ended on February 29th, 2016), having, as at February 28th, 2017 aggregate losses of 158,525,467 RON (149,546,764 RON as at February 29th, 2016) and current net liabilities of 85,996,986 RON (173,962,434 RON as at February 29th, 2016). On February 28, 2017, the net assets of the Company, determined as the difference between the total assets and total liabilities, amounted to 33,853,440 RON, diminished to less than half of the subscribed share capital, namely 40,459,517 RON.

As at 28 February 2017, the Company registered total loss of RON 44,527,455 (loss amounting to RON 8,338,988 as at February 29th, 2016). The net loss comes from the operating activity (RON 35,298,216) and from financial activity (RON 9,229,239). The loss from the operating activity is generated by the impact on the financial year ended on 28 February 2017 of the provisions made by the Company as a result of the fiscal control mentioned in note 10 "Provisions for risks and expenses" and note 21.1 "Taxation" amounting to RON 63,065,821. Prior to establishing this provision, the Company would have had operating profit in the amount of 27,767,605 RON.

The company benefits from funding through in-house bank and credit facilities dated June 14th, 2003 - revolving credit facility, multicurrency, amounting to 55,000,000 Euro, together with Agrana Buzau SRL, Agrana Tandarei and Agrana Agro SRL and also September 30th, 2004 - revolving credit facility, multicurrency, amounting to 20,000,000 Euro, offered by Agrana Group Services Gmbh. On February 28, 2017, the Company has loans from affiliated entities/in house banking companies worth RON 332,621,008 (RON 407,033,131) - see note 9 “Debts”. The Company's management, based on prior experience and approved plans and budgets, is optimistic that the repayment of these loans will not be required by Agrana Group Services GmbH in the period of 12 months from the date of approval of the financial statements.

In addition, the projections made by management take into account that the work becomes profitable in the medium term. During this period, the Company is dependent, primarily, on the continued support of the majority shareholder, through the loans granted. The company relies on the financial support of its majority shareholder to be able to continue their activity in the foreseeable future.

As presented in note 12 "Capital and reserves", following the completion of the subscription / increase of the share capital procedures, the result was approved by the decision of the Board of Management dated 16.08.2016, whereby the following were ordered:

- the increase of the Company's share capital by RON 66,464,819, representing a cash contribution, i.e. from RON 14,454,215 to RON 80,919,034. The new share capital of RON 80,919,034 is divided into 809,190,338 shares, each with a nominal value of 0.1 RON/share;

- after completion of the subscription process, Agrana Zucker GmbH, an Austrian company with registered offices in Vienna, Friedrich-Wilhelm-Raiffeisen-Platz 1, 1020, registered under no. FN 51.929t, holds 796,253,730 shares of a total nominal value of 79,625,373 RON, representing 98.4013% of the share capital of the Company.

These individual financial statements have been prepared on a going concern basis, which assumes that the Company will continue its activity in the foreseeable future. To evaluate the applicability of this presumption, the management analyses projections of future cash inflows. Based on this analysis, management believes that the Company will be able to continue its activity in the foreseeable future and therefore the application of the going concern principle in preparing the financial statements is justified.

Considering the Company's intention to continue the activity and the provisions of art. 153^{24} of Law 31/1990, in the period immediately following the approval of the financial statements for the year 01.03.2016 - 28.02.2017, the management of the company will analyze and identify the optimal solution for the reconstruction of the net asset in accordance with the relevant legal provisions and convene the extraordinary general meeting of shareholders, to whom it will submit its report on the patrimonial situation of the company and the proposal for the reconstitution of the net asset.

Agrana Buzau S.R.L.

In the fiscal year ended on February 28th, 2017, Agrana Buzau S.R.L registered a net loss of 218,621 RON (February 29th, 2016 - net profit of 9,181,529 RON), and current assets of 2,932,215 RON, as at February 28th, 2017 (February 29th, 2016 - 3,150,839 RON).

Agrana Tandarei S.R.L.

In the fiscal year ended on February 28th, 2017, Agrana Tandarei S.R.L registered a net profit of 12,776 RON (February 29th, 2016 - net loss of 32,699 RON), and current assets of 3,528,324 RON, as at February 28th, 2017 (February 29th, 2016 - 3,515,547 RON).

Agrana Agro S.R.L.

In the fiscal year ended on February 28th, 2017, Agrana Agro S.R.L registered a net profit of 493,272 RON (February 29th, 2016 net profit of 20,692 RON) and current assets of 520,843 RON (February 29th, 2016 - 27,571 RON).

2.7. Currency conversions

Transactions in foreign currency are initially recorded at the exchange rate communicated by the National Bank of Romania as at the transaction date.
As at the balance sheet date, the monetary items denominated in foreign currency and receivables and debts denominated in lei, which are settled according to the currency rate, are evaluated and shown in the consolidated

annual financial statements at the exchange rate communicated by the National Bank of Romania, valid at the end of the financial year.

Earnings and losses on foreign exchange differences, realized and unrealized, between the exchange rate of the foreign exchange market, communicated by the National Bank of Romania as of the date of the recording of the receivables or debts in foreign currency and those denominated in lei, the settlement of which is according to the exchange rate, or the rate at which they are recorded in the accounts and the exchange rate at the close of the financial year, are recorded in the profit and loss account for that financial year.

Non-monetary items purchased with foreign currency payments and recorded at historical cost (assets, stocks) are presented in the consolidated annual financial statements using the foreign exchange rate from the date of the transaction. Non-monetary items purchased in foreign currency and recorded at fair value (for example, revalued tangible assets) are presented in the consolidated annual financial statements at that amount.

The exchange rates RON/USD and RON/EUR communicated by the National Bank of Romania on February 29, 2016 and February 28, 2017, were as follows:

Currency	**29 February 2016**	**28 February 2017**
RON/ USD	4.0970	4.2610
RON/ EUR	4.4692	4.5160

2.8 Intangible assets

Intangible assets are stated at cost less aggregate depreciation and aggregate impairment losses.

Set-up costs are capitalized and amortized over a 2-year period.

Costs related to the acquisition of computer licenses and software are capitalized and subject to depreciation using the straight line method over a useful life of between 1 and 8 years.

The cost of acquiring new software is capitalized and treated as an intangible asset if the software component is not an integral part of that hardware.

Costs associated with maintaining or modifying software programs are recorded directly in the income statement in the period in which they were incurred.

2.9 Tangible assets

Cost / evaluation

The initial cost of tangible assets consists of the acquisition price, including import taxes or irrecoverable acquisition expenses, transportation, handling, fees, notary fees, authorization fees, and other non-recoverable expenses directly attributable to tangible assets and any direct costs attributable to bring the asset to the location and operating conditions. Trade discounts received after the invoicing of identifiable tangible assets represent deferred revenues (account 475 "Investment grants"), being resumed in the profit and loss account over the remaining life of the respective assets. Trade discounts received after the invoicing of tangible assets which are not identifiable represent income of the period (account 758 "Other operating income"). Trade discounts in the submitted purchase invoice which fully cover the equivalent assets acquired are recorded in accounting at fair value on account of deferred revenues (account 475 "Investment grants"), the deferred revenues related to these assets being resumed in the profit and loss account over the life of those assets.

The cost of self-constructed property and equipment is determined using the same principles as for an acquired asset. Thus, if the entity produces similar assets for the purpose of trading, in normal transactions, then the cost of the asset is usually the same as the cost of building that asset for sale. Therefore, any internal profits are eliminated from the cost calculation of this asset. Similarly, the expense of remittances, labor, or other resources over the accepted limits as well as losses incurred during the self construction of the asset are not included in the cost of the asset. The borrowing costs attributable to assets with a long production cycle (defined as assets that necessarily require a substantial period of time, i.e. more than one year, to be ready for use for sale or sale) are included in the their cost of production, insofar as they are related to the production period. The borrowing costs include interest on capital borrowed to finance the acquisition, construction or production of assets with long production process. Expenses representing exchange rate differences constitute expenses of the period.

The initial cost of an item of property, plant and equipment includes the initial estimated cost of dismantling and moving it out upon decommissioning, as well as restoring the location on which the asset is positioned to its initial condition, when these amounts can be estimated reliably and the Group has a dismantling obligation, relocation of tangible assets and rehabilitation of the site. The expected costs of dismantling and moving the tangible assets and those with site restoration are recognized in the current value of the tangible asset, in correspondence with a provisions account.
If a building is demolished to construct another, the demolition costs and expenses representing the non-depreciated value of the demolished building or the cost of that asset when it is accounted for as a stock are recognized by nature without being considered as costs for site development.

A tangible asset must be presented in the balance sheet at cost value, less accrued depreciation and any accrued impairment losses. Subsequent expenditures incurred in connection with property, plant and equipment are expenses in the period in which they were incurred or in which the value of the respective asset was increased, depending on the economic benefits related to such expenses, according to the general recognition criteria.
The Company applies the following criteria to determine whether subsequent expenses increase the value of those assets:

- Subsequent expenses exceed 50% of the full replacement cost of the asset they refer to. The cost of replacement is either the acquisition cost of assets at the date when the subsequent expenses occur or the historic acquisition cost of the existing asset

- The economic life of the asset extends over the initial lifetime after rendering the repair
- Production capacity (efficiency/ quality) of the asset is increased by at least 10% as a result of performing these subsequent expenses

Expenses incurred in connection with tangible assets used under a tenancy agreement, management, administration or other similar contract are recorded as property, plant and equipment or expenses in the period in which they were incurred, depending on the related economic benefits, similar to the expenses incurred in connection with their own tangible assets.

Daily maintenance costs of tangible assets are recognized in the profit or loss account as incurred and they primarily include the costs of labour and consumables.

In the case of replacing a component of a long-term asset, the Group recognizes the cost of partial replacement, the accounting value of the replaced part being discounted, with related amortization, if the required information is available and the recognition criteria for tangible assets are met.

Major spare parts and safety equipment are considered tangible assets when they are expected to be used over a period that is longer than one year.

Real estate investments

Real estate investment is the property (a land or a building - or part of a building - or both) held rather to earn rental income or to increase the value of the capital, or both, than to be used in the production or supply of goods or services or for administrative purposes or sold during the normal course of business.

On January 1st 2015, the Group established, based on the accounting policies and professional reasoning, which of the pieces of real estate owned meet the conditions to be classified as real estate investment.

Transfers to or from the real estate category are made if and only if there is a change in use evidenced by the commencement of owner occupation, for a transfer from the category of real estate investments to the category of owner-occupied real estate property; the end of owner occupation for a transfer from the category of owner occupied real estate to the category of real estate investments.

If the Group decides to divest a real estate investment, with or without development, the entity continues to treat the property as a real estate investment until it is removed from records.

Assets held under a lease agreement

Finance leases, which transfer to the Group most of the risks and benefits of ownership of the assets, are capitalized at the lease commencement date using the cost of acquisition of fixed assets financed through leasing. Assets capitalized under a finance lease are depreciated on a basis consistent with the normal depreciation policy for similar goods.
The other leases are classified as operating leases.

Tangible assets in progress represent unfinished investments made in-house or under a works contract. They are measured at production cost or at acquisition cost, as the case may be. Tangible assets in progress are classified as completed assets upon receipt, placing them into service or commissioning them, as the case may be.

As at December 31, 2004, the tangible assets fully owned by the parent company - Agrana Romania SA (the "Company") have been restated according to GD 1553/2003. The difference was reflected in account 1058 "Revaluation reserves". GD 1553/2003 recommended the revaluation of tangible assets based on the utility of goods, on their condition, on the inflation and their market value.

On December 31st, 2008, the Company made the valuation of buildings in accordance with the International Valuation Standards adopted by ANEVAR. The company chose to account for the results of the revaluation by cancelling the accrued depreciation until the revaluation date and to show tangible assets such as buildings at fair value. The revaluation surplus was credited to the revaluation reserve account within equity.

On December 31st, 2011, the Company made the valuation of buildings in accordance with the International Valuation Standards adopted by ANEVAR and OMFP 3055/2009 with subsequent amendments and completions. The company chose to account for the results of the revaluation by cancelling the accrued depreciation until the revaluation date and to show tangible assets like buildings at fair value. The revaluation surplus was credited to the revaluation reserve account within equity.

On December 31st, 2014, The Company made the valuation of buildings in accordance with the International Valuation Standards adopted by ANEVAR and the Order of the Minister of Public Finance 3055/2009 with subsequent amendments and completions. The company chose to account for the results of the revaluation by cancelling the accrued depreciation until the revaluation date and to show tangible assets like buildings at fair value. The revaluation surplus was credited to the revaluation reserve account within equity.

Revaluation of buildings is made at the end of the financial year to bring them to fair value. The values of the buildings thus determined are amortized starting with the first day of the year following the year in which the revaluation took place.

If an item of property, plant and equipment is revalued, all other assets in the group to which it belongs shall be revalued. A group of tangible assets includes assets of the same nature and similar uses operated by an entity. If the fair value of tangible assets cannot be determined by reference to an active market, the value of the asset presented in the balance sheet must be its revalued value on the date of the last revaluation, net of cumulative value adjustments.
Revaluations of property and equipment are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

The revaluation surplus included in the revaluation reserve is capitalized through the transfer directly to retained earnings (account 1175 "Retained earnings accounted for revaluation reserve surplus"), when this surplus represents a realized gain. The gain is considered as realized as the asset is used by the entity; The amount of the transferred amount is the difference between the amortization calculated on the basis of the revalued carrying amount and the depreciation value calculated on the basis of the initial cost of the asset.

On January 1, 2015, the balance of account 1065 "Reserves representing surplus from revaluation reserves" amounting to RON 15,643,211 was transferred to account 1175 "Retained earnings as surplus realized from revaluation reserves".

Depreciation

Depreciation of fixed assets with limited duration of economical use represents the systematic allocation of the depreciable amount of an asset for the entire duration of its economic use. The depreciable amount is the cost or other value that substitutes cost (for example, the revalued amount).

Depreciation of tangible assets is calculated from the month following the assets commissioning and until full recovery of their input value. In determining the depreciation of tangible assets, their useful economic lives and their conditions of use are considered.

If tangible assets are put into retention, the entity accounts for a corresponding adjustment cost for impairment found.

Depreciation is calculated using the straight line depreciation method over the entire lifetime of the assets.

Investments in tangible assets used under a lease, rental management, administration or other similar agreements are subject to depreciation for the duration of the contract.

Land is not depreciated.

The useful lives for all major categories of tangible assets are shown in the table below:

Type	Useful life (years)
Buildings and special constructions	29
Technological equipment and machinery	12
Computers and office equipment	7
Transportation means	7
Furniture and office equipment	10

The review of the depreciation period can be justified by a significant change in the conditions of use, as well as in the case of investments or repairs, other than those caused by routine maintenance or obsolescence of tangible assets. Also, if the tangible assets are put into conservation or their use is interrupted for an extended period, it may be justified to review the depreciation period. When the elements underlying the initial establishment of economic useful life have changed, the Group sets a new depreciation period. Changing the economic useful life represents a change in the accounting estimates.

The depreciation method can only be changed when it is determined by an error in estimating how the benefits of that tangible asset are consumed.

Disposal and scrapping

A tangible asset is removed from records on disposal or scrapping when no further economic benefit is expected from its future use.

In the case of deregistration of tangible assets, sales revenues, expenses representing the non-depreciated value of the asset and other expenses related to its disposal are shown separately.

For the purpose of being presented in the income statement, gains or losses arising from the disposal or transfer of a tangible fixed asset shall be determined as the difference between the revenue generated by the removal from records and its non-depreciated value, including the expenses incurred in doing so and presented as net income or expenses, as the case may be, in the profit and loss account, under the item "Other operating income", respectively "Other operating expenses", as the case may be.

Compensation from third parties

In case of total or partial destruction of tangible assets, receivables or compensatory amounts received from third parties, related to them, as well as the acquisition or subsequent construction of assets, being separate economic operations, shall be recorded as such on the basis of the supporting documents.

Thus, impairment is shown when found, and the right to cash out the compensation is accounted for on the basis of the accrual accounting, when established.

2.10 Financial assets and short-term financial investments

Financial assets include shares held in affiliated entities, loans granted to affiliated entities, shares in associates and jointly controlled entities, loans to associated entities and jointly controlled entities, and other investments held as property, plant and equipment and other loans, green certificates whose trading is postponed according to the provisions of Law no. 220/2008.

Short-term investments include short-term bank deposits, including those for a maximum of 3 months when they are held for investment purposes, issued and repurchased bonds, securities purchased for resale in a short period of time, and other short-term investments.
Short-term financial investments also include greenhouse gas emission allowances which meet the conditions for recognition of short-term investments.

The classification of long-term securities as financial assets or short-term investments is made in relation to their intended purpose and the Group's intention on the duration of holding such securities, i.e. more than one year or a period of up to one year.

Financial assets are initially recorded at acquisition cost. The accounting recording of the value of the green certificates received or whose trading is postponed shall be made on the date of receipt, respectively on the date of the acknowledgment of the right to receive them, at the value determined according to the number of green certificates and the green certificate trading price, published by the operator of the electricity market (S.C. OPCOM - S.A.).

Accounting for greenhouse gas emission allowances received free of charge

Rights and obligations, as well as certain goods that cannot be included into the entity's assets and liabilities are accounted for in off-balance-sheet accounts, also called order accounts and records.

Included in this category are also greenhouse gas emission allowances received, which do not have an established value and therefore cannot be recognized in balance sheet accounts.

According to the purpose of accounts in the accounting regulations, greenhouse gas emission allowances received free of charge, under the law, are accounted in account 806 "Greenhouse gas emission allowances".

The financial assets are subsequently recorded at the entry value less value adjustments for impairment; adjustments for impairment are recognized in the profit and loss account in case of financial assets other than those represented by green certificates whose trading is postponed under Law 220/2008, which are recognized in the deferred revenues account.

Short-term investments in securities admitted to trading on a regulated market are valued at the quotation value of the last trading day, while non-traded shares are recorded at acquisition cost less any write-down adjustment. The green certificates received included in short-term investments are valued at the transaction price as at the date of receipt, published by the electricity market operator (S.C. OPCOM - S.A.), and at the end of the financial year, the green certificates are valued at the trading price published by S.C. OPCOM - S.A. for the last transaction.

2.11 Impairment of fixed assets

Determination of impairment losses

The recoverable amount of tangible and intangible fixed assets is the highest of fair value less costs to sell and the use value. Estimating the value in use of an asset involves updating the estimated future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the asset specific risks. In the case of an asset that does not independently generate significant cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.
The carrying values of the Group's assets are reviewed at each balance sheet date to determine if any impairment losses exist. If such impairment loss is probable, the amount of impairment loss is estimated.

Correcting the value of intangible and tangible assets and bringing them to inventory value is made, depending on the type of impairment, either by recording additional depreciation if irreversible depreciation is found, or by creating or supplementing impairment adjustments, if their reversible depreciation is found.

Reversal of impairment loss adjustments

An adjustment for depreciation of assets is reversed if there was a change in the estimates used to determine the recoverable amount. An adjustment for impairment can be reversed to the extent that the asset's carrying amount does not exceed the recoverable value, less depreciation, that would have been determined if the impairment had not been recognized.

2.12 Inventories

The main categories of inventories are raw materials, production in progress, semi-finished products, finished products, goods, spare parts, consumables and packaging.

Inventories also include goods held for custody, processing or consignment to third parties, which are recorded in inventory categories.

Production in progress is determined by inventory of unfinished output at the end of the period, by technical means of determining the degree of completion or the stage of carrying out the technological operations and its assessment on the basis of production costs.

The cost of inventories includes all acquisition and processing costs, as well as other costs incurred to bring inventory to the form and place where it is located. The trade discounts granted by the supplier and written on the purchase invoice adjust in the sense of reducing the cost of purchasing the goods. Trade discounts received after invoicing adjust the cost of the inventory they are referring to, if they are still being held. If the stocks for which the subsequent discounts were received are no longer held, they shall be accounted for separately (account 609 "Trade discounts received"), in third party accounts. If the trade discounts on the acquisition invoice fully cover the value of the purchased goods, they are accounted for at fair value, on the account of current income (account 758 "Other operating income").

The cost of finished products includes direct costs related to production, namely direct materials, energy consumed for technological purposes, direct labor and other direct production costs, as well as the share of indirect production costs rationally allocated to their production.

The cost of conversion (processing) of inventories includes the variable costs of inventories, such as direct labor costs, gas consumption and ancillary materials. They also include the systematic allocation of fixed costs generated by production. Fixed production costs consist of those production costs that remain relatively constant irrespective of the volume of production, such as: depreciation, maintenance of sections and equipment, and the costs of running and managing the sections. Variable production costs consist of those production costs that vary directly or almost directly in proportion to the volume of production, such as indirect materials and indirect labor.

The allocation of fixed production cost to conversion costs is based on the normal budgeted capacity of production facilities. The actual production level can be used if it is considered to approximate the normally budgeted capacity. The amount of fixed costs allocated to each production unit is not increased as a result of obtaining low production or non-use of equipment. Unallocated fixed expenses are recognized as an expense in the period in which they are incurred. In times when unusually high production is recorded, the amount of fixed costs allocated to each production unit is diminished so that inventories are not valued at higher values than their cost. Variable production costs are allocated to each production unit based on the actual use of the production facilities.

In the case of obtaining the coupled products, respectively, if one main product and one by-product are obtained after the production process and the conversion costs cannot be identified separately, for each product, the by-products are valued at the net realizable value and this value is deducted from the cost of the main product.

The cost of inventories is based on current cost.

On exit from inventory, stocks are valued on a weighted average cost basis.

At the balance sheet date, inventories are measured at the lower of cost and net realizable value. The net realizable value is the estimated sale price to be achieved during the normal course of business, less the estimated costs for the completion of the good, where appropriate, and the estimated sales costs.

Where appropriate, value adjustments are made for outdated, slow-moving or defective stocks.

2.13 Trade receivables

Trade receivables are recognized and initially recorded at the value on invoices, or according to the documents evidencing the delivery of the goods, respectively the rendering of the services.

The recoverable amount of receivables at the balance sheet date is estimated at their estimated value of collection or payment. The negative differences between the value determined in inventory and inventory carrying value is recorded in accounts receivables on account of the impairment loss. Impairment adjustments are made when there is evidence that the Group will not be able to settle receivables at their original agreed maturity. Non-recoverable receivables are accounted for as expense when identified.
The impairment loss related to a receivable is reversed if the subsequent increase in recoverable amount can be related to an event occurring after the impairment loss was recognized.

Receivables taken over by divestiture are accounted for at acquisition cost, their nominal value being off-balance.

In accordance with the contracts signed between the companies in the Group and beet growers, receivables and liabilities related to the same campaign are shown as net values. The Group has the obligation and intention to only pay farmers the difference between the pre-financing granted to beet growers during the year and the value of beet purchased from them.

2.14 Cash and cash equivalents

Cash deposits consist of cash, bank accounts including overdraft loans granted by the bank on current accounts, bank deposits for a maximum of three months if they are held for the purpose of covering the need for short-term cash, checks and trade effects deposited with banks. Credit lines granted by the bank for temporary needs through separate bank accounts are included in the balance sheet under the heading amounts owed to credit institutions to be paid over a one-year period.

Bank deposits for a term not exceeding 3 months may be included in cash and cash equivalents only to the extent that they are held for the purpose of covering the need for cash in the short term rather than for investment purposes.

2.15 Loans

Short and long-term loans are recorded at the amount received. Bank fees and commissions paid in order to obtain long-term loans are recognized as prepayments. Prepayments are recognized as current expenses throughout the period of repayment of those loans.

The short-term portion of long-term loans is classified as "Debt: Amounts to be paid in a period of up to one year" and included with estimated interest at the balance sheet date under current liabilities.

2.16 Liabilities

Trade liabilities are accounted for at cost, which represents the amount of the liability that will be paid in the future for the goods and services received, whether or not they have been invoiced to the Company.

In accordance with the contracts signed between the companies in the Group and beet growers, receivables and liabilities related to the same campaign are shown as net values. The Group has the obligation and intention to only pay farmers the difference between the pre-financing granted to beet growers during the year and the value of beet purchased from them.

2.17 Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments under an operating lease are recognized as an expense in the income statement for the period of the lease. Incentives received to conclude a new or renewed operating lease are recognized as an integral part of the net amount of the agreed consideration for the use of the leased asset, regardless of the nature of the incentive, the form or timing of the payment, thereby reducing the costs with rent throughout the leasing contract on a linear basis.

2.18 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the liability can be estimated reliably.

The amount recognized as a provision is the best estimate at the balance sheet date of the costs required to settle the current obligation.

The best estimate of the costs required to settle the current debt is the amount the Group would reasonably pay to settle the obligation at the balance sheet date or to transfer it to a third party at that time.

If the effect of the time- value of money is material, the amount of provision represents the present value of the expenditures expected to be required to settle the obligation. The discount rate used reflects current market assessments of the time value of money and the risks specific to the liability. The update is performed by specialized personnel.

Gains on the expected disposal of assets are not taken into account in assessing a provision.

If it is estimated that some or all expenses related to a provision will be repaid by a third party, the repayment should be recognized only when there is clear evidence that such repayment will be received. Repayment is considered as a separate asset. The amount that is recognized as repayment shall not exceed the value of the provision. If the Group may request another party to pay, in full or in part, for the expenses incurred to settle a provision, and the Group is not liable for the amounts in question, the Group does not include those amounts in provision.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If an outflow of resources is no longer likely in order to settle an obligation, the provision should be canceled by recording the provision as revenue.

Provisions for restructuring

Provisions for restructuring may be established in the following situations:

a) divestiture or closing down the activity for a part of the business;
b) closing down several locations of the entity;

c) changes in the management structure, for example, the elimination of one level of management;
d) fundamental reorganisations that have a significant effect on the nature and the object of the activities of the entity

The Group recognizes a provision for restructuring to the extent that the following conditions are cumulatively met:

a) The group has a detailed restructuring plan that stipulates the activity or the part of the activity to which it refers, the main locations affected by the restructuring plan, the approximate number of employees who will receive compensation for the cessation of activity, their distribution and posts, the expenses involved, and the date from which the restructuring plan will be implemented;
b) The group caused the affected parties to wait for the restructuring to begin by implementing the plan or by announcing its main features to those affected by it.

A restructuring provision includes only the direct costs generated by the restructuring, i.e. those that are necessarily generated by the restructuring process and are not related to the entity's continuing activity. The expenditures regarding the future management of the activity are not provisioned.

<u>Provisions for warranties</u>

A provision for warranties is recognised when the products or services covered by the warranty are sold. The value of the provision is based on historical information regarding the warranties granted and it is estimated by weighing all possible results with the likelihood of each result to become true.

<u>Provisions for onerous contracts</u>

A provision for onerous contracts is recognized when the unavoidable costs associated with the performance of the contractual obligations exceed the economic benefits expected to be obtained from the contract in question. The unavoidable costs of a contract reflect the net cost of leaving the contract, i.e. the lowest value of the cost of performance of the contract and any compensation or penalty due to non-performance of the contract. Before establishing the provision, the Group acknowledges any loss emerging from the depreciation of the assets assigned to the contract.

<u>Other provisions</u>

Provisions are also recognized for litigations, fines and penalties, indemnification, damages and other unrecognized liabilities, taxes, pensions and similar obligations, which are to be granted to the staff based on the profit made.

2.19 Pensions and other benefits after employment

Within the current activity performed, the Group makes payments to the Romanian state for the benefit of its employees. All employees of the Group are included in the pension plan of the Romanian state.

According to the provisions of the Collective Bargaining Agreement, Agrana Romania S.A. has the obligation to award a bonus to its own employees on the date of their retirement. The Group policy does not include any other pension scheme or post retirement benefit plan except as applied by Agrana Romania S.A.

By estimating the amount of these bonuses, a risk and expense provision was recorded on 28 February 2017.

2.20 Grants

Grants are recognized when there is enough certainty that: the Group will meet the conditions imposed by the grant and the grants will be received.

Grants for assets, including non-monetary grants at their fair value, are accounted for as grants for investments and are acknowledged in the balance sheet as deferred revenues. The deferred revenues are shown in the profit and loss account as depreciation expenses or write-off or disposal of assets is recorded.

Subsidies that compensate the Group for expenses incurred are recognized in profit or loss systematically, in the same period in which expenses are recognized and are disclosed in the income statement as revenue items.

Income from operating grants corresponding to net turnover is presented in the profit and loss account as part of the net turnover.

2.21 Share capital

The share capital of the parent company Agrana Romania S.A., made up of joint shares, is registered at the value established on the basis of the articles of incorporation and addenda, as the case may be, as well as the supporting documents regarding the capital contributions.

The parent company acknowledges the changes to the share capital only after their approval in the General Meeting of the Shareholders.

2.22 Legal reserves

Legal reserves represent 5% of the gross profit at the end of the year of the parent company and its subsidiaries, until the total legal reserves reach 20% of the share capital paid in accordance with the legal provisions.

2.23 Dividends

Dividends are recognized as debt in the period in which their allocation is approved. The allocation of dividends is made after the approval of the financial statements.

2.24 Result carried forward

The accounting profit of the parent company and of each subsidiary included in the consolidation, remaining after the distribution of the legal reserve, within the limit of 20% of the share capital, is taken up within the result carried forward at the beginning of the financial year following that for which the financial statements are prepared, from where it is to be allocated to other legal destinations.

The disclosure of allocation of accounting profit is made in the year following the general meeting of the shareholders which approved the distribution of the profit, by recording the dividends due to the shareholders, reserves and other destinations, according to the law.

2.25 Financial instruments

The financial instruments used by the Group consist mainly of cash, term deposits, receivables, payables and amounts due to affiliated entities on account of loans contracted from them. Instruments of this kind are evaluated in accordance with the specific accounting policies presented in Note 2 ""Principles, policies and accounting methods".

The derivatives used by the companies within the Group to hedge foreign exchange variations are recorded at the initial acquisition cost.

2.26 Income

Income from the sale of goods

Income from sales of goods is recorded when the goods are handed over to the buyers, delivered on the basis of the invoice or other conditions stipulated in the contract, attesting the transfer of ownership of the goods to the clients.

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

a) The Group has transferred to the buyer the significant risks and advantages that emerge from the ownership of goods

b) The Group does not manage anymore the goods sold as it would have normally done it if it had owned the goods and it does not have control over them;

c) the amount of the income can be credibly assessed;

d) it is possible that the economic benefits associated with the transaction are generated by the entity; and

e) the costs of the transaction can be credibly assessed.

If the Group maintains only an insignificant risk regarding the right of ownership, the transaction represents a sale and the income is acknowledged.

The moment when the transfer of significant risks and benefits related to ownership of the goods takes place is determined by the examination of the circumstances in which the transaction took place and the terms of the sales contracts.

Trade discounts awarded after invoicing, irrespective of the period to which they refer, are accounted for separately (account 709 "Trade discounts granted") on account of third parties. If trade discounts are post-balance sheet events, they are recorded as at the balance sheet date in account 418 "Customers - deferred invoices" and are reflected in the financial statements of the exercise for which reporting is made if the amounts are known at the balance sheet date.

Revenues from the provision of services

Income from the provision of services are recognized in the period in which they were incurred and in correspondence with the execution stage. The provision of services includes the execution of works and any other operations that cannot b deemed as deliveries of goods.

Revenues from fees

When the Group acts as agent and not principal in a transaction, the income is recognized at the net value of the Company's commission.

Revenues from royalties and rents

Income from royalties and rents is recognized on accrual basis under the contract. The incentives awarded for concluding a new or renewed operational leasing contract are acknowledged as an integral part of the net value of the consideration agreed for using the leased asset, irrespective of the nature if the incentive, the form or the moment when the payment is made, thus reducing revenues from rents during the entire leasing contract, on a linear base.

2.27 Taxes and duties

The Group records current income tax in accordance with the Romanian legislation in force at the date of the financial statements. Tax and tax liabilities are recorded in the period they refer to.

2.28 Financial income and expenses

Financial income includes interest income, dividend income, income from transferred financial assets, income from short-term financial investments - net, exchange rate differences and income from discounts obtained. Financial income is recognized on an accrual basis. Thus, interest income is recognized periodically, proportionally, as the income is generated on the basis of accrual accounting; dividends are recognized when the shareholder's right to collect them is determined.

Financial expenses include interest expense related to loans, amortization of provisions for impairment, recognized impairment losses on financial assets, expenditure on financial assets transferred, short term net investment expenses, foreign exchange expense, and expenses corresponding to the discounts obtained. All borrowing costs that are not directly attributable to the acquisition, construction or production of long-term assets are recognized in the profit and loss account on a periodic basis based on accrual accounting.

2.29 Accounting errors

Accounting errors can refer to the current financial year, or to the previous financial years; errors from previous periods refer to the erroneous presentation of information in the annual financial statements. Corrections of errors are made at the time of their discovery. Errors from previous periods are omissions and erroneous statements included in the entity's financial statements for one or more prior periods resulting from the error of using or not using credible information that:

a) were available at the time the financial statements for those periods were approved for issue;

b) could have been reasonably obtained and taken into account in the preparation and presentation of those financial statements;

The correction of the errors for the current financial year as well as the insignificant errors related to the previous financial years are made in the profit and loss account. The correction of significant errors in the previous financial years is made based on the result carried forward.

Correcting errors in previous financial years does not change the financial statements of those exercises. In the case of errors related to previous financial years, their correction does not require the adjustment of the comparative information presented in the financial statements. Comparative information on the financial position and financial performance, respectively the change in the financial position, is presented in the explanatory notes. The explanatory notes to the financial statements also provide information on the nature of the errors found and the periods affected by them.

2.30 Affiliated parties and other related parties

An affiliated party is a person or entity which is affiliated to the entity that drafts the financial statements, hereinafter referred to as reporting entity.

A close person or member of the family of the respective person is affiliated to a reporting entity if that person:
(i) has control or joint control over the reporting entity;
(ii) has a significant influence over the reporting entity; or
(iii) is a member of the key management personnel of the reporting entity or of the parent of the reporting entity.

An entity is affiliated to a reporting entity if it meets any of the following conditions:
(i) the entity and the reporting entity are members of the same group (which means that each parent company, subsidiary and subsidiary of the same group is affiliated to the other);

(ii) an entity is an affiliated entity or an entity under the joint control of the other entity (or affiliated entity or entity under the joint control of a member of the group of the other entity);

(iii) both entities are jointly controlled entities of the same third party;

(iv) an entity is jointly controlled by a third party, and the other is an entity affiliated to this third party;

(v) the entity is a post-employment benefit plan for the benefit of employees of the reporting entity or of an entity related to the reporting entity. If the reporting entity itself represents such a plan, the sponsor employers are also affiliated to the reporting entity;

(vi) the entity is controlled or under joint control by a close person or member of the family of that person who controls or controls has joint control over the reporting entity, has a significant influence on the reporting entity; or is a member of key management personnel of the reporting entity or parent company of the reporting entity.

(vii) a close person or member of the family of that person who controls or jointly controls the reporting entity has a significant influence on the entity or is a member of the key management personnel of the entity (or parent of the entity);

(viii) The entity or any member of a group to which it belongs provide services to the key management personnel of the reporting entity or the parent company of the reporting entity.

Key management personnel are those people who have the authority and responsibility to plan, manage and control the entity's activities, directly or indirectly, including any executive officers (or otherwise) of the entity. Close members of the family of a person are those members of the family from which it can be expected to influence or to be influenced by the respective person in their relation with the entity and they include:

a) children and wife or life partner of the respective person;
b) the children of the wife or of the life partner of the respective person; and
c) the persons in the care of that person or of the spouse or life partner of that person.

According to the Order of the Minister of Public Finance no. 1802/2014, affiliated entities mean two or more entities within the same group.

2.31 Contingent liabilities

A contingent liability is:
• a potential obligation arising as a result of past events prior to the balance sheet date and whose existence will only be confirmed by the occurrence or non-occurrence of one or several uncertain future events that cannot be wholly under the control of the entity; or
• a current obligation emerged as a result of past events, previous to the date of the balance sheet, but not recognized because:
- is not sure that resource outflows will be needed to settle this debt; or
- the value of the debt cannot be assessed credibly enough.

Contingent liabilities are not recognized in the balance sheet, they are shown only in the explanatory notes to the financial statements.
Contingent liabilities are continually evaluated to determine whether an outflow of resources that incorporates economic benefits has become probable. If it is considered necessary to dispose of resources generated by an item previously considered contingent liability, a liability or provision will be recognized, as the case may be, in the financial statements for the period in which the change in the event's classification occurred.

2.32 Subsequent events

These financial statements reflect post-balance sheet events that provide additional information about the Group's financial position and its ability to continue in the foreseeable future (events that normally result in adjustments to the financial statements). Post-balance sheet events that do not result in the adjustment of the financial statements are disclosed in the notes to the financial statements when they are material.

NOTE 3: NON CURRENT ASSETS

The change in the entry value, the aggregate value adjustments and the net asset value of the non-current assets during the financial year 1 March 2016 - 28 February 2017, is presented as follows:

3.1 Intangible assets

Gross value	Set-up costs	Other fixed assets (licenses, software)	Advance payments	Total
Balance as at February 29th 2016	**1,637**	**1,238,172**	**-**	**1,239,809**
Acquisitions	-	11,640	-	11,640
Transfers	-	-	-	-
Sales and decommissioning	-	-	-	-
Balance as at February 28th 2017	**1,637**	**1,249,812**	**-**	**1,251,449**

Depreciation and impairment adjustments	Set-up costs	Other fixed assets (licenses, software)	Advance payments	Total
Balance as at February 29th 2016	**1,637**	**1,009,922**	-	**1,011,559**
Depreciation in the period	-	125,810	-	**125,810**
Depreciation related to sales and write-offs	-	-	-	-
Balance as at February 28th 2017	**1,637**	**1,135,732**	-	**1,137,369**

Net value of intangible assets	Set-up costs	Other fixed assets (licenses, software)	Advance payments	Total
Balance as at February 29th 2016	-	**228,250**	-	**228,250**
Balance as at February 28th 2017	-	**114,080**	-	**114,080**

3.2 Tangible assets

Gross value	Land and constructions (including real estate	Technical equipment and machinery	Other installations	Assets in progress (including advance for investments)	Intangible assets in course of supply	Total

	investments)					
As at 29 February 2016	**113,214,262**	**140,381,419**	**3,179,340**	**2,278,207**	**162,777**	**259,216,005**
Acquisitions	29,307	718,153	-	12,414,136	-	13,161,596
Transfers	6,206,044	6,181,484	33,731	(12,421,259)	-	-
Sales, decommissioning	-	(2,548,649)	(12,213)	(1,200)	-	(2,562,062)
As at 28 February 2017	**119,449,613**	**144,732,407**	**3,200,858**	**2,269,884**	**162,777**	**269,815,540**
Depreciation	**Land and constructions (including real estate investments)**	**Technical equipment and machinery**	**Other installations**	**Assets in progress (including advance for investments)**	**Intangible assets in course of supply**	**Total**
As at 29 February 2016	**7,185,684**	**57,840,687**	**1,909,930**	-	-	**66,936,301**
Depreciation during the period	6,300,016	10,036,300	217,500	-	-	**16,553,816**
Sales and decommissioning	-	(2,042,406)	(12,213)	-	-	**(2,054,619)**
As at 28 February 2017	**13,485,700**	**65,834,581**	**2,115,217**	-	-	**81,435,497**
Depreciation adjustments	**Land and constructions (including real estate investments)**	**Technical equipment and machinery**	**Other installations**	**Assets in progress (including advance for investments)**	**Intangible assets in course of supply**	**Total**
As at 29 February 2016	**4,149,927**	**15,699**	-	-	-	**4,165,626**
Depreciation adjustments established	-	-	-	-	-	-
Depreciation adjustments cancelled	-	-	-	-	-	-
As at 28 February 2017	**4,149,927**	**15,699**	-	-	-	**4,165,626**
Net value	**Land and constructions (including real estate investments)**	**Technical equipment and machinery**	**Other installations**	**Assets in progress (including advance for investments)**	**Intangible assets in course of supply**	**Total**
As at 29 February 2016	**101,878,651**	**82,525,033**	**1,269,410**	**2,278,207**	**162,777**	**188,114,078**
As at 28 February 2017	**101,813,986**	**78,882,127**	**1,085,642**	**2,269,884**	**162,777**	**184,214,416**

During the financial year 1.03.2016 - 28.02.2017, the Group acquired fixed assets amounting to RON 13,161,596 (RON 9,423,389 during the financial year ended February 29, 2016), the main acquisitions being:

Buzau:

- condensation system upgrade: 1,295,051 RON;
- Silo No. 1 conditioning: 1,210,816 RON;
- reinforcement of sack filling tower: 654,119 RON;

Roman:

- modernization of steam boiler no. 1: 4,436,470 RON;
- agricultural equipment: 1,051,947 RON;
- modernization of sugar stores nr. 2: 900,982 RON;
- silo no. 1 conditioning system: 752,167 RON;
- powder sugar conditioning system: 668,623 RON;
- Coronita sugar belt scales: 538,661 RON;

Bucharest:

- vehicles: 653,201 RON

During the financial year 1.03.2016 - 28.02.2017, the Group sold fixed assets with an entry value of RON 1,714,860, respectively net: RON 499,469 (sales and write-offs with a net book value of RON 1,295,873 during the financial year ended February 29, 2016).

Tangible assets in progress on 28 February 2017 amounting to 2,000,703 RON represent:

- Modernization of sugar stores no. 2 ATC: 900,982 RON;
- Reinforcement of sack filling tower: 479,894 RON;
- Cover on the technological water sewage to the treatment plant: 134,831 RON;
- IT Investments: 76,781 RON;
- Other investments: RON 408,215;

On January 1, 2015, as a result of applying for the first time the accounting regulations approved by OMFP 1802/2014, an amount of RON 2,996,154 representing the net value of the buildings leased by the Group was transferred from the category of land and buildings to real estate investments.

Gross value	Real estate investments

Balance as at 29.02.2016	**2,996,154**
Acquisitions	-
Transfers	-
Sales/ decommissioning	-
Balance as at 28.02.2017	**2,996,154**

Depreciation	**Real estate investments**
Balance as at 29.02.2016	144,615
Depreciation during the period	123,955
Sales and decommissioning	-
Balance as at 28.02.2017	268,570

Net value	**Real estate investments**
29.02.2016	**2,851,539**
28.02.2017	**2,727,584**

Revaluation of fixed assets

On December 31st 2014 the Group performed the assessment of the construction in conformity with the International Assessment Standards adopted by ANEVAR and the provisions of OMFP 3055/2009 with its subsequent amendments, by using the method of replacement cost for the constructions used in production, given their specialised character, and by using the market approach/ by income for the constructions outside the exploitation.

The Group chose to account for the results of the revaluation by: cancelling the accrued depreciation until the revaluation date and to show tangible assets like buildings at fair value. The revaluation surplus was credited to the revaluation reserve account within equity.

The results of the revaluation were as follows:

- increases in value of 47,152,993 RON, of which 2,977,209 RON represent reversals of the decreases registered in the profit and loss account in the previous years and 44,175,784 RON were presented as an increase in the revaluation reserve;
- decreases in value of 2,613,298 RON of which 2,586,128 RON were transferred to the profit and loss account and 27,170 RON represent decreases in revaluation reserve.

Other revaluations performed by the Group took place on December 31, 2004, December 31, 2008 and December 31, 2011 (Note 2.9)

Movements in the revaluation reserve during the financial year ended on 28 February 2017 were as follows:

Revaluation reserve as at 29 February 2016	**45,220,743**

Amounts transferred to other reserves representing earnings	(3,380,206)
Revaluation reserve as at 28 February 2017	**41,840,537**

The revaluation reserve diminished in 2017 by the amount of 3,380,207 RON, the amount representing the depreciation recorded for the revaluation reserve.
On February 28, 2017, the balance of the revaluation reserve amounted to 41,840,537 RON (45,220,743 RON as at 29 February 2016).

Tangible assets used under lease agreements in which the Group is a lessee
The Group does not have any tangible assets used under lease agreements in which the Group is a lessee.

Pledged and restricted tangible assets
The Group does not have pledged or restricted tangible assets.

Other information
The gross book value of fully depreciated tangible assets on 28 February 2017 is RON 24,507,529 (18,161,522 RON as at 29 February 2016)

The details of the balances at the end of the financial year and the transactions with related during the current year are included in Note 18.

Impairment losses

Taking into account the financial results obtained during the financial year ended on 28 February 2017, as well as other internal and external factors, the Group analyzed net book value or fair value at the balance sheet date for depreciable tangible and intangible assets in order to assess the possibility of impairment, which could result in the recording of a depreciation adjustment. Following this analysis, the Group did not consider it necessary to record adjustments for impairment at the balance sheet date.

Fixed assets that are no longer used have been fully adjusted for impairment.

For tax purposes, the Group uses different lifetimes compared to the economic lifetimes. On 28 February 2017, the net fiscal value of tangible fixed assets put into operation was 180,457,391 RON (185,251,003 RON on 29 February 2016).

3.3 Financial assets

Participations held in affiliated entities not included in the consolidation are shown in the financial assets, other immobilized securities as well as the values granted in the form of guarantees by the Group in favor of the suppliers according to the clauses of the contracts concluded with them, that have a liquidity term in excess of one year.

Gross value	*Shares held in affiliated entities not included in consolidation*	*Investments held as fixed assets*	*Non current receivables*	*Total*
Balance as at February 29th 2016	-	**11,396**	**11,216**	**22,612**
Establishments during the period	-		(925)	**(925)**
Sales/collection, removing from evidence during the period	-	-	-	-
Balance as at February 28th 2017	-	**11,396**	**10,291**	**21,687**

Other information

On February 28, 2017, the Group owns greenhouse gas emission allowances received free of charge (see accounting policy - note 2.10 Financial assets and short-term financial investment):

Description/Plant	**Buzau**	**Roman**	**Total**
In account 29.02.2016	111.192	169.068	**280.260**
Handed over	32.611	37.215	**69.826**
Sold		40.000	**40.000**
Allocated for 2017	-	27.630	**27.630**
In account on 28.02.2017	78.581	119.483	**198.064**

NOTE 4 Inventories

Description	29 February 2016			28 February 2017		
	Cost	Depreciation adjustments	Total	Cost	Depreciation adjustments	Total
Raw materials and consumables	14,424,099	(1,350,093)	13,074,006	34,878,060	(1,384,841)	33,493,219
Raw materials and consumables in course of acquisition	-	-	-	-	-	-
Raw materials and materials with third parties	-	-	-	-	-	-
Packages with third parties	132,160	-	132,160	20,157	-	20,157
Packages	1,552,491	(869,156)	683,335	1,984,879	(1,042,626)	942,253
TOTAL	**16,108,750**	**(2,219,249)**	**13,889,501**	**36,883,096**	**(2,427,467)**	**34,455,629**
Production under execution	**223,799**	-	**223,799**	**44,969**	-	**44,969**
Semi-products	-	-	-	-	-	-
Finished goods and merchandise	166,361,361	(3,003,550)	163,357,811	197,608,128	(2,773,881)	194,834,247
Inventories in course of supply	4,621,305	-	4,621,305	60,496	-	60,496
Inventories with third parties	7,891,170	-	7,891,170	66,307,074	-	66,307,074
TOTAL	**178,873,836**	**(3,003,550)**	**175,870,286**	**263,975,698**	**(2,773,881)**	**261,201,817**
Advance payments	**1,268,060**	**(1,183,370)**	**84,690**	**1,198,865**	**(1,183,370)**	**15,495**
Total	**196,474,445**	**(6,406,169)**	**190,068,276**	**302,102,628**	**(6,384,718)**	**295,717,910**

Details of movements in inventory adjustment accounts are as follows:

RON	Balance as at February 29th 2016	Establishments	Reversals of revenues	Balance as at February 28th 2017
Total adjustments for the depreciation of raw materials and consumables, of which:	**2,219,249**	**1,467,822**	**1,259,604**	**2,427,467**
Adjustments for raw materials	-	232	-	**232**
Adjustments for depreciation of spare parts	**792,472**	592,259	623,425	**761,306**
Adjustments for depreciation of consumables	**520,365**	611,951	520,365	**611,951**
Packaging depreciation adjustments	**869,156**	252,027	78,558	**1,042,625**
Adjustments for inventory items	**37,256**	11,353	37,256	**11,353**
Total adjustments for finished goods and merchandise, of which:	**3,003,550**	**2,768,708**	**2,998,378**	**2,773,880**
Adjustments for depreciation of finished goods and residual products	**2,106,433**	454,614	2,101,913	**459,134**
Adjustments for depreciation of merchandise	**897,117**	2,314,094	896,465	**2,314,746**

RON	Balance as at February 29th 2016	Establishments	Reversals of revenues	Balance as at February 28th 2017
Adjustments for advance payments for inventories	**1,183,370**	-	-	**1,183,370**
Total adjustments for the depreciation of stocks	**6,406,169**	**4,236,530**	**4,257,982**	**6,384,718**

On 28 February 2017 and 29 February 2016, adjustments for depreciation of advances paid for the purchase of inventories are presented:

- 1,114,974 RON adjustment for the advance granted to the company Sabion Comimpex Oradea on the basis of the purchase contract for white sugar;
- 68,396 RON other adjustments for depreciation of advances paid for the purchase of inventories.

NOTE 5: RECEIVABLES

Lei	29 February 2016	28 February 2017	Liquidation term	
			under 1 year	over 1 year
Total, of which:	**96,408,022**	**64,927,509**	**64,927,509**	-
1. Commercial receivables, of which:	**75,507,690**	**46,316,466**	**46,316,466**	-
- Third-party clients	81,967,696	58,049,534	58,049,534	-
-Adjustments on impairment of third-party receivables	(16,897,766)	(16,922,774)	(16,922,774)	-
- Amounts receivable from affiliated entities that do not consolidate	10,437,760	5,189,706	5,189,706	-
2. Other receivables	**20,900,332**	**18,611,043**	**18,611,043**	

On February 28, 2017, in order to show the Group's actual debts and receivables, the consolidated financial statements disclose the net difference between receivables from the commercial relationship with the beet growers in balance as at February 28, 2017, and debts to the growers in balance as at the same date. In accordance with the provisions of the contracts signed by the parties, these receivables and liabilities must be set-off, on the basis of the contracts concluded with the growers. The contractual provisions mention that the companies within the Group owe the difference between the amount of pre-financing granted to beet growers during the year and the value of the beet bought from them.

The net balance of mutual debts and receivables from commercial relations with beet growers on 28 February 2017 is the following:

Lei	**29.02.2016**	**28.02.2017**
1. Trade receivables – growers accounts receivable	5,702,192	4,821,170
2. Value adjustments regarding receivables from growers - growers accounts receivable	(2,652,351)	(2,535,276)
3. Trade liabilities – growers accounts payable	(7,309,411)	(13,125,846)
Net trade (liabilities) in the relationship with beet growers *)	**(4,259,570)**	**(10,839,952)**
***)**	**debt**	**debt**

Net debts to growers are shown under Trade-Related Payables, short-term.
During the fiscal year 1.03.2016 - 28.02.2017, the Group granted pre-financing to growers for the 2017 campaign. Under the contracts between the parties, these receivables will be offset against the equivalent value of the beet that will be purchased from the growers in 2017. As at February 28, 2017, the Group granted pre-financing amounting to 6,893 RON (February 28, 2015: 5,058,692 RON).
Amounts receivable from affiliated parties are detailed in Note 18.

As at February 28, 2017, doubtful trade receivables were adjusted for impairment. The movements in impairment adjustments were as follows:

Lei	**Balance as at 29.02.2016**	**Establishments**	**Reversals of revenues**	**Balance as at 28.02.2017**
Adjustments for impairment of trade receivables - clients	14,245,415	220,448	35,993	14,429,870
Adjustment for depreciation of grower receivables - presented net with grower receivables and debts	2,652,351	1,100,689	1,217,763	2,535,277
Total adjustments for trade receivables	**16,897,766**	**1,321,137**	**1,253,756**	**16,965,147**

The balance of the impairment adjustments as at 28 February 2017 also includes the impairment adjustment for the outstanding receivable in 2005 from the commercial relationship with Argirom International SA, amounting to RON 8,020,990 (raw sugar sales). In order to recover this debt, there is a legal action pending.

In the case of third party commercial receivables, a receivable from one of the Group's clients is included in the amount of 5,285,978 RON, to be set-off during the year 2017 against part of the Group's commercial debts to this subcontractor (commercial debt amounting to RON 5,285,978 as at February 28, 2016).

Adjustments for impairment of trade receivables also include the amount of RON 435,992 constituted for the amounts paid as advances to Lemarco Cristal SRL.

Other receivables include:

Lei	**29.02.2016**	**28.02.2017**
VAT to be recovered	14,936,157	7,083,525
undue VAT	794,058	678,281
Profit tax to be recovered	2,159,833	2,229,811
Receivables from the social insurance budget	534,338	572,928
external VAT	622,682	6,529,895
Grants	49,520	533,176
Other receivables	1,803,744	983,427
	20,900,332	**18,611,043**

The value added tax to be recovered on February 28, 2017 in the amount of 12,038,950 RON also includes the amount of the value added tax to be recovered in the amount of 6,565,363 RON related to the sales made by the Group in Austria (628,492 RON on 29 February 2016), the negative VAT balance in Austria being due to be collected by the Group from the tax authorities in Austria.

NOTE 6: SHORT TERM INVESTMENTS

As at 28 February 2017, namely as at 29 February 2016, the Group had no short term investments.

NOTE 7: CASH AT HAND AND IN BANK

Lei	**29 February 2016**	**28 February 2017**
Accounts in banks in RON and foreign currency	8,360,332	9,586,286
Bank deposits for a maximum of 3 months	1,972,089	8,910,070
Cash at hand	50,347	28,213
Other values	2,691	2,966
Total	**10,385,459**	**18,527,535**

NOTE 8: PREPAYMENTS

On February 28, 2017, the advance expenses in the total amount of 313,827 RON represent:

Prepayments	29 February 2016	28 February 2017
Insurance	100,905	126,096
Rents	127,452	112,125
Services connected to raw sugar	14,745	0
Services in advance	127,836	75,606
Total	**370,938**	**313,827**

NOTE 9: LIABILITIES

			Liquidation term	
Lei	29.02.2016	28.02.2017	under 1 year	over 1 year
Total, of which:	**467,812,119**	**458,192,142**	**458,192,142**	-
1. Advance payments collected for orders	**464,949**	**948,382**	**948,382**	-
2. Trade liabilities of which:	**25,888,880**	**110,950,292**	**110,950,292**	-
- Internal suppliers	15,177,596	23,746,015	23,746,015	-
- External suppliers	1,484,326	11,217,745	11,217,745	-
- Trade liabilities to affiliated entities	9,226,957	75,986,532	75,986,532	-
3. Financial liabilities to affiliated entities	**432,882,064**	**340,414,970**	**340,414,970**	-
4. Other payables, including tax liabilities and other social security liabilities	**8,576,226**	**5,878,498**	**5,878,498**	-

According to the details presented in note 5 "Receivables", trade payables to growers are presented in the consolidated financial statements net of trade receivables in the balance in relation to them, less the pre-financing granted for the 2017 campaign.

Trade payables to affiliated entities are detailed in Note 18.

Other debts include:

Lei	29 February 2016	28 February 2017
Employee bonuses	1,275,000	1,417,405
Outstanding annual leave	1,701,097	1,721,048
Production tax according to the European legislation	-	-
Salaries and social contributions	3,778,405	1,922,140
Dividends	120,510	120,510
VAT payable	-	-
Corporate tax	170,242	3,278
external VAT	-	-
Other debts	1,530,972	694,117
	8,576,226	**5,878,498**

Other liabilities include mainly: local taxes and duties, environmental fund contribution, guarantees retained according to supply contracts.

Loans from affiliated entities

The Group has implemented, through the affiliated company Agrana Group Services Gmbh, a "payment factory" liquidity management program, its main components being:
- Inhouse bank
-Management of domestic and international payments, through the ERP SAP IT system;
- Electronic authorization of payment packages using an approval matrix;
- Foreign exchange and derivative transactions having as support the exchange rate
- Financing through in-house bank and credit facilities dated June 14, 2003 - revolving, multicurrency credit facility of EUR 55,000,000 granted to Agrana Romania SA, Agrana Buzau SRL, Agrana Tandarei SRL and Agrana Agro SRL, respectively 30 September 2004 - revolving, multicurrency credit facility of EUR 20,000,000 granted to Agrana Romania SA by Agrana Group Services Gmbh.

The interest is 1M EURIBOR +1.75% p.y. for credit balances in Euro.

A. Agrana Romania S.A.

As at February 28th, 2017, the balance of the financial debts contracted by Agrana Romania S.A. from affiliated entities is found below:

	29.02.2016	28.02.2017

	Balance in the transaction currency	Currency	RON Balance	Balance in the transaction currency	Currency	RON Balance
RON Loan	82,123,542	RON	82,123,542	82,143,401	RON	82,143,401
EUR Loan	72,699,720	EUR	324,909,589	55,464,483	EUR	250,477,607
Total			**407,033,131**			**332,621,008**

B. Agrana Buzau SRL

As at February 28th, 2017, the balance of the financial debts contracted by Agrana Buzau SRL from affiliated entities is found below:

	29.02.2016			**28.02.2017**		
	Balance in the transaction currency	Currency	RON Balance	Balance in the transaction currency	Currency	RON Balance
RON Loan	-	RON	-	-	RON	-
EUR Loan	5,783,794	EUR	25,848,933	1,725,855	EUR	7,793,961
Total			**25,848,933**			**7,793,961**

Credit facilities contracted from credit institutions

A. Agrana Romania S.A.

On February 28th, 2017, the Company benefited from the following credit facilities from credit institutions:

- Credit facility for the issuance of letters of guarantee/letters of credit, common with Agrana Buzau SRL and Agrana Tandarei SRL, granted by Unicredit Bank, in the total amount of EUR 5,000,000, a facility guaranteed by mortgage on the current bank accounts opened with the bank.

The facility expires on November 15, 2021.

As at February 28, 2017, based on the counter-guarantees issued by Unicredit Bank Austria AG, from the facility owned by AGRANA Beteiligungs AG with this credit institution, the following letters of guarantee were issued by order of Agrana Romania SA by Unicredit Tiriac Bank SA:

Number of guarantee	**Date of issuance**	**Beneficiary**	**Amount**	**Currency**	**Expiry date**

Amendment 2 to 00888-020180276 25/09/2015	01.11.2016	APIA	6,542,642	RON	31/01/2018
Amendment 2 00888-02-0282291	01.11.2016	APIA	8,143,724	RON	31/01/2019

- Support credit facility for the issuance of letters of guarantee and letters of credit, granted by Raiffeisen Bank Romania, joint with Agrana Buzau SRL and Agrana Tandarei SRL, in the total amount of Eur 5,000,000, a facility guaranteed by mortgage on the current bank accounts opened with the bank. The facility expires on April 30, 2021.

As at February 28, 2017, based on this facility, the following guarantee letters were issued:

Number of guarantee	Date of issuance	Beneficiary	Amount	Currency	Expiry date
Amendment 1 to GI/60905	20/10/2016	APIA	21,386	RON	31/03/2018
GI/62134	13/12/2016	CUSTOMS OFFICE IN DORNESTI	6,650,000	RON	30/04/2017
GI/62278	28/12/2016	CUSTOMS OFFICE IN GALATI	530,000	RON	31.03.2017
Amendment 1 to GI/62279 28.12.2017	27/01/2017	CUSTOMS OFFICE IN DORNESTI	4,530,000	RON	31.03.2017

In the current fiscal year (01.03.2016-28.02.2017) the Company did not extend the overdraft credit facility for funding working capital, contracted from Raiffeisen Bank SA, amounting to RON 10,000,000.
Also during the exercise ended on 28 February 2017, the Company amended the contractual terms of the credit facility contracted from Unicredit Bank SA for the purpose of removing overdraft from the scope of the facility, the use of cash no longer being possible. The Facility may be used to issue bank guarantees and letters of credit, the value of the facility being reduced to EUR 5,000,000
All the credit facilities with credit institutions are guaranteed by corporate guarantees issued by Agrana Beteiligungs AG.

On February 28th 2017, the Company had no debts to credit institutions.

B. Agrana Buzau SRL

On February 28th, 2017, the Company benefited from the following credit facilities from credit institutions:

- Support credit facility for the issuance of letters of guarantee and letters of credit, granted by Raiffeisen Bank Romania, joint with Agrana Romania SA and Agrana Tandarei SRL, in the total amount of Eur 5,000,000, a facility guaranteed by mortgage on the current bank accounts opened with the bank. The facility expires on April 30, 2021.

As at February 28th, 2017, The Company had no letters of guarantee issued.

- Credit facility for the financing of circulating capital and issuance of letters of guarantee/letters of credit, common with Agrana Romania SA and Agrana Tandarei SRL, granted by Unicredit Tiriac Bank, in the total amount of EUR 5,000,000, a facility guaranteed by mortgage on the current banking accounts opened with the Bank. The facility expires on November 15, 2021.

On February 28, 2017, there were no letters of guarantee issued based on this facility.

All credit facilities with credit institutions are guaranteed by corporate letters issued by Agrana Beteiligungs AG.

On February 28th 2017, the Company had no debts to credit institutions.

C. Agrana Tandarei SRL

On February 28th, 2017, the Company benefited from the following credit facilities from credit institutions:

- Support credit facility for the issuance of letters of guarantee and letters of credit, granted by Raiffeisen Bank Romania, joint with Agrana Romania SA and Agrana Buzau SRL, in the total amount of Eur 5,000,000, a facility guaranteed by mortgage on the current bank accounts opened with the bank. The facility expires on April 30, 2021.

On February 28, 2017, there were no letters of guarantee issued based on this facility.

- Credit facility for the financing of circulating capital and issuance of letters of guarantee/letters of credit, common with Agrana Romania SA and Agrana Buzau SRL, granted by Unicredit Tiriac Bank, in the total amount of EUR 5,000,000, a facility guaranteed by mortgage on the current bank accounts opened with the Bank. The facility expires on November 15, 2021.

On February 28, 2017, there were no letters of guarantee issued based on this facility.

All credit facilities with credit institutions are guaranteed by corporate letters issued by Agrana Beteiligungs AG.

On February 28th 2017, the Company had no debts to credit institutions.

NOTE 10: PROVISIONS FOR RISKS AND EXPENSES

Lei	29.02.2016	Provisions established	Provisions canceled	Reclassifications	28.02.2017

Provisions for litigations	1,066,338	50,000	805,036	-	311,303
Provisions for employee benefits	-	-	162,630	1,011,516	848,886
Provisions for taxes	375,999	63,065,821	-	(61,523)	63,380,297
Other provisions for risks and expenses	1,727,774		34,827	(949,993)	642,953
Total	**3,170,111**	**63,115,821**	**1,102,493**	-	**65,183,439**

Provisions for litigations:

As at February 28, 2017, the provisions for litigations amounting to RON 311,303 include the following:

- 258,103 RON - provision for damages claimed by individuals involved in various litigations with the Group;
- 3,200 RON - provision for the amounts that could be paid to the employees who applied for the rights granted to the 2nd class of work;
- 50,000 RON - provision for litigations with various beet growers;

Provisions for other staff expenses:

- Provision for granting bonuses to the staff to be retired in accordance with the provisions of the Collective Bargaining Agreement in the amount of 848,886 RON *(February 28, 2015:* 1,011,516 RON);

Provisions for taxes and duties:

- 311,914 RON provision for the amounts of the subsidiary Agrana Tandarei SRL for the litigation with ANAF Ialomita referring to an amount determined as additional profit tax determined from the analysis of the subsidiary's transfer pricing file *(February 29, 2016: RON 311,914).*
- 63,065,821 RON - provision related to the Tax Inspection Report FMC-92/31.03.2017 - see also note 21.1 "Taxation";
- *Other provisions: RON 2,562*

Other provisions for risks and expenses

As at February 28, 2017, other provisions for risks and expenses amounting to 642,953 include:

- Provision for excise duties related to the purchase of ethyl alcohol under indirect exemption in the amount of 234,465 RON;
- Provision for repayment of the amounts representing leaves and indemnities amounting to 346,964 RON;
- Provision for excise duties associated with the generation of electricity, including delay penalties, amounting to 61,524 RON

NOTE 11: DEFERRED INCOME

RON	29.02.2016	28.02.2017
Deferred income	18,669	14,169

NOTE 12: CAPITAL AND RESERVES

On February 28, 2017, the parent company Agrana Romania SA has a share capital of 80,919,034 RON divided into 809,190,838 ordinary shares with a nominal value of 0.10 RON/share (February 29, 2016: 144,542,148 ordinary shares with a nominal value of RON 0.10 per share). The share capital is fully paid on February 28, 2017.

The company has as majority shareholder Agrana Zucker GmbH, the Austrian legal entity. In turn, Agrana Zucker GmbH is owned by Agrana Beteiligungs AG Austria, a company listed on the Vienna Stock Exchange.

The shareholding structure on February 28, 2017, can be found below:

Shareholders	Share capital RON	no. of shares	value/share RON/share	Participation %
Agrana Zucker GMBH	79,625,373	796,253,730	0.10	98.40
AAAS	585,686.50	5,856,865	0.10	0.72
Others	707,974.3	7,079,743	0.10	0.88
TOTAL	**80,919,033.80**	**809,190,338**	**0.10**	**100**

For comparison, the shareholding structure on February 29, 2016, can be found below:

Shareholders	Share capital RON	no. of shares	value/share RON/share	Participation %
Agrana Zucker GmbH	13,270,896	132,708,955	0.10	91.81%

AVAS	585,686	5,856,865	0.10	4.05%
Others	597,633	5,976,328	0.10	4.14%
TOTAL	**14,454,215**	**144,542,148**	**0.10**	**100**

The shares of Agrana Romania S.A. are listed on the Bucharest Stock Exchange, the AeRO alternative trading system under the BETA symbol.

According to the decision of the Extraordinary General Meeting of Shareholders no. 1 dated 20.08.2015, published in the Official Gazette of Romania, Part IV, no. 6868/14.XII.2015, the Company shareholders have decided to increase the share capital in one step, with a maximum of 72,271,074 RON, i.e. from the current value of 14,454,215 RON to 86,725,289 RON, by issuing a total of 722,710,740 new shares without issue premium, each with a nominal value of 0.1 RON and a price of 0.1 RON per share, in exchange for the contribution in cash of the Company shareholders.

The subscription procedure approved by the above mentioned EGMS decision, as amended by the decision of the Board of Management of 30.03.2016, was carried out under the following conditions:

- Granting during the subscription stage of the pre-emption right for existing shareholders, who could subscribe in proportion to their holdings at the registration date approved by the Extraordinary General Meeting of Shareholders (07.09.2015).
- The number of pre-emption rights was equal to the number of shares registered with the Central Depository at the date of registration approved by the EGMS.
- Each share held on the record date gave 1 (one) preference right on the basis of which 5 (five) new shares could be purchased.
- Approval of the 31 calendar day period for the subscription stage, calculated from the date set in the Proposed Prospectus (the date after the publication of the EGMS decision in the Official Gazette part IV), prospectus prepared by an intermediary authorized by the ASF.
- Payment of the subscribed shares was made until the expiry of the subscription period in the bank account indicated in the Proposed Prospectus, which was drawn up according to CNVM Regulation no. 1/2006 and other relevant legal regulations;
- Subscriptions made within the offer could be revoked by the subscribing shareholder before the closing of the subscription period. The revocation of the subscription by the shareholders could be done by filling in, signing and submitting the revocation form until the subscription period was closed, the amounts being returned to the persons who revoked their subscription within 5 working days from the date of withdrawal of the subscription.
- Shares remaining unsubscribed on the expiry of the subscription term were to be canceled.

Following the publication of the AGEA Decision no. 1/20.08.2015 in the Official Gazette of Romania, Part IV, no. 6868/14.12.2015 and the approval by ASF of the Proposed Prospectus ("Prospectus") by Decision no. 1364/07.07.2016, in accordance with their provisions, the right of preference could be exercised between 12.07.2016-11.08.2016.

Following the completion of the subscription procedure, the result was approved by the decision of the Board of Management dated 16.08.2016, whereby the following were ordered:

- The increase of the Company's share capital by RON 66,464,819, representing a cash contribution, i.e. from RON 14,454,214.8 to RON 80,919,033.80. The new share capital of RON 80,919,033.80 is divided into 809,190,338 shares, each with a nominal value of 0.1 RON/share.
- The cancellation of 58,062,550 newly issued shares for the increase of the share capital and remained unsubscribed upon the expiry of the period of exercise of the right of preference by the entitled shareholders.
- Change in shareholding structure as follows:

a) Agrana Zucker GmbH, an Austrian company with registered offices in Vienna, Friedrich-Wilhelm-Raiffeisen-Platz 1, 1020, registered under no. FN 51.929t, holds 796,253,730 shares of a total nominal value of 79,625,373 RON, representing 98.4013% of the share capital of the Company.
b) AVAS, an institution of public interest with legal personality headquartered in Str. Captain Aviator Alexandru Serbanescu nr. 50, sector 1, Bucharest, holds 5,856,865 shares with a nominal value of 585,686.5 RON representing 0.7238% of the share capital of the Company.
c) Other shareholders hold 7,079,743 shares with a total nominal value of RON 707,974.3, representing 0,8749% of the Company's share capital.

The share capital increase was registered with the relevant authorities:
- the Trade Registry Office attached to the Bucharest Tribunal;
- Financial Supervisory Authority;
- The Central Depository;

In the fiscal year ended on February 28th, 2017, the parent Company recorded a net loss of 44,527,455 RON (8,338,988 RON for the fiscal year ended on February 29th, 2016), having, as at February 28th, 2017 aggregate losses of 158,525,467 RON (149,546,764 RON as at February 29th, 2016) and current net liabilities of 85,996,986 RON (173,962,434 RON as at February 29th, 2016). On February 28, 2017, the net assets of the parent Company, determined as the difference between the total assets and total liabilities, amounted to 33,853,440 RON, diminished to less than half of the subscribed share capital, namely 40,459,017 RON.

Considering the parent Company's intention to continue the activity and the provisions of art. 153^{24} of Law 31/1990, in the period immediately following the approval of the financial statements for the year 01.03.2016 - 28.02.2017, the management of the company will analyze and identify the optimal solution for the reconstruction of the net asset in accordance with the relevant legal provisions and convene the extraordinary general meeting of shareholders, to whom it will submit its report on the patrimonial situation of the company and the proposal for the reconstitution of the net asset.

The Parent Company is the main shareholder in the subsidiaries included in the consolidation - Agrana Buzau SRL, Agrana Tandarei SRL, and Agrana Agro SRL - owning 99% of their share capital. With 1% participation in the share capital of the subsidiaries included in the consolidation, Agrana Zucker GmbH represents minority interests in the context of these consolidated financial statements.

Share premiums

On February 28, 2017, the Group had a merger premium of RON 19,101,921 (29.02.2016: 19,101,921 RON) resulting from the merger of S.C. Zaharul Romanesc S.A. Buzau as absorbing company and S.C. Danubiana Roman S.A. and Agrana Romania Holding and Trading Company SRL Bucharest, as absorbed companies.

Revaluation reserves

On February 28, 2017, the Group had a revaluation reserve of RON 41,840,537 (29.02.2016: 45,220,743 RON) as a result of the fair value revaluations carried at 31 December 2004, 31 December 2008, 31 December 2011 and 31 December 2014 (note 2.9).

The revaluation surplus is capitalized by direct transfer in the carried forward result, when this surplus represents an achieved gain. The gain is considered as realized as the asset is used by the entity; The amount of the transferred amount is the difference between the amortization calculated on the basis of the revalued carrying amount and the depreciation value calculated on the basis of the initial cost of the asset.

Reserves from the revaluation of fixed assets that are deducted from the taxable profit by way of tax depreciation or expenses on assets that are disposed of and/or scrapped are taxed at the same time as the deduction of the tax depreciation or the removal of the fixed assets from records, as the case may be.

Legal reserves

According to Romanian legislation, legal reserves represent 5% of the gross profit at the end of the year, until the total legal reserves reach 20% of the share capital paid in accordance with the legal provisions. The legal reserve may not be distributed to shareholders, and its use is in accordance with regulations into force.

At the end of the current period, the legal reserve of the parent company, Agrana Romania S.A., amounted to 2,890,839 RON.

On 28.02.2017 Agrana Buzau SRL, Agrana Tandarei SRL and Agrana Agro SRL had legal reserves, as follows

- Agrana Buzau SRL – 20,000 RON
- Agrana Tandarei SRL – 20,000 RON
- Agrana Agro SRL – 200 RON.

Other reserves

On 28.02.2017 the Group registered in other reserves the amount of 98,743,526 RON (29.02.2016: 97,712,973 RON).

Profit distribution

The companies within the Group recorded the following results in the individual financial statements:

On 28 February 2017, the parent company, Agrana Romania recorded an accounting loss amounting to 44,527,455 RON.

On 28 February 2017, the subsidiary Agrana Buzau recorded an accounting loss amounting to 218,621 RON.

On 28 February 2017, the subsidiary Agrana Tandarei recorded an accounting loss amounting to 12,776 RON.

On 28 February 2017, the subsidiary Agrana Agro recorded an accounting loss amounting to 493,272 RON.

The distribution of the results for the financial year ended on 28 February 2017 is to be decided by the General Meeting of Shareholders of each company within the Group.
In the fiscal year ended on February 28th, 2017, the Group registered consolidated net loss of 44,078,633 RON. The net profit related to the minority interests was in the amount of 2,874 RON.

NOTE 13: NET TURNOVER

The turnover of the Group in the financial year 01.03.2015-29.02.2016 amounting to 779,000,079 RON is realized on the domestic and foreign market by selling its own production, reselling the purchased products, providing services and miscellaneous sales.

Net turnover has the following structure:

	01.03.2015 - 29.02.2016	**01.03.2016 - 28.02.2017**
Net turnover:	880,695,936	779,000,279
Net sales of finished products and merchandise (sugar):	801,612,404	728,204,815
- volume discount granted by the Company	(3,504,543)	(4,538,398)
Revenues from the sale of by-products (molasses)	6,255,653	8,948,914
Revenues from services rendered and rents	17,913,758	10,839,212
Revenues from the sale of sweeteners; sugary foods; seeds; beet; raw sugar; fertilizers	55,624,284	34,167,602

- volume discount granted by the Company	(104,490)	(61,309)
Revenues from other sales (waste; materials, etc.)	2,898,870	1,439,443

Sugar sales per distribution channels in absolute values and percentages are as follows:

Lei	01.03.2015 29.02.2016	%	01.03.2016 28.02.2017	%
Internal, of which:	**606,984,854**	**76.05%**	**609,928,083**	**84.28%**
Retail	440,694,060	55.22%	432,308,860	59.74%
Industry	156,062,171	19.55%	171,308,358	23.67%
Others	10,228,623	1.28%	6,310,865	0.87%
Export	**14,759,368**	**1.85%**	**52,892,109**	**7.31%**
Intra-community deliveries/deliveries inside the EC space	**176,361,592**	**22.10%**	**60,846,225**	**8.41%**
Total sugar sales (own and merchandise)	**798,105,815**	**100%**	**723,666,417**	**100%**

During the reporting period, the Group acted according to the concluded contracts as an intermediary for various services rendered to clients. The related amounts were recorded during the year in the expenditure accounts group 628, respectively income accounts group 758/704. In the balance sheet, they were netted against the amount of 3,177,204 RON (2,283,016 RON in the financial year ended on 29 February 2016).

On the basis of a contract for the processing of sugar beet roots concluded between Agrana Romania SA VIRO TVORNICA ŠEĆERA d.d and between Agrana Romania SA and SLADORANA DOO, the Group processed 207,450 tons of beet in its Roman factory, obtaining 30,000 tons of white sugar "in quota" for the aforementioned companies. The beet was sold by the company to the two companies.
The commercial contracts concluded with the two companies mentioned above provide for the sale of white sugar resulting from the processing of sugar beet at the sugar factory in the Roman subsidiary.
In order to present fairly in the financial statements and to eliminate the differences between the economic nature of the aforementioned transactions and their legal form, the Group considered the accounting treatment of the above-mentioned commercial transactions as similar to a sugar production for its own account, sugar obtained from the processing of sugar beet in quota.

In order to accurately present in the financial statements and to eliminate the differences between the economic nature and the legal form of the mutual commercial contracts for sale/purchase of white sugar in

quota, concluded with Sadam SPA in Italy, Agrana Romania considered the accounting treatment of these commercial transactions in a manner similar to obtaining a commission/mediation income.
For transactions with affiliated/related parties see note 18 *"Information on related party relationships"*.

NOTE 14: OTHER OPERATING INCOME

RON	01.03.2015 - 29.02.2016	01.03.2016 - 28.02.2017
OTHER OPERATING INCOME total records of which:	19,969,523	9,050,534
Netted by expense accounts (*)	2,917,223	3,674,887
Reclassified in 704	13,670,890	3,077,548
Adjustment IC Transactions	273.908	339
Operating income presented in the consolidated profit and loss account	**3,107,502**	**2,297,760**

(*) The amount of RON 3,674,887 representing net income with related costs in accordance with the provisions of OMFP 1802/2014 represents intermediation services for which the Company has the capacity of agent in the amount of 3.177.204 RON (mentioned in note 13 "Turnover" above), as well as revenues related to the net loss from the sale of long term assets amounting to 497,683 RON.
Other operating revenue registered during the fiscal year ended on February 28, 2017 include mainly revenues from sales of greenhouse gas emissions allowances (1,000,532 RON).

NOTE 15: STAFF COSTS AND EMPLOYEE INFORMATION. MEMBERS OF THE ADMINISTRATIVE BODIES. MANAGEMENT AND SUPERVISION

The average number of employees of the Group and their structure in the financial year 01.03.2016 - 28.02.2017 were as follows:

	01.03.2015 - 29.02.2016				01.03.2016 - 28.02.2017			
	Permanent employees	Seasonal employees	Total	%	Permanent employees	Seasonal employees	Total	Total
Workers	352	2	354	68.47%	335	-	335	71.43%

Technical/economic staff	163	-	163	31.53%	134	-	134	28.57%
TOTAL	**515**	**2**	**517**	**100%**	**469**	**2**	**469**	**100%**

The management of the parent company is carried out in a dualist system through the Supervisory Board and the Board of Management.

The management of the Company is carried out in a dualist system through the Supervisory Board and the Board of Management.

The constitution of the Supervisory Board during the period of February 29, 2016 - February 28, 2017 was the following:

- Martin Doppler (29 February 2016 - 28 February 2017)
- Andreas Schroeckenstein (29 February 2016 - 28 February 2017)
- Roman Knotzer (29 February 2016 - 28 February 2017)

The members of the Supervisory Council are appointed for 4 years.

The Board of Management whose members are appointed by the Supervisory Board was composed of 3 members:

- Madalina Andreea Roman (1 March 2016 – 29 August 2016);
- Catalin Adrian Limbidis (1 March 2016 – 31 January 2017);
- Iulia Gabriela Petrea (1 March 2016– 28 February 2017) - president;
- Adriana Manuela Vasii (29 August 2016 – 14 November 2016);
- Patrick Leamy (14 November 2016 – 28 February 2017);
- Emilian Dobrescu (1 February 2017 – 28 February 2017)

The members of the Board of Management are appointed for 4 years.

On February 28, 2017, Emilian Dobrescu ceased his mandate as member of the Board of Management.

Starting March 1, 2017, Herwig Schwihla began his mandate as Member of the Board of Management.

During the financial year 1 March 2016 - February 28, 2017 on the basis of the mandate agreements the members of the Supervisory Board and the members of the Board of Management received 2,245,839 RON.

On February 28, 2017, there are no contractual obligations to pay pensions to former members of the administration, advances and credits granted, or future liabilities such as guarantees undertaken by the entity on their behalf.

The Subsidiary Agrana Buzau is managed by a Board of Directors appointed by the decision of the General Meeting of Shareholders. On February 28, 2017, the Board of Directors consisted of:

- Constantin Gheorghe (1 March 2016– 28 February 2017;
- Sava Manuela Maria (1 March 2016 – 31 January 2017);
- Roman Madalina-Andreea (1 March 2016 – 29 August 2016);
- Adriana Manuela Vasii (29 August 2016 – 14 November 2016);
- Patrick Leamy (14 November 2016 – 28 February 2017);
- Limbidis Catalin Adrian (1 March 2016 – 31 January 2017);
- Iulia Gabriela Petrea (1 March 2016– 28 February 2017- president.

As compared the above, the composition of the Board of Directors has not changed until the date of preparation of these consolidated annual financial statements.

The Subsidiary Agrana Tandarei is managed by a Board of Directors appointed by the decision of the General Meeting of Shareholders. As at February 28, 2017, the Board of Directors consisted of:

- Constantin Gheorghe (1 March 2016– 28 February 2017;
- Sava Manuela Maria (1 March 2016 – 31 January 2017);
- Roman Madalina-Andreea (1 March 2016 – 29 August 2016);
- Adriana Manuela Vasii (29 August 2016 – 14 November 2016);
- Patrick Leamy (14 November 2016 – 28 February 2017);
- Limbidis Catalin Adrian (1 March 2016 – 31 January 2017);
- Iulia Gabriela Petrea (1 March 2016– 28 February 2017- president.
- As compared the above, the composition of the Board of Directors has not changed until the date of preparation of these consolidated annual financial statements.

The Subsidiary Agrana Agro is managed by a Board of Directors appointed by the decision of the General Meeting of Shareholders. As at February 28, 2017, the Board of Directors consisted of:

- Roman Madalina-Andreea;
- Grigoras Gabriela;
- Iulia Gabriela Petrea - President.

The composition of the Board of Directors has not changed from 28 February 2017 until the date of preparation of these consolidated annual financial statements.

The Group's salary expenses were as follows:

Lei	1.03.2015 -29.02.2016	1.03.2016 -28.02.2017
Salary costs	27,724,023	27,350,838

Expenditure on benefits in kind granted to employees (sugar)	70,115	114,294
Expense on vouchers granted to employees	851,982	1,124,354
Social security expense	7,074,013	7,169,152

NOTE 16: OTHER OPERATING EXPENSES

Other operating expenses include mainly the expenses of external services, detailed as follows:

Description of the expense	01.03.2015 - 29.02.2016	01.03.2016 - 28.02.2017
Expense for processing and production services	16,625,820	20,002,133
Expense for repair services	4,164,872	5,638,978
Expenditure on protocol, advertising, marketing and sponsorship services	11,948,377	6,497,243
Expenditure on transport services	13,787,134	11,762,600
Expenses for rents	4,020,576	3,107,920
Royalties	3,645,708	4,234,716
IT services	1,929,464	1,680,238
Guard services	3,494,114	3,398,948
Retailer logistics services	8,655,298	3,857,193
Other services provided by third parties	6,464,955	26,986,446
Other expenses	2,526,361	3,357,695
Expenditure on external services	77,262,679	90,524,110

Group audit is provided by KPMG Audit SRL The auditor's fee is established by agreement between the two parties and is provided in the service contract concluded between the parent company and KPMG Audit S.R.L.

	29.02.2016	28.02.2017
Audit services	329,281	294,261
Consultancy services	215,944	831,504
Third party personnel services	1,334,722	844,961
Contributions to various associations	356,865	346,982
Cleaning and waste collection services	905,649	640,787

Medical services	126,821	114,870
Laboratory analysis services	200,109	137,819
Sludge field services	-	1,335,000
Remuneration tariff sugar quota holder Viro & Sladorana	-	20,250,000
SSC services	310,920	368,402
Miscellaneous services	2,684,644	1,821,860
Other expenditure on services provided by third parties	**6,464,955**	**26,986,446**

For transactions with affiliated/related parties see note 18 *"Information on related party relationships"*.

NOTE 17: FINANCIAL REVENUES AND EXPENDITURE

Lei	**01.03.2015 - 29.02.2016**	**01.03.2016 28.02.2017**
Interest revenues	11,139	3,590
Revenues from exchange rate differences	6,084,585	5,636,937
Dividend revenues	-	-
Revenues from discounts obtained from suppliers	92,787	417,928
Other financial revenue	863,264	986,274
Income on disposal of financial assets	1,017	-
TOTAL FINANCIAL REVENUE	**7,052,792**	**7,044,729**
Interest-related expenses	9,763,260	8,056,757
Expense from the exchange rate differences	9,104,199	7,631,801
Expense for the discounts	12,258	-
Other financial expenses		726,694
Expenditure on the disposal of financial assets	2,000	-
TOTAL FINANCIAL EXPENSES	**18,881,717**	**16,415,252**
FINANCIAL RESULT PROFIT/(LOSS)	**(11,828,925)**	**(9,370,523)**

NOTE 18: INFORMATION ON RELATIONS WITH AFFILIATED ENTITIES AND OTHER RELATED ENTITIES

During the fiscal year 1.03.2016 - 28.02.2017, the Group carried out transactions and had balances with the following affiliated entities:

Name	The nature of the relationship	Country of origin	Address	Transaction type
AGFD Tandarei S.R.L.	Other affiliated entity	Romania	Str. Teilor nr. 2, Tandarei	Supplier of goods/Customer of goods and services
Agrana Tandarei SRL	Branch	Romania	Str. Teilor nr. 2, Tandarei	Supplier of white sugar
AGRANA AGRO SRL, Roman	Branch	Romania	Str Energiei nr 6, ROMAN	Client of goods and services
AGRANA Beteiligungs-AG, Wien/Ö	Parent-company of Agrana Group	Austria	Friedrich-Wilhelm-Raiffeisen-Platz no 1, Vienna	Services provider
AGRANA Buzau SRL, Buzau	Branch	Romania	ALEEA INDUSTRIEI nr. 7, Buzau	Supplier of processing services and white sugar/client of services
AGRANA Fruit Austria GmbH	Other affiliated entity	Austria	Muehlwaldstraße no 1, Gleisdorf	Client of services
Agrana Bulgaria EAD	Other affiliated entity	Bulgaria	Shipchenski Prohod Bd. No 18, Sofia	Services provider
AGRANA Fruit Ukraine TOF	Customer	Ukraine	SERHII ZULINSKYI STR. 32, Vinnitsa	Client of services
AGRANA Group-Services GmbH/Öst	Other affiliated entity	Austria	Friedrich-Wilhelm-Raiffeisen-Platz no 1, Vienna	Loan/financial services
Agrana Trading EOOD	Other affiliated entity	Bulgaria	Shipchenski Prohod Bd. no 18, SOFIA	Supplier of goods/customer of goods services
AGRANA ZHG ZUCKER HANDELS GMBH	Other affiliated entity	Austria	FRIEDRICH WILHELM RAIFFEISEN PLATZ no 1, Vienna	Supplier of raw materials/customer of services
AGRANA Zucker GmbH	Parent - company	Austria	FRIEDRICH WILHELM RAIFFEISEN PLATZ, no 1, Vienna	Supplier of goods and services/Customer of goods and services
Hottlet Sugar Trading N.V., Be	Other affiliated entity	Belgium	Grote Steenweg 571, Berchem-Antwerpen	White sugar client
INSTANTINA Nahrungsmittel Entw	Other affiliated entity	Austria	AM HEUMARKT 3, Vienna	Supplier of sweeteners

Magyar Cukorgyarto es Formalma	Other affiliated entity	Hungary	Pecsi ut 10-14, Kaposvar	Supplier of goods and services/Customer of goods and services
Moravskoslezske cukrovary, a.s.	Other affiliated entity	Czech Republic	Cukrovarska ul. 657	Supplier of goods and services/Customer of goods and services
Raffinerie Tirlemontoise S.A./ Tiense Suikerraffinaderij N.V.	Other affiliated entity	Belgium	Avenue de Tervueren 182, Brussels	Supplier of white sugar
SAINT LOUIS SUCRE SA	Other affiliated entity	France	Rue de gare 35, Paris	Supplier of white sugar
Slovenske Cukrovary, s.r.o.	Other affiliated entity	Slovakia	Cukrovarska 726, Sered	Supplier of goods and services/Customer of goods and services
Südzucker AG Mannheim/Ochsenfu	Other affiliated entity	Germany	THEODOR-HEUSS-ANLAGE 12, Mannheim	Supplier of goods and services/Customer of goods and services
Südzucker Moldova S.A., Moldova	Other affiliated entity	Moldova	STR. 27 AUGUST nr 1, DROCHIA	Supplier of goods and services/Customer of goods and services
Südzucker Versicherungs-Vermit	Other affiliated entity	Germany	MAXIMILIAN STRASSE 10, MANNHEIM	Services provider
AGRANA Research & Innovation (former Zuckerforschung Tulln)	Other affiliated entity	Austria	Reitherstrasse 21 - 23, Tulln	Services provider
Agrana Studen Sugar Trading GmbH	Other affiliated entity	Austria	Wilhelminenstrasse no. 91/19/2 Vienna	Sugar client
Osterreichchische Rubensamenzucht GMBH	Other affiliated entity	Austria	Reitherstrasse 21-23, Tulln	Supplier of goods
Agrana Magyarorzag Ertekesites	Other affiliated entity	Hungary	Budaörsi út 161, Budapest	Supplier of goods

Balances with affiliated parties:

AMOUNTS RECEIVABLE FROM AFFILIATED ENTITIES

Item no.	Affiliated person	29.02.2016	28.02.2017
1	AGFD Tandarei SRL	84,791	120,956
2	Agrana Trading EOOD	9,821,576	3,661,154
3	Agrana Zucker GmbH	7,075	99,840
4	HOTTLET SUGAR TRADING N.V.	208,637	-
5	Magyar Cukor	4,916	50,306
6	Moravskoslezske Cukrovany S.A.	-	45,295
7	Agrana Zucker Handels GMBH	310,765	1,212,153
8	Agrana Bulgaria EAD	-	-
9	Agrana Studen Sugar Trading GmbH	-	-
10	Osterreichchische Rubensamenzucht GMBH	-	-
11	Agrana Magyarorzag Ertekesites	-	-
	TOTAL	10,437,760	5,189,706

AMOUNTS PAYABLE TO THE AFFILIATED ENTITIES

Item no.	Affiliated person	29.02.2016	28.02.2017
1	AGFD Tandarei SRL	82,032	74,347
2	Agrana Beteiliguns -AG	54,570	149,938
3	Agrana Tradind Eood	21,532	11,814
4	Agrana Zucker GmbH	6,014,061	58,863,201
5	Instantina GmbH	63,413	-
6	Moravskoslezske Cukrovany S.A.	-	498,458
7	Osterreichchische Rubensamenzucht GMBH	90,099	91,043
8	Südzucker Aktiengesellschaft	406,951	1,035,931
9	Sudzucker Moldova S.A.	2,492,472	15,258,814
10	AGRANA Research & Innovation (former Zuckerforschung Tulln)	1,828	2,985
11	Agrana Bulgaria EAD	-	-
12	Agrana Studen Sugar Trading GmbH	-	-
13	Agrana Magyarorzag Ertekesites	-	-
	TOTAL	9,226,958	75,986,532

Item no.	Financial debt	29.02.2016	28.02.2017
1	Agrana Group Services GmbH	432,882,064	340,414,970

The value of the transactions carried out in the financial year 01.03.2016 - 28.02.2017 with affiliated entities is presented below:

SALES TO AFFILIATED ENTITIES

Item no.	Affiliated entity	29.02.2016	28.02.2017
1	AGFD Tandarei SRL	376,362	579,474
2	Agrana Fruit Austria GmbH	40,107	40,648
3	AGRANA Fruit Ukraine TOV	0	675
4	Agrana Studen Sugar Trading GmbH	4,442,664	0
5	Agrana Trading EOOD	104,311,357	79,597,266
6	Agrana Zucker GmbH	21,458,574	11,626,721
7	Hottlet Sugar Trading N.V.	1,335,884	19,891,387
8	Magyar Cukor	17,267	62,663
9	Moravskoslezske Cukrovary	8,361,672	651,890
10	Slovenske Cukrovary, s.r.o.	1,464,174	500,266
11	Sudzucker AG	732,680	517,083
12	Sudzucker Moldova	188,746	1,864,092
13	Agrana Zucker Handels GMBH	1,892,782	2,735,771
14	Agrana Bulgaria EAD	-	-
15	Osterreichchische Rubensamenzucht GMBH	-	-
16	Agrana Magyarorzag Ertekesites	-	-
	Total sales	144,622,270	118,067,936

PURCHASES FROM AFFILIATED ENTITIES

Item no.	Purchases from affiliated entities	29.02.2016	28.02.2017
1	AGFD Tandarei SRL	1,324,044	923,166
2	Agrana Beteiligung -AG	3,062,517	2,229,112
3	Agrana Bulgaria EAD	14,546	
4	Agrana Trading EOOD	217,241	195,578
6	AGRANA Zucker GmbH	108,551,495	139,039,957
7	AGRANA ZHG ZUCKER HANDELS GMBH	54,229,992	4,005,751
	Hottlet Sugar Trading n.v.	18,541,623	

Item no.	Purchases from affiliated entities	29.02.2016	28.02.2017
11			
12	Instantina Gmbh	597,683	726,648
13	Magyar Cukor	11,417,583	20,414,891
14	Moravskoslezske Cukrovary	14,038,937	15,550,090
15	Agrana Magyarorzag Ertekesites	26,300	
16	Raffinerie Tirlemontoise S.A.	667,305	675,976
17	Saint Louis Sucre	94,203	99,131
18	Slovenske Cukrovary S.R.O	378,406	
19	Südzucker Aktiengesellschaft	3,732,515	6,558,638
20	Sudzucker Moldova	2,523,102	51,066,214
21	Sudzucker Versicherungs	28,540	67,513
22	Zuckerforschung Tulln	27,721	18,257
23	Agrana Bulgaria EAD	14,546	-
24	Osterreichchische Rubensamenzucht GMBH	-	-
	Loan interest		
25	Agrana Group-Services Gmbh	9,574,195	7,689,524
	Total purchases	229,047,948	249,368,099

The credit facilities with credit institutions are guaranteed by corporate guarantees issued by Agrana Beteiligungs AG.

Also, based on the counter-guarantees issued by Unicredit Bank Austria AG, from the facility owned by AGRANA Beteiligungs AG with this credit institution, the following letters of guarantee were issued by order of Agrana Romania SA by Unicredit Tiriac Bank SA (note 9).

NOTE 19: SUBSEQUENT EVENTS

The parent Company's Board of Management is not aware of other events subsequent to the balance sheet date that would require adjustment of the financial statements prepared on 28 February 2017 or should be presented in the notes to these financial statements.

See also note 21.1 "Taxation".

NOTE 20: EXTRAORDINARY ITEMS

We do not have cases of the nature of individual items of income or expense that have an exceptional size or incidence.

NOTE 21: QUOTAS

21.1 Taxation

All amounts owed to the state budget for taxes and duties were paid or registered on the balance sheet date. The fiscal system in Romania is undergoing consolidation and harmonization with the European legislation and there can be different interpretations of the authorities related to the fiscal legislation, which can result in additional taxes, duties and penalties. If the state authorities discover violations of the legal provisions in Romania, they may order, as the case may be: confiscation of the amounts in question, imposition of additional tax obligations, application of fines, application of late payment increases (applied to the actual amounts left to be paid). As a result, the fiscal sanctions resulting from violations of the legal provisions can reach important amounts to be paid to the state.

The Group believes it has paid on time and in full all taxes, duties, penalties and penalty interests, as the case may be.

Agrana Romania S.A.

The Romanian tax authorities carried out controls on the calculation of the profit tax until March 31, 2005.

As of November 19, 2012, according to the Fiscal Inspection Notice issued by the General Directorate for the Administration of Large Taxpayers Bucharest, Agrana Romania SA has been subject to a general tax inspection for the period 01.01.2006 - 31.12.2011.

The subject of the general tax inspection was the following:

Fiscal Obligation	Controlled period
Corporate tax	01.01.2006-31.12.2011
Non-resident income tax	01.01.2007-31.12.2011
Excise tax	01.01.2010-31.12.2011
VAT per month	01.01.2007-31.12.2011
Employer's contribution to the social insurance fund	01.01.2007-31.12.2011
Employees' contribution to the social insurance fund	01.01.2007-31.12.2011
Contribution to the social insurance fund for work accidents	01.01.2007-31.12.2011
Employer's contribution to the unemployment fund	01.01.2007-31.12.2011
Employees' contribution to the unemployment fund	01.01.2007-31.12.2011
Guarantee Fund	01.01.2007-31.12.2011
Employer's contribution to the health fund	01.01.2007-31.12.2011
Employees' contribution to the health fund	01.01.2007-31.12.2011
Salary income	01.01.2007-31.12.2011
Contributions for persons with disabilities	01.01.2007-31.12.2011

At the date of these Notes, the inspection was completed, the company being notified of the Fiscal Inspection Report F-MC 92/31.03.2017 and the Taxation Decision F-MC155/31.03.2017. We mention that among the annexes to the above mentioned tax inspection report there are also two minutes drawn up under art. 108 of GO 92/2003 on the Code of Fiscal Procedure. Until such time as these notes were drawn up, no other official document was communicated to the company in connection with these minutes.

By the aforementioned Fiscal Inspection Report F-MC 92/31.03.2017 and by Taxation Decision F-MC155/31.03.2017, the company was obliged to pay RON 95,850,063, of which: 44,512,150 RON - principal debit, 44,661,092 RON - interest/penalty interest and 6,676,821 RON - penalties.

The Company has filed a notification based on article 4 of Government Emergency Ordinance no. 44/2015 on granting certain fiscal facilities, as subsequently amended and supplemented ("GEO 44/2015"), corroborated with art. 3 of Order no. 3831/2015 for the approval of the Procedure for the implementation of the provisions of GEO 44/2015 (the "Procedure for the implementation of GEO 44/2015"), expressing its intention to benefit from the provisions of GEO 44/2015, respectively to benefit from the cancellation of the accessory payment obligations referred to in art. 2, para. (2) of the Procedure for the implementation of GEO 44/2015. At the date of these Notes, the decision to postpone the payment for the cancellation of the amounts corresponding to the relevant percentages of additional obligations under the provisions of GEO 44/2015 was communicated for the amount of 32.784.242 RON, Agrana Romania paying to the state budget the amount of 63,065,821 RON.

Agrana Romania filed a complaint against the taxation decision and the fiscal inspection report issued by DGAMC on 04.05.2017, and the company will take advantage of all the remedies provided by the law in this respect.

For prudential reasons, the Company's management ordered an analysis of the possible effects of the above-mentioned general fiscal inspection and the post-control period (01 January 2012 - 28 February 2017). Following this analysis, the Company implemented a series of measures aimed at reducing fiscal risks in certain operational areas of the company's activity. The Company believes it has paid on time and in full all taxes, duties, penalties and penalty interests, as the case may be.

The company has opted for a financial exercise different from the calendar year, according to the provisions of art. 27 paragraph (3) of the Accounting Law 82/1991 republished.
The company also opted, according to Article 16 paragraph (5) of the Law 227/2015, that the fiscal exercise corresponds to the financial one.
The financial and fiscal year begins on March 1st, and ends on February 28/29 of the following year.
In the financial year ended on February 28th, 2017, the Company registered accounting loss of 44,527,455 RON.

The profit tax for the year ended 28 February 2017 was calculated in accordance with the tax regulations in force, by applying a 16% tax rate on the taxable income determined as described above.
Under current legal regulations, tax losses recorded after 1 January 2009 have a carry over period of seven years. As the fiscal year 2016 ended with tax profit of 32,142,877 RON, part of the tax loss registered in 2013 was recovered, so that the aggregate tax loss to be recovered in the following years is 131,179,396 RON (163,322,273 RON as at 29 February 2016), coming from the years:

Year	Tax loss
2013	55,706,006
2014	62,457,298
2015	13,016,092
Total	**131,179,396**

In Romania, the fiscal year remains open for verifications for a period of 5 years.

Agrana Buzau SRL

On August 1, 2012, the general tax audit was completed. The verification period was May 2010 - March 2012 for the profit tax, and May 2010 - May 2012 for other tax liabilities.

In Romania, the fiscal year remains open for verifications for a period of 5 years

Agrana Tandarei SRL

For Agrana Tandarei SRL, the Romanian tax authorities have carried out an inspection on profit tax until 31.12.2011.

Agrana Agro SRL

For Agrana Agro SRL, the Romanian tax authorities have not carried out an inspection on profit tax.

21.2 Transfer price

In accordance with relevant tax legislation, the tax assessment of a transaction with affiliated parties is based on the concept of market price for that transaction. Based on this concept, transfer pricing should be adjusted to reflect market prices that would have been established between entities that do not have an affiliate relationship and that act independently, based on "arm's length conditions".
It is likely that transfer pricing checks will be carried out in the future by tax authorities to determine whether those prices comply with the "arm's length" principle and that the taxpayer's taxable base is not distorted.
The Company's management believes that it has the appropriate supporting documentation according to the legal provisions to support the need and the fiscal treatment applied to the transactions with affiliated parties and that they comply with the "arm's length" principle.

As part of the control mentioned in note 21.1 "Taxation", the tax authorities also checked the transfer pricing file for the period 2006-2011.

21.3 Legal claims (including the estimated Value)

On February 28, 2017, the Group's Management estimates that, besides the issues already considered in the preparation of the consolidated financial statements, there are no legal claims that affect the consolidated financial statements.

21.4 Environmental aspects

On February 28, 2017 (and February 29, 2016), the Group recorded no liability for expected costs, including legal and consultancy fees, studies, designs and implementation of environmental remediation plans. The Group does not consider the costs associated with environmental issues to be significant.

21.5 Interest rate risk

The Group's exposure to the risk of interest rate changes mainly refers to the variable interest loans of the Group.

21.6 Exchange rate variation risk

The Group has transactions and loans in a different currency than the operational currency (RON).
The Group uses derivative financial instruments to limit exposure to exchange rate variations. See also note 22.3 Other commitments.

21.7 Credit risk

The Group is exposed to credit risk mainly due to trade receivables. The Group carries out business relationships only with known third parties, for whom credit funding is justified. The Group's policy is that all third party customers who wish to develop commercial relations in terms of credit are subject to verification procedures. Moreover, receivables balances are constantly monitored so that the Group's exposure to the risk of bad debt is minimized.

21.8 Liquidity risk

The prudential management of the liquidity risk involves the maintenance of sufficient cash and of several available credit lines. Due to its activity type, the Group aims to have flexibility in the financing possibilities, by maintaining available credit lines to finance operating activities.

21.9 Market risk

Sugar and isoglucose market in the European Union will be significantly changed by canceling the production system under national quotas valid since the '70s, the market year October 2016-September 2017 being the last under the current system.

The first effect of the cancellation of the production system under the national quota could be the increase of competition on the market of the European Union, the current surplus production (sugar outside the quota) may be put into free circulation and marketed in the EU after the date of 30.09.2017.

A second potential immediate effect will be transformation of the European Union into a net exporter of white sugar, European manufacturers having the ability and resources to regain lost markets in 2006 following the WTO decision to limit exports to the EU.

A third likely effect is the consolidation/concentration of production in several multinational companies to the detriment of small players, with a low diversification of business and with no financial strength.

Being already a market with a deficit of production, but with surplus of processing capacity, Romania has partially felt the effects of a competitive market, the industry restructuring resulting in the existence of only three large producers on the market, all of them being members of powerful European groups (AGRANA/Pfeiffer & Langen/TEREOS). The fourth local producer, Bod Sugar Factory, owned by a Romanian investor, is currently in insolvency, and continuing the processing/marketing is uncertain.
Restructuring the industry also created opportunities for world sugar traders, these trying in recent years to enter the market in Romania. Their current market share is yet low, the input, logistics (transfer) or local processing costs being major barriers to a spectacular growth or which could seriously affect the local market.

Further, the sugar market in Romania is below the European average, both in terms of consumption and of diversity of products. As the purchasing power will increase, we estimate the development of the local market.

Intensive campaigns to reduce the consumption of sugar to combat obesity have had minor effects on both domestic and industrial consumption in Romania. Significant replacement costs and similar effects of substitutes on obesity have led to a reduction in the effects of sugar-demonizing campaigns.
At the same time, along with the quotas, the guaranteed minimum price for sugar beet will disappear, with immediate effects in areas with weak crop yields. In Romania, these effects on culture were offset by agricultural subsidies - in the 2015-2020 period, beet culture in Romania has the biggest joint subsidies in the European Community (over EUR 600/ha).

NOTE 22: COMMITMENTS

22.1 Capital commitments

On February 28, 2017, the Group has commitments related to the purchase contracts for tangible assets amounting to RON 278,086. RON (2,531,140 RON on February 29, 2016).

22.2 Assumed commitments related to the concluded operational leasing contracts

The Group has concluded lease contracts for various spaces. The amounts due according to these lease contracts are as follows:

Supplier's name	Contract period	Value	Currency
AGRISOL INTERNATIONAL	01/02/2013 - 31/12/2017	8,015	EUR/month
EURORENT	01/03/2012 - 01/03/2019	3,000	EUR/month
HEIN ROMANIA	15/09/2001 -09/04/2019	2,800	EUR/month
HOTEL MANAGEMENT	27/10/2010 - 30/06/2017	1,200	RON/month
CMG Financing&Restructuring Consultancy	04/08/2015 - 03/08/2017	800	EUR/month
MICUSAN VIORICA	01/01/2017 - 31/12/2017	1,400	RON/month
Pantelimon Logistic Center	01/01/2013 - 01/10/2017	375	EUR/month
TRANSILVANIA CONSTRUCTII	18/02/2016 - 18/02/2018	3,546	EUR/month
Marsat SA	02/02/2015 - 31/07/2017	17,365	EUR/month
RAI 88 IMPEX SRL	25/11/16 - 31/03/2017	3,150	EUR/month

Based on the rental contracts valid as at February 28, 2017, the Group has future payment obligations related to these short-term contracts amounting to RON 1,292,777 and long-term obligations amounting to RON 330,750, representing a total of RON 1,623,527 (2,109,086 RON as at February 29, 2016).

22.3 Other commitments

On February 28, 2017, the Group contracted derivative contracts such as forward contracts on the EUR/RON exchange rate through the affiliate company Agrana Group Services GMBH. According to the contract, the Group committed to buy in May 2017 the amount of EUR 43,994,021 for the amount of RON 199,704,526. The fair value of these financial instruments on February 28, 2017 is RON 199,339,122. Financial instruments as at 28 February 2016 and closed during the financial year ended February 28, 2017 generated net gains of RON 259,580.

22.4 Guarantees

The Group did not receive or provide guarantees as at February 28, 2017, except for bank guarantees issued to different beneficiaries as outlined in Note 9.

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Member of the Board of Management,
Leamy Patrick

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Drafted by,
DRAGHICI Dan Cosmin

24.05.2017

The undersigned, ROATEȘ VALENTINA, certified translator under no. 13154/2008, hereby certify the accuracy of the translation into English of the photocopy of authentic document written in Romanian, which has been seen by me.

TRANSLATOR,
ROATEȘ VALENTINA

TRADUCĂTOR AUTORIZAT
MINISTERUL JUSTIȚIEI
ROATEȘ VALENTINA
Aut. Nr.: 13154

AGRANA

AGRANA ROMANIA SA
SOLE REGISTRATION CODE: 2083754 J40/4411/2008
Soseaua Straulesti 178 – 180, Bucharest

Translation from Romanian

CONSOLIDATED REPORT OF THE BOARD OF MANAGEMENT FOR THE FINANCIAL YEAR STARTED ON 1 MARCH 2016 AND ENDED ON 28 FEBRUARY 2017

1. GROUP PRESENTATION

The company Agrana Romania S.A. (the "Company") operates under this name since March 7, 2005 following the merger by absorption between S.C. Zaharul Romanesc S.A. Buzau as absorbing company and S.C. Danubiana Roman S.A. and Agrana Romania Holding and Trading Company SRL Bucharest, as absorbed companies.

Agrana Romania S.A. is a Romanian joint stock company, managed in a dualist system, with headquarters in Bucharest, sector 1, Soseaua Straulesti nr. 178-180, registered with the Trade Registry under no. J40/4411/10.03.2008.

The main shareholder of the company is Agrana Zucker GmbH, holding 98.40% of its share capital.

The shareholding structure is as follows:

Shareholders	Share capital RON	no. of shares	value/share RON/share	Participation %
Agrana Zucker GMBH	79,625,373	796,253,730	0.10	98.40
AAAS	585,686.50	5,856,865	0.10	0.72
Others	707,974.3	7,079,743	0.10	0.88
TOTAL	**80,919,033.80**	**809,190,338**	**0.10**	**100**

On February 28, 2017, Agrana Romania S.A. held shares in the following affiliated entities:

- 9,900 shares in Agrana Buzau S.R.L., representing 99,000 RON and 99% of the share capital;
- 9,900 shares in Agrana Tandarei S.R.L., representing 99,000 RON and 99% of the share capital;
- 99 shares in Agrana Agro S.R.L. Roman, representing 990 RON and 99% of the share capital.

The company together with Agrana Buzau SRL, Agrana Tandarei and Agrana Agro SRL are collectively referred to as the "Group".

The company and the Group are part of the Agrana group. The consolidated annual financial statements are prepared at the level of the parent company, AGRANA Beteiligungs AG, the holding entity holding the majority

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of the shares of Agrana Zucker GMBH, the majority shareholder of Agrana Romania SA, having its registered office at Friedrich-Wilhelm-Raiffeisen-Platz 1, Vienna, Austria. These consolidated annual financial statements are public and can be obtained from the website of the parent - company: www.agrana.com.

The company has shares listed on the Bucharest Stock Exchange, the AeRO alternative trading system under the BETA symbol.

The Company's financial statements for the year ended on 28 February 2017 are public and can be obtained from the Company's website: agrana.ro, Shareholders Info section.

Agrana Buzau S.R.L. was established in 2010 and is a limited liability company, under the Romanian law, with headquarters in Buzau, Aleea Industriei no. 7, Administrative building, 4th floor, office 4.

The Company is registered with the Trade Registry under no. J10/275/2010 and its main activity is the production and commercialization of sugar.

Agrana Tandarei S.R.L. was established in 2010 and is a limited liability company governed by Romanian law with its headquarters in Tandarei, Aleea Teilor nr. 3, biroul nr 7, administrative building no. 2, Ialomita county.

The Company is registered with the Trade Registry under no. J21/155/2010 and its main activity is the production and commercialization of sugar.

Agrana Agro S.R.L. was established in 2010 and is a limited liability company, under the Romanian law with its registered office in Roman, str. Energiei nr. 6, Neamt county.

The Company is registered with the Trade Registry under no. J27/284/2010 and its main activity is growing cereals.

Both the parent company, Agrana Romania SA, and the subsidiaries included in the consolidation opted for a financial year different from the calendar year, the financial year 01.03.2015 - 29.02.2016 being the first financial year different from the calendar year. The current financial year began on 1 March 2016 and ended on 28 February 2017. According to the requirements of the Order of the Minister of Public Finance no. 4160/2015 regarding the preparation of the annual financial statements by the entities that have opted for a financial exercise different from the calendar year, according to art. 27 paragraph (3) of the Accounting Law 82/1991 republished, with subsequent amendments, the Company presented as comparative information in the financial statements of the new financial year, financial information for the period 1 January 2015 - 28 February 2015.

The management of the Company was made in a dualist system, through the Board of Management and the Supervisory Board.

The constitution of the Supervisory Board during the period of March 1, 2016 - February 28, 2017 was the following:

Martin Doppler (1 March 2016 - 28 February 2017)

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Andreas Schroeckenstein (1 March 2016 - 28 February 2017)
Roman Knotzer (1 March 2016 - 28 February 2017)

The members of the Supervisory Council are appointed for 4 years.

The Board of Management whose members are appointed by the Supervisory Board was composed of:

- Madalina Andreea Roman (1 March 2016 – 29 August 2016);
- Catalin Adrian Limbidis (1 March 2016 – 31 January 2017);
- Iulia Gabriela Petrea (1 March 2016– 28 February 2017) - president;
- Adriana Manuela Vasii (29 August 2016 – 14 November 2016);
- Patrick Leamy (14 November 2016 – 28 February 2017);
- Emilian Dobrescu (1 February 2017 – 28 February 2017).

2. GENERAL RESULTS

2.1. PRODUCTION OBTAINED

During the fiscal year 1.03.2016 - 28.02.2017, AGRANA ROMANIA SA obtained, in its own name, in its factories, 193,061 tons of white sugar.

The equipment and the surfaces related to the primary production of the Buzau factory were leased to Agrana Buzau SRL, this company using them to refine 97,037 tons of raw sugar.
The company has processed 45,255 tons of raw sugar and 390,150 tons of sugar beet in its own name or for affiliates and third parties in its Roman factory.

On the basis of a contract for the processing of sugar beet roots between Agrana Romania SA VIRO TVORNICA ŠEĆERA d.d and between Agrana Romania SA and SLADORANA DOO, the company processed 207,450 tons of beets in the Roman factory, obtaining 30,000 tons of white sugar "off-quota" for the aforementioned company.

Under contracts for the processing of sugar beet roots signed in October 2016, Agrana Zucker GmbH processed (at its factories in Austria) for AGRANA ROMANIA S.A. 228,436 tons of beet, obtaining 35,000 tons of white sugar "off-quota".

2.2. CAPITAL INVESTMENTS/REPAIRS

The main investment/capital repairs projects initiated/completed during the financial year ended February 28, 2017, in order to make the Company's economic activity more efficient and comply with the applicable environmental regulations, were:

- Modernization of Buzau plant condensing collection system

The project aimed at replacing old Niessner type condensing collectors, manufactured in 1968, which were no longer in compliance with ISCIR safety regulations, by installing a new 3-compartment container with the corresponding piping and automation equipment. This increases operating safety by operating on the process computer, and other benefits of this investment are to reduce heat loss and reduce maintenance costs.

- Conditioning of silo no. 1 Buzau subsidiary

Within the Buzau branch, a controlled air conditioning installation was developed for the sugar freshly introduced in the silo, with automatic humidity and temperature control in the storage area. Through this technical solution we implemented, the quality level of the product was improved by preventing the formation of sugar agglomerations in the silo, which leads to the reduction of the reprocessing expenses.

- Reinforcement of sack filling tower in Buzau plant

The consolidation works were executed for compliance with the requirements of the existing regulations regarding the earthquake resistance of the buildings, realizing within this project interventions on foundations, pillars and resistance beams, walls, according to the specialized documentation.

- Continue the modernization of the silos of the Roman plant

By installing the piping system and air conditioning channels for silos no. 2, the storage conditions of sugar in this cell were improved, due to increased control of humidity and temperature.

- Modernization of steam boiler no. 2 of the Roman factory

The project, especially designed to comply with environmental protection requirements, consisted of repairing the boiler pipe system, changing the fittings, installing low NOx burners, and restoring the automation of the whole assembly.

- Purchase of agricultural equipment within the Roman branch:

-Front loader Ropa Maus, an investment that allows the loading of sugar beet roots in optimal pre-shell conditions.
- the herbicidal machine that gives optimal spraying performance during the application period.
-instrument to apply amendments, investment needed to apply calcium carbonate resulting from sugar beet processing

- Conditioning of silo no. 1 of Agrana sugar plant in Roman

Through this investment project, the storage conditions, temperature and humidity have been greatly improved.

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2.3. TURNOVER

In the financial year 01.03.2016 - 28.02.2017 the Group registered a turnover of 779,000,079 RON.

LEI	*01.03.2015 29.02.2016*	*01.03.2016 28.02.2017*
(Net) turnover, of which:	880,695,936	779,000,279
- Sales of white sugar	798,105,815	723,666,418
- Sales of by-products and other merchandise	61,777,493	43,055,206
- Miscellaneous sales and services	20,812,628	12,278,455

Sugar sales per distribution channels in absolute values and percentages are as follows:

Sales of white sugar 01.03.16 - 28.02.17	Value in RON	%
Internal, of which:	609,928,083	84.28%
-Retail	*432,308,860*	*59.74%*
- Industry	*171,308,358*	*23.67%*
-Others	*6,310,865*	*0.87%*
Intra-Community sales/sales on the territory of other member states	60,846,225	*8.41%*
Export	52,892,109	*7.31%*

3. FINANCIAL INFORMATION

3.1. Financial indicators

The financial statements of the Group for the financial year ended 28 February 2017 are presented below:

Financial indicator	01.03.2015 29.02.2016	01.03.2016 28.02.2017
Turnover	880,695,936	779,000,079
Operating income	857,117,067	865,314,514
Operating expenses	843,795,211	899,924,835
Operating profit/loss	13,321,856	-34,610,321
Financial income	7,052,792	7,044,729
Financial expenses	18,881,717	16,415,252
Financial profit/loss	11,828,925	-9,370,523
Total income	864,169,859	872,359,443
Total expenses	862,676,926	916,340,075
Gross result	1,492,933	-43,980,632
Corporate tax	571,079	98,001
Net result	921,852	-44,078,633
Of which minority interests	*-10,979*	*2,874*

For the period 01.03.2016 - 28.02.2017, the Group recorded an operating loss of 34,610,109 RON.

Comparing these values with the operational gain of RON 13,321,856, recorded during the financial year ended on 29.02.2016, there is a negative evolution of the performance of the Company's operating activity, the operating result being affected by the provision for litigations amounting to 63,065,821 RON representing ANAF additional payment obligations following the completion of the general tax inspection and communication of the tax inspection report and the taxation decision. Excluding this provision, the operating result would have amounted to a profit of 28,455,500 RON, this positive evolution being due both to the efforts of the Company's management for the reduction of the production and structural costs, as well as to favorable developments in the sugar market.

In the fiscal year ended on February 28th, 2017, the Group registered consolidated net loss of 44,078,633 RON (net profit of 921,852 RON as at February 29th, 2016). Also, as at 28 February 2017, the Group presents on consolidated basis a cumulative loss of RON 159,012,219 (RON 150,375,437 as at 29 February 2016) and net current liabilities of RON 78,719,530 (RON 167,134,463 as at 29 February 2016).

In addition, the projections made by management take into account that the work becomes profitable in the medium term. During this period, the Group is dependent, primarily, on the continued support of the majority

shareholder, through the loans granted. The group relies on the financial support of its majority shareholder to be able to continue its activity in the foreseeable future.
The Group's financial result (01.03.2016 - 28.02.2017: loss of RON 9,370,523) also includes net gains of RON 259,580 for the financial instruments used by the company.

On February 28, 2017, the Company contracted derivative contracts such as forward contracts on the EUR/RON exchange rate through the affiliate company Agrana Group Services GMBH. According to the contract, the Company committed to buy in May 2017 the amount of EUR 43,994,021 for the amount of 199,704,526 RON. The fair value of these financial instruments on February 28, 2017 is 199,339,122 RON. The result of these transactions in May 2017 is in the amount of 701,142 RON.

Agrana Romania SA

In the fiscal year ended on February 28th, 2017, the Company recorded a net loss of 44,527,455 RON (8,338,988 RON for the fiscal year ended on February 29th, 2016), having, as at February 28th, 2017 aggregate losses of 158,525,467 RON (149,546,764 RON as at February 29th, 2016) and current net liabilities of 85,996,986 RON (173,962,434 RON as at February 29th, 2016). On February 28, 2017, the net assets of the Company, determined as the difference between the total assets and total liabilities, amounted to 33,853,440 RON, diminished to less than half of the subscribed share capital, namely 40,459,017 RON.

As at 28 February 2017, the Company registered total loss of RON 44,527,455 (loss amounting to RON 8,338,988 as at February 29th, 2016). The net loss comes from the operating activity (RON 35,298,216) and from financial activity (RON 9,229,239). The loss from the operating activity is generated by the impact on the financial year ended on 28 February 2017 of the provisions made by the Company as a result of the fiscal control mentioned in note 10 "Provisions for risks and expenses" and note 21.1 "Taxation" amounting to RON 63,065,821. Prior to establishing this provision, the Company would have had operating profit in the amount of 27,767,605 RON.

The company benefits from funding through in-house bank and credit facilities dated June 14th, 2003 - revolving credit facility, multicurrency, amounting to 55,000,000 Euro, together with Agrana Buzau SRL, Agrana Tandarei and Agrana Agro SRL and also September 30th, 2004 - revolving credit facility, multicurrency, amounting to 20,000,000 Euro, offered by Agrana Group Services Gmbh. On February 28, 2017, the Company has loans from affiliated entities/in house banking companies worth RON 332,621,008 (RON 407,033,131) - see note 7 “Debts”. The Company's management, based on prior experience and approved plans and budgets, is optimistic that the repayment of these loans will not be required by Agrana Group Services GmbH in the period of 12 months from the date of approval of the financial statements.

In addition, the projections made by management take into account that the work becomes profitable in the medium term. During this period, the Company is dependent, primarily, on the continued support of the majority shareholder, through the loans granted. The company relies on the financial support of its majority shareholder to be able to continue their activity in the foreseeable future.

As presented in note 12 "Capital and reserves", following the completion of the subscription / increase of the share capital procedures, the result was approved by the decision of the Board of Management dated 16.08.2016, whereby the following were ordered:

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- the increase of the Company's share capital by RON 66,464,819, representing a cash contribution, i.e. from RON 14,454,215 to RON 80,919,034. The new share capital of RON 80,919,034 is divided into 809,190,338 shares, each with a nominal value of 0.1 RON/share;
- after completion of the subscription process, Agrana Zucker GmbH, an Austrian company with registered offices in Vienna, Friedrich-Wilhelm-Raiffeisen-Platz 1, 1020, registered under no. FN 51.929t, holds 796,253,730 shares of a total nominal value of 79,625,373 RON, representing 98.4013% of the share capital of the Company.

These individual financial statements have been prepared on a going concern basis, which assumes that the Company will continue its activity in the foreseeable future. To evaluate the applicability of this presumption, the management analyses projections of future cash inflows. Based on this analysis, management believes that the Company will be able to continue its activity in the foreseeable future and therefore the application of the going concern principle in preparing the financial statements is justified.

Considering the Company's intention to continue the activity and the provisions of art. 153^{24} of Law 31/1990, in the period immediately following the approval of the financial statements for the year 01.03.2016 - 28.02.2017, the management of the company will analyze and identify the optimal solution for the reconstruction of the net asset in accordance with the relevant legal provisions and convene the extraordinary general meeting of shareholders, to whom it will submit its report on the patrimonial situation of the company and the proposal for the reconstitution of the net asset.

Agrana Buzau S.R.L.

In the fiscal year ended on February 28th, 2017, Agrana Buzau S.R.L registered a net loss of 218,621 RON (February 29th, 2016 - net profit of 9,181,529 RON), and current assets of 2,932,215 RON, as at February 28th, 2017 (February 29th, 2016 - 3,150,839 RON).

Agrana Tandarei S.R.L.

In the fiscal year ended on February 28th, 2017, Agrana Tandarei S.R.L registered a net profit of 12,776 RON (February 29th, 2016 - net loss of 32,699 RON), and current assets of 3,528,324 RON, as at February 28th, 2017 (February 29th, 2016 - 3,515,547 RON).

Agrana Agro S.R.L.

In the fiscal year ended on February 28th, 2017, Agrana Agro S.R.L registered a net profit of 493,272 RON (February 29th, 2016 net profit of 20,692 RON) and current assets of 520,843 RON (February 29th, 2016 - 27,571 RON).

3.2. Analysis of receivables and liabilities

On 28 February 2017, the Group's receivables and payables were as follows:

RECEIVABLES

Lei	29 February 2016	28 February 2017	Liquidation term	
			under 1 year	over 1 year
Total, of which:	**96,408,022**	**64,927,509**	**64,927,509**	-
1. Commercial receivables, of which:	**75,507,691**	**46,316,466**	**46,316,466**	-
- Third-party clients	81,967,697	58,049,534	58,049,534	-
-Adjustments on impairment of third-party receivables	(16,897,766)	(16,922,774)	(16,922,774)	-
- Amounts receivable from affiliated entities that do not consolidate	10,437,760	5,189,706	5,189,706	-
2. Other receivables	**20,900,332**	**18,611,043**	**18,611,043**	

LIABILITIES

Lei	29.02.2016	28.02.2017	Liquidation term	
			under 1 year	over 1 year
Total, of which:	**467,812,119**	**458,192,142**	**458,192,142**	-
1. Advance payments collected for orders	**464,949**	**948,382**	**948,382**	-
2. Trade liabilities of which:	**25.888.80**	**110,950,292**	**110,950,292**	-
- Internal suppliers	15,177,596	23,746,015	23,746,015	-
- External suppliers	1,484,326	11,217,745	11,217,745	-
- Trade liabilities to affiliated entities	9,226,957	75,986,532	75,986,532	-
3. Financial liabilities to affiliated entities	**432,882,064**	**340,414,970**	**340,414,970**	-
4. Other payables, including tax liabilities and other social security liabilities	**8,576,226**	**5,878,498**	**5,878,498**	-

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3.3. Financial resources

The financial resources necessary for the production activity were ensured from sales of sugar, molasses, sugary products, services, and credits.

The Group has implemented, through the affiliated company Agrana Group Services Gmbh, a "payment factory" liquidity management program, its main components/features being:

- ✓ Inhouse bank;
- ✓ Management of domestic and foreign payments through SAP integrated IT system;
- ✓ Electronic authorization of payment packages according to the rules established by the approval matrix;
- ✓ Performance of currency exchanges and derivative transactions based on the exchange rate;
- ✓ Funding through in-house bank and credit facilities dated June 14th, 2003 *(revolving, multicurrency credit facility, amounting to 55,000,000 Euro)* and also September 30th, 2004 *(revolving, multicurrency credit facility, amounting to 20,000,000 Euro)*, both offered by Agrana Group Services Gmbh.

The balance of financial liabilities contracted from unconsolidated affiliated entities at the end of the reporting period is detailed below:

A. Agrana Romania S.A.

As at February 28th, 2017, the balance of the financial debts contracted by Agrana Romania S.A. from affiliated entities is found below:

	29.02.2016			**28.02.2017**		
	Balance in the transaction currency	Currency	RON Balance	Balance in the transaction currency	Currency	RON Balance
RON Loan	82,123,542	RON	82,123,542	82,143,401	RON	82,143,401
EUR Loan	72,699,720	EUR	324,909,589	55,464,483	EUR	250,477,607
Total			**407,033,131**			**332,621,008**

B. Agrana Buzau SRL

As at February 28th, 2017, the balance of the financial debts contracted by Agrana Buzau SRL from affiliated entities is found below:

	29.02.2016			28.02.2017		
	Balance in the transaction currency	Currency	RON Balance	Balance in the transaction currency	Currency	RON Balance
RON Loan	-	RON	-	-	RON	-
EUR Loan	5,783,794	EUR	25,848,933	1,725,855	EUR	7,793,961
Total			**25,848,933**			**7,793,961**

Credit facilities contracted from credit institutions

A. Agrana Romania S.A.

On February 28th, 2017, the Company benefited from the following credit facilities from credit institutions:

- Credit facility for the issuance of letters of guarantee/letters of credit, common with Agrana Buzau SRL and Agrana Tandarei SRL, granted by Unicredit Bank, in the total amount of EUR 5,000,000, a facility guaranteed by mortgage on the current bank accounts opened with the bank.

The facility expires on November 15, 2021.

As at February 28, 2017, based on the counter-guarantees issued by Unicredit Bank Austria AG, from the facility owned by AGRANA Beteiligungs AG with this credit institution, the following letters of guarantee were issued by order of Agrana Romania SA by Unicredit Tiriac Bank SA:

Number of guarantee	Date of issuance	Beneficiary	Amount	Currency	Expiry date
Amendment 2 to 00888-020180276 25/09/2015	01.11.2016	APIA	6,542,642	RON	31/01/2018
Amendment 2 00888-02-0282291	01.11.2016	APIA	8,143,724	RON	31/01/2019

- Support credit facility for the issuance of letters of guarantee and letters of credit, granted by Raiffeisen Bank Romania, joint with Agrana Buzau SRL and Agrana Tandarei SRL, in the total amount of

Eur 5,000,000, a facility guaranteed by mortgage on the current bank accounts opened with the bank. The facility expires on April 30, 2021.

As at February 28, 2017, based on this facility, the following guarantee letters were issued:

Number of guarantee	Date of issuance	Beneficiary	Amount	Currency	Expiry date
Amendment 1 to GI/60905	20/10/2016	APIA	21,386	RON	31/03/2018
GI/62134	13/12/2016	CUSTOMS OFFICE IN DORNESTI	6,650,000	RON	30/04/2017
GI/62278	28/12/2016	CUSTOMS OFFICE IN GALATI	530,000	RON	31.03.2017
Amendment 1 to GI/62279 28.12.2017	27/01/2017	CUSTOMS OFFICE IN DORNESTI	4,530,000	RON	31.03.2017

In the current fiscal year (01.03.2016-28.02.2017) the Company did not extend the overdraft credit facility for funding working capital, contracted from Raiffeisen Bank SA, amounting to RON 10,000,000.
Also during the exercise ended on 28 February 2017, the Company amended the contractual terms of the credit facility contracted from Unicredit Bank SA for the purpose of removing overdraft from the scope of the facility, the use of cash no longer being possible. The Facility may be used to issue bank guarantees and letters of credit, the value of the facility being reduced to EUR 5,000,000
All the credit facilities with credit institutions are guaranteed by corporate guarantees issued by Agrana Beteiligungs AG.

On February 28th 2017, the Company had no debts to credit institutions.

B. Agrana Buzau SRL

On February 28th, 2017, the Company benefited from the following credit facilities from credit institutions:

- Support credit facility for the issuance of letters of guarantee and letters of credit, granted by Raiffeisen Bank Romania, joint with Agrana Romania SA and Agrana Tandarei SRL, in the total amount of Eur 5,000,000, a facility guaranteed by mortgage on the current bank accounts opened with the bank. The facility expires on April 30, 2021.

As at February 28th, 2017, The Company had no letters of guarantee issued.

- Credit facility for the financing of circulating capital and issuance of letters of guarantee/letters of credit, common with Agrana Romania SA and Agrana Tandarei SRL, granted by Unicredit Tiriac Bank, in the total amount of EUR 5,000,000, a facility guaranteed by mortgage on the current banking accounts opened with the Bank. The facility expires on November 15, 2021.

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- Credit facility for the financing of circulating capital and issuance of letters of guarantee/letters of credit, common with Agrana Romania SA and Agrana Tandarei SRL, granted by Unicredit Tiriac Bank, in the total amount of EUR 5,000,000, a facility guaranteed by mortgage on the current banking accounts opened with the Bank. The facility expires on November 15, 2021.

On February 28, 2017, there were no letters of guarantee issued based on this facility.

All credit facilities with credit institutions are guaranteed by corporate letters issued by Agrana Beteiligungs AG.

On February 28th 2017, the Company had no debts to credit institutions.

C. Agrana Tandarei SRL

On February 28th, 2017, the Company benefited from the following credit facilities from credit institutions:

- Support credit facility for the issuance of letters of guarantee and letters of credit, granted by Raiffeisen Bank Romania, joint with Agrana Romania SA and Agrana Buzau SRL, in the total amount of Eur 5,000,000, a facility guaranteed by mortgage on the current bank accounts opened with the bank. The facility expires on April 30, 2021.

On February 28, 2017, there were no letters of guarantee issued based on this facility.

- Credit facility for the financing of circulating capital and issuance of letters of guarantee/letters of credit, common with Agrana Romania SA and Agrana Buzau SRL, granted by Unicredit Tiriac Bank, in the total amount of EUR 5,000,000, a facility guaranteed by mortgage on the current bank accounts opened with the Bank. The facility expires on November 15, 2021.

On February 28, 2017, there were no letters of guarantee issued based on this facility.

All credit facilities with credit institutions are guaranteed by corporate letters issued by Agrana Beteiligungs AG.

On February 28th 2017, the Company had no debts to credit institutions.

4. FORESEEABLE DEVELOPMENT OF THE GROUP

The Group's key management objective is the achievement of a positive operating result. In order to achieve this goal, it is intended to maintain the current market share, optimize the use of own production facilities in Buzau and Roman, and to continue the policy of reducing structural costs. The company will also direct important financial resources to investments in the coming years to increase production efficiency, improve product quality and protect the environment. The Group aims to remain an active supporter of the local sugar beet culture by providing both good quality inputs and know-how to Romanian farmers.

The financial year 2017 will bring major changes in the European sugar market and, of course, into the Romanian one through the liberalization of the sugar market in the European Community. In this context, the

Group has budgeted total sales of over 271,931 tons of sugar, wanting to supply both clients operating on the Romanian market as well as affiliated and third-party companies operating in other EU or non-EU countries. The budgeted operating result for the financial year 2017/2018 is + EUR 4.2 million.

In 2017/18, Agrana Romania planned to refine 137,000 tons of raw sugar and process a minimum of 438,000 tons of sugar beet.

The investment budget for the following 12 months amounts to EUR 2.4 million, with priority being given to projects aimed at compliance with the applicable environmental regulations (e.g.: modernization of wastewater treatment plants in the Roman factory), improvement of the quality of the finished product (e.g.: conditioning plant silos in Buzau, investment in packaging activity in both factories) and modernization of the agricultural sector through the acquisition of new equipment.

5. OTHER INFORMATION

5.1. RISK MANAGEMENT

In the course of its business, the Group is exposed to credit risk, currency risk, liquidity risk, interest rate risk and market risk.

a. Credit risk

The Group is subject to credit risk due to its trade receivables. The Group's policy is that all third party customers who wish to develop commercial relations in terms of credit are subject to verification procedures. Moreover, receivables balances are constantly monitored so that the Group's exposure to the risk of bad debt is minimized.

b. Currency Risk

The Group has transactions and loans in a different currency than the operational currency (RON). The Group uses financial instruments to limit exposure to exchange rate variations.

c. Liquidity risk

The prudential management of the liquidity risk involves the maintenance of sufficient cash and of several available credit lines. Due to its activity type, the Group aims to have flexibility in the financing possibilities, by maintaining available credit lines to finance operating activities.

d. Interest rate risk

The Group's exposure to the risk of interest rate changes mainly refers to the variable interest loans of the Company.

e. Market risk

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Sugar and isoglucose market in the European Union will be significantly changed by canceling the production system under national quotas valid since the '70s, the market year October 2016-September 2017 being the last under the current system.

The first effect of the cancellation of the production system under the national quota could be the increase of competition on the market of the European Union, the current surplus production (sugar outside the quota) may be put into free circulation and marketed in the EU after the date of 30.09.2017.

A second potential immediate effect will be transformation of the European Union into a net exporter of white sugar, European manufacturers having the ability and resources to regain lost markets in 2006 following the WTO decision to limit exports to the EU.

A third likely effect is the consolidation/concentration of production in several multinational companies to the detriment of small players, with a low diversification of business and with no financial strength.

Being already a market with a deficit of production, but with surplus of processing capacity, Romania has partially felt the effects of a competitive market, the industry restructuring resulting in the existence of only three large producers on the market, all of them being members of powerful European groups (AGRANA/Pfeiffer & Langen/TEREOS). The fourth local producer, Bod Sugar Factory, owned by a Romanian investor, is currently in insolvency, and continuing the processing/marketing is uncertain.
Restructuring the industry also created opportunities for world sugar traders, these trying in recent years to enter the market in Romania. Their current market share is yet low, the input, logistics (transfer) or local processing costs being major barriers to a spectacular growth or which could seriously affect the local market.
Further, the sugar market in Romania is below the European average, both in terms of consumption and of diversity of products. As the purchasing power will increase, we estimate the development of the local market.
Intensive campaigns to reduce the consumption of sugar to combat obesity have had minor effects on both domestic and industrial consumption in Romania. Significant replacement costs and similar effects of substitutes on obesity have led to a reduction in the effects of sugar-demonizing campaigns.

At the same time, along with the quotas, the guaranteed minimum price for sugar beet will disappear, with immediate effects in areas with weak crop yields. In Romania, these effects on culture were offset by agricultural subsidies - in the 2015-2020 period, beet culture in Romania has the biggest joint subsidies in the European Community (over EUR 600/ha).

5.2. COMPLIANCE WITH THE ACCOUNTING LAW

The financial statements were drawn up in accordance with the Accounting Law no. 82/1991, republished 2008, modified and completed with the provisions of the accounting regulations approved by the Order of the Minister of Public Finance no. 1802/2014, with subsequent amendments and completions, and by the provisions of the Order of the Minister of Public Finance no. 4160/2015 regarding the preparation of the annual financial statements by the entities that have opted for a financial exercise different from the calendar year, according to art. 27 para. (3) of the Accounting Law 82/1991, republished in 2008, with subsequent amendments and completions.

The accounting records were made in compliance with the Accounting Law on the basis of supporting documents, in keeping with the general chart of accounts.

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The accounting records have been used in accordance with their purpose, allowing at any time the identification and control of the accounting operations performed.
Entries, exits and transfers between the deposits of raw materials, materials, inventory items and finished products were recorded in the accounting records based on the primary documents provided in the Accounting Law.

- The acceptance notes were prepared on the basis of the quantitative and qualitative verification of the goods, under the direct supervision of the acceptance commissions, in accordance with the internal decisions;
- The materials were allocated for consumption on the basis of the supporting documents drawn up by the managers of each production or service sector;
- The production obtained was handed over to warehouses on the basis of production reports, scales notes and CTC visas;
- The sales were made with the immediate completion of the bills of lading, followed by fiscal invoices, within the time limits stipulated by the law.

In order to verify the correct booking of operations, a monthly trial balance was drafted. Booked and actual inventories have been verified by confronting analytical balances with the synthetic balance.

Internal management accounting ensured the collection and distribution of costs by destinations, respectively by cost centers/internal orders/products, thus ensuring a correct tracking of production costs and general costs.

The inventory was done in compliance with the regulations elaborated by the Minister of Finance included in the Order 2861/2009 and has been completed in the following stages:

- Physical inventory of material and monetary values by counting, weighing, assessing the condition of stocks and their merchantability;
- Confirmation of balances from key customers and suppliers;
- Confirmation of balances with banking institutions, both for current accounts and for ongoing loans;
- Inventory and re-analysis of provisions for risks and expenses.

In capitalizing the inventory, the intention was to harmonize the existing inventories to the accounting records.

5.3. ENVIRONMENTAL ASPECTS

Romania is currently undergoing a period of swift harmonization of its environmental legislation with the legislation in force of the European Economic Community. On February 28, 2017, the Group did not record any debt related to expected costs, including legal and consultancy fees, studies, designs and implementation of environmental remediation plans.

5.4. ACTIVITIES IN THE FIELD OF RESEARCH AND DEVELOPMENT

The Company is further involved in the development of a project coordinated by the National Research and Development Institute for Potato and Sugar Beet Brasov, "Research on the sugar content and melasigen content of the remaining package following the replacement of the beet dismantling with deworming (stripping)". The main research objectives are:

- Identifying methods and solutions to replace beet dismantling with deworming (stripping);
- Determining the most effective methods of reducing the percentage of impurities at harvest;
- Reducing soil fertility losses by reducing the amount of fertile soil and plant debris transported together with beets;
- Optimizing beet harvesting and transport processes in the factory.

5.5. TAXATION

All amounts owed to the state budget for taxes and duties were paid or registered on the balance sheet date. The fiscal system in Romania is undergoing consolidation and harmonization with the European legislation and there can be different interpretations of the authorities related to the fiscal legislation, which can result in additional taxes, duties and penalties. If the state authorities discover violations of the legal provisions in Romania, they may order, as the case may be: confiscation of the amounts in question, imposition of additional tax obligations, application of fines, application of late payment increases (applied to the actual amounts left to be paid). As a result, the fiscal sanctions resulting from violations of the legal provisions can reach important amounts to be paid to the state.

For the parent company, Agrana Romania S.A., the Romanian tax authorities carried out controls on the calculation of corporate income tax, VAT, non-resident tax, excise duties and contributions and special funds in the social and health insurance area until 31 December 2011.
As of November 19, 2012, according to the Fiscal Inspection Notice issued by the General Directorate for the Administration of Large Taxpayers Bucharest, Agrana Romania SA has been subject to a general tax inspection for the period 01.01.2006 - 31.12.2011. The subject of the general tax inspection was the following:

Fiscal Obligation	**Controlled period**
Corporate tax	01.01.2006-31.12.2011
Non-resident income tax	01.01.2007-31.12.2011
Excise tax	01.01.2010-31.12.2011
VAT per month	01.01.2007-31.12.2011
Employer's contribution to the social insurance fund	01.01.2007-31.12.2011
Employees' contribution to the social insurance fund	01.01.2007-31.12.2011
Contribution to the social insurance fund for work accidents	01.01.2007-31.12.2011
Employer's contribution to the unemployment fund	01.01.2007-31.12.2011
Employees' contribution to the unemployment fund	01.01.2007-31.12.2011
Guarantee Fund	01.01.2007-31.12.2011

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Employer's contribution to the health fund	01.01.2007-31.12.2011
Employees' contribution to the health fund	01.01.2007-31.12.2011
Salary income	01.01.2007-31.12.2011
Contributions for persons with disabilities	01.01.2007-31.12.2011

At the date of this Report, the inspection was completed, the company being notified of the Fiscal Inspection Report F-MC 92/31.03.2017 and the Taxation Decision F-MC155/31.03.2017. We mention that among the annexes to the above mentioned tax inspection report there are also two minutes drawn up under art. 108 of GO 92/2003 on the Code of Fiscal Procedure. Until the date of this report, no other official document was communicated to the company in connection with these minutes.

By the aforementioned Fiscal Inspection Report F-MC 92/31.03.2017 and by Taxation Decision F-MC155/31.03.2017, the company was obliged to pay RON 95,850,063, of which: 44,512,150 RON - principal debit, 44,661,092 RON - interest/penalty interest and 6,676,821 RON - penalties.

The Company has filed a notification based on article 4 of Government Emergency Ordinance no. 44/2015 on granting certain fiscal facilities, as subsequently amended and supplemented ("GEO 44/2015"), corroborated with art. 3 of Order no. 3831/2015 for the approval of the Procedure for the implementation of the provisions of GEO 44/2015 (the "Procedure for the implementation of GEO 44/2015"), expressing its intention to benefit from the provisions of GEO 44/2015, respectively to benefit from the cancellation of the accessory payment obligations referred to in art. 2, para. (2) of the Procedure for the implementation of GEO 44/2015. At the date of this report, the decision to postpone the payment for the cancellation of the amounts corresponding to the relevant percentages of ancillary liabilities under the provisions of GEO 44/2015 for the amount of 32,784,242 RON, Agrana Romania paying to the state budget the amount of 63,065,821 RON.

Agrana Romania filed a complaint against the taxation decision and the fiscal inspection report issued by DGAMC on 04.05.2017, and the company will take advantage of all the remedies provided by the law in this respect.

For prudential reasons, the Company's management ordered an analysis of the possible effects of the above-mentioned general fiscal inspection and the post-control period (01 January 2012 - 28 February 2017). Following this analysis, the Company implemented a series of measures aimed at reducing fiscal risks in certain operational areas of the company's activity. The Company believes it has paid on time and in full all taxes, duties, penalties and penalty interests, as the case may be.

For Agrana Buzau S.R.L., the Romanian tax authorities have carried out an inspection on profit tax until 31.03.2012.

For Agrana Tandarei SRL, the Romanian tax authorities have carried out an inspection on profit tax until 31.12.2011.

For Agrana Agro SRL, the Romanian tax authorities have not carried out an inspection on profit tax.

The Group believes it has paid on time and in full all taxes, duties, penalties and penalty interests, as the case may be.

5.6. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IN RELATION TO THE FINANCIAL REPORTING PROCESS

From March 1, 2016 to February 28, 2017, the Board of Management held monthly operative meetings in order to analyze the management and financial standing of the Group.

The internal control is ensured by the persons in the management of the Group who have full rights to supervise and verify all the economic and financial operations of the company, the way the employees fulfill their obligations established in the job descriptions, the observance of the legal provisions in the field of OHSE, etc. Any reported offense that may have economic, financial, patrimonial or other consequences on the company shall be directly reported to the members of the Board of Management when identified.

As regards the risk management in relation to the financial reporting process, the Board of Management seeks:

- To have a clear definition of the responsibilities of each person involved in the financial reporting process (through the job descriptions), i.e. the separation of duties between the employees, so that the tasks of approval, control and registration are entrusted to different persons;
- To have internal procedures implemented for the accounting and control of financial-accounting operations, the establishment of information circuits and the related controls on them, to ensure the swift, correct and complete centralization of financial information;
- To use an accounting policy manual, prepared according to the requirements of the legislation in force, approved by the Board of Management;
- To recruit staff with an appropriate level of competence in line with the needs of the Company and to have a continuous training plan allowing for an update of its knowledge of accounting and tax legislation;
- To have a well-defined timetable and process for compiling accounting and financial information that complies with the reporting requirements, and their verification and approval by the Board of Management for their publication.

5.7. Evaluation of the activity of members of the Board of Management

The evaluation of the activity of the members of the Board of Management will be carried out by the General Meeting of the Shareholders on the occasion of the decision on the report of the members of the Board of Management for the financial year 1.03.2016 -28.02.2017.

Remuneration of members of the Board of Management

The amount of the remuneration of the management bodies of the Company was approved by the General Meeting of Shareholders in accordance with the provisions of art. 15318 of the Law no. 31/1990 as amended.

During the financial year 01.03.2016 - 28.02.2017, the amount of the gross total remuneration (including bonuses) paid by AGRANA ROMANIA SA to the members of the Board of Management for the services rendered by them for the benefit of the company was 2,245,839 RON. During the financial year 01.03.2016 - 28.02.2017, the members of the Board of Management received performance bonuses in the gross amount of 368,529 RON.
We mention that the performance bonus and its amount are conditioned by the achievement of certain collective and individual performance indicators, representative of the results and performance of the Company:

- financial indicators: operational result, net result, net financial liabilities, return on invested capital, etc.;
- non-financial performance indicators: sales and/or production volumes; acquisition and/or production costs; raw material processing efficiency, etc.;

Performance targets, collective and individual, are set annually for members of the Board of Management.

5.8. SUBSEQUENT EVENTS

At the time of this report, the Company's Board of Management is not aware of other events subsequent to the balance sheet date that could have a material impact and should be disclosed in these financial statements.

6. PRINCIPLES OF CORPORATE GOVERNANCE

In accordance with the Corporate Governance Principles for AeRO, effective from 04.01.2016, this report includes the corporate governance statement for the financial year beginning on March 1, 2016 and ending February 28, 2017.

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President of the Board of Management Member of the Board of Management

Gabriela Petrea Patrick Leamy

24/05/2017

Appendix to the Report of the Board of Management:
AGRANA ROMANIA SA STATEMENT ON CORPORATE GOVERNANCE

Code provisions	Complies with	Does not comply or partly complies with	The reason for nonconformity
A.1. The company must have an internal regulation of the Board of Management that includes terms of reference for the Board of Management and key management functions of the company. Managing conflict of interest at the level of the Board of Management should also be dealt with in the functioning rules of the Board of Management.	X		
A.2. Any other professional engagement of the members of the Board of Management, including membership as executive or non-executive member of the Board of Management in other companies (excluding company subsidiaries) and non-profit institutions, will be brought to the attention of the Board of Management prior to the appointment and during the term of office.	X		
A.3. Each member of the Board of Management will inform the Board of Management of any relationship with a shareholder holding directly or indirectly shares representing not less than 5% of the total voting rights. This obligation shall take into account any kind of connection that may affect the position of the member concerned on matters pertaining to decisions of the Board of Management.	X		
A.4. The annual report must inform whether an evaluation of the Board of Management has taken place, under the coordination of the president. It must also contain the number of meetings of the Board of Management.	X		
A.5. The procedure for cooperation with the Authorized Consultant for the period during which this cooperation is imposed	X		The 12 months term after admission to trading for the mandatory maintenance of the

by the Bucharest Stock Exchange			contractual relationship with an authorized consultant (provided in chapter II art. 5 para. (2) letter b (ii) of Chapter II of the BSE Code), expired on 19.06.2016. Consequently, given that at the date of these statements such legal obligation no longer exists, the company is no longer under contractual relations with an authorized consultant, according to the current report no. 835 communicated on 21.06.2016.
B.1. The Board of Management 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 report, is approved by the Board of Management.	X		
B.2. Performing internal audit	X		
C.1. The Company will publish in the annual report a section that will include the total revenue of the Directors and of the CEO for the respective financial year and the total amount of all bonuses or any variable compensation, as well as the key assumptions and principles for determining the income mentioned above.	X		
D.1. In addition to the information provided in the legal provisions, the company's website will contain a section dedicated to the Investor Relations, both in Romanian as well as in English, with all relevant information of interest to investors, including:			
D.1.1. The main regulations of the company, in particular the articles of association and the internal regulations of the statutory bodies	X		
D.1.2. CVs of statutory body members	X		
D.1.3. Current reports and periodical	X		

reports			
D.1.4. Information on general meetings of shareholders: agenda and related materials; decisions of general meetings	X		
D.1.5. Information on corporate events such as the payment of dividends or other events that result in obtaining or limiting the rights of a shareholder, including the deadlines and the principles of such operations			Not applicable
D.1.6. Other extraordinary information that should be made public: cancellation/amendment/initiation of cooperation with an Authorized Consultant; signing/renewing/terminating an agreement with a Market Maker			Not applicable
D.1.7. The company must have a Investor Relations function and include in the section dedicated to 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	X		
D.2. A company must have adopted a company's dividend policy, as a set of instructions for the distribution of net profit, which the company declares will respect. The principles of the dividend policy should be published on the company's website.		X	The dividend policy has not been drawn up at the moment, given the negative financial results registered by the company in recent years. Given that in the following financial years, the company will register a constant positive evolution, meant to provide the company with a solid financial position, the company will analyze the opportunity of allocating the profit either to reinvestment or to payment of dividends, based on the decision of the general meeting of shareholders.
D.3. A company must have adopted a policy on forecasts and whether or not they will be provided. Forecasts are the quantified conclusions of studies aimed at determining the overall impact of a list of factors relating to a future period (the so-called hypotheses). The policy should		x	There is no forecast policy as at the date of these statements.

provide the frequency, the period considered and the content of the forecasts. Forecasts, if published, will be part of the annual, half-yearly or quarterly reports. The forecast policy should be published on the company's website.			
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.	X		
D.5. The financial reports will include information in both Romanian and English on the main factors influencing changes in sales, operating profit, net profit or any other relevant financial indicator.	X		
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 Investor Relations section of the company's website at the time of such meeting/telephone conference.		X	Under organization

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President of the Board of Management — Member of the Board of Management

Gabriela Petrea — Patrick Leamy

24/05/2017

The undersigned, ROATEȘ VALENTINA, certified translator under no. 13154/2008, hereby certify the accuracy of the translation into English of the photocopy of authentic document written in Romanian, which has been seen by me.

TRANSLATOR,
ROATEȘ VALENTINA

TRADUCĂTOR AUTORIZAT
MINISTERUL JUSTIȚIEI
ROATEȘ VALENTINA
Aut. Nr.: 13154

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