S.C. AGRANA ROMANIA S.A.

Consolidated financial statements on the date and for the financial year concluded on the 31st of December 2014

Drawn-up according to the Order of the Minister of Public Finance 3055/2009,
as subsequently amended and supplemented

Content:

Consolidated financial statements

30.01.2015	Control amount	93,774,483

ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

Fiscal year 2014 **Type of financial situation: BC**

IDENTIFICATION DATA OF THE MOTHER COMPANY

✓ Trading companies (large tax-payers) submitting consolidated financial statements in Bucharest (check if applicable)

Entity: AGRANA ROMANIA SA

Address	County	District	Locality				
	Bucharest	1st District	Bucharest				
	Street	No.	Building	Entrance	Apart.	Tel.	
	Sos. Straulesti	178-180				00372381000	

Trade Registry number: J40/ 4411/ 2008 Sole registration number: 2083754

Main activity (NACE code and denomination)

1081 – Manufacture of sugar

Indicators:

Consolidated equity	29,047,461
Consolidated profit / consolidated loss	64,727,022

IDENTIFICATION DATA – ENTITIES INCLUDED IN THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

No.	State / fiscal code (RO) / denomination /entity address
1	RO – ROMANIA 26911307
	AGRANA BUZAU SRL
	7 Aleea Industriei, office no. 4 of the enclosure / administrative pavilion, 4th floor, Buzau locality, Buzau County
2	RO – ROMANIA 26908948
	AGRANA TANDAREI SRL
	3 Teilor Street, office no. 7, administrative pavilion, 2nd floor, Tandarei, Ialomita County
2	RO – ROMANIA 26919840
	AGRANA AGRO SRL
	6 Energiei Street, administrative building, 1st floor, office 10, Roman locality, Neamt County

ADMINISTRATOR, **DRAFTED,**

First and last name	First and last name
ROMAN MADALINA	DRAGHICI COSMIN

Signature: *(Signature illegible)*
and stamp (Stamp Agrana Romania SA)

SIGNATURE BECOMES VISIBLE AFTER
A CORRECT VALIDATION

VALIDATED Form

Position: 12 – CHIEF ACCOUNTANT
Signature: *(Signature illegible)*
Registration number within the professional body:

AUDITOR

First and last name of natural person / Audit company's name:
KPMG Audit

Registration nr. with CAFR Registry	VAT Code
9 2001	12997279

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Legal entity: Agrana Romania SA	Ownership form: mixed	2	2
Address: Bucharest, 1st District, 178-180 Straulesti Avenue	Main activity		
Telephone: 021 269 33 73	Sugar manufacture		
Number from the Trade Registry: J40/4411/2008	Group code: 1583		
Country: Romania	Fiscal code: 2083754		

(consolidated) BALANCE SHEET

Form 10 RON

Element denomination	No.	Balance on:	
		January 1st, 2014	December 31st, 2014
A	B	1	2
A. NON-CURRENT ASSETS			
I. INTANGIBLE ASSETS			
1. Set-up costs (acc. 201-2801)	01		
2. Development expenses (acc. 203-2803-2903)	02		
3. Concession rights, patents, licenses, trademarks and other similar rights and other intangible assets (acc. 205 + 208 – 2805 – 2808 – 2905 – 2908)	03	506,150	377,889
4. Goodwill (acc. 2071-2807-2907)	04		
5. Advances and intangible assets in progress (acc. 233+234-2933)	05		
TOTAL **(rows 01 to 05)**	06	**506,150**	**377,889**
II. TANGIBLE ASSETS			
1. Land and buildings (acc. 211 + 212 - 2811 - 2812 - 2911 - 2912)	07	55,499,590	100,564,116
2. Technical equipment and machinery (acc. 213 + 223 - 2813 - 2913)	08	84,009,550	86,726,559
3. Other equipment and furniture (acc. 214 +224 - 2814 - 2914)	09	1,613,693	1,413,218
4. Advances and tangible assets in progress (acc. 231+232-2931)	10	10,571,777	8,870,088
TOTAL **(rows 07 to 10)**	11	**151,694,610**	**197,573,981**
III. FINANCIAL ASSETS			
1. Shares owned at affiliated entities (acc. 261 – 296)	12	-	2,000
2. Loans to affiliated entities (acc. 2671 + 2672 – 2964)	13	-	-
3. Participation interests (acc. 263 – 2965)	14	-	-
4. Loans granted to entities the company is related to by virtue of participation interests (acc. 2673 + 2674 – 2965)	15	-	-
5. Investments held as non-current assets (acc. 265 + 266 – 2963)	16	11,396	11,396
6. Other loans (acc. 2675* + 2676* + 2678* + 2679* - 2966* - 2968*)	17	18,292	7,716
TOTAL **(rows 12 to 17)**	18	**29,688**	**21,112**
IV. EQUITY BONDS	20	**-**	**-**
A. NON-CURRENT ASSETS – TOTAL **(rows 06+11+18)**	19	**152,230,448**	**197,972,982**
B. CURRENT ASSETS			
I. INVENTORIES			
1. Raw materials and consumables (acc. 301 + 321 + 302 + 322+ 303 + 323 +/- 308 + 351 + 358 + 381 + 328 +/- 388 – 391 – 392 – 3951 – 3958 – 398)	21	59,968,359	77,538,280
2. Work in progress (acc. 331 + 332 + 341 +/- 348* - 393 - 3941 - 3952)	22	130,033	2,100,718

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3. Finished goods and merchandise (acc. 345 + 346 +/- 348 + 354 + 356 + 357 + 361 + 326 +/- 368 + 371 + 327 +/- 378 - 3945 - 3946 - 3953 - 3954 - 3956 - 3957 - 396 - 397 - 4428)	23	335,384,807	213,998,154
4. Advances for inventory acquisition (acc. 4091)	24	248,295	364,515
Total inventories **(rows 21 to 24)**	**25**	**395,731,494**	**294,001,667**
II. RECEIVABLES			
1. Trade receivables (acc. 2675 + 2676 + 2678 + 2679 - 2966 - 2968 + 4092 + 411 + 413 + 418 - 491)	26	64,510,342	56,778,189
2. Amounts to collect from affiliated entities not included in the consolidation (acc. 451 – 495)	27	41,375,571	29,680,980
3. Amounts to collect from entities the company is related to, by virtue of participation interests (acc. 453 – 495*)	28	-	-
4. Other receivables (acc. 425 + 4282 + 431 + 437 + 4382 + 441 + 4424 + 4428 + 444 + 445 + 446 + 447 + 4482 + 4582 + 461 + 473 - 496 + 5187)	29	23,511,807	14,288,263
5. Share capital subscribed, but not paid in (acc. 456 – 495*)	30	-	-
TOTAL RECEIVABLES **(rows 26 to 30)**	**31**	**129,397,690**	**100,747,440**
III. SHORT TERM INVESTMENTS			
1. Shares owned at affiliated entities (acc. 501 – 591)	32	-	-
2. Other short term investments (acc. 505 + 506 + 507 + 508 - 595 - 596 - 598 + 5113 + 5114)	33	-	-
TOTAL SHORT TERM INVESTMENTS (rows 31 + 32)	34	-	-
IV. PETTY CASH AND BANK ACCOUNTS (acc. 5112 + 512 + 531 + 532 + 541 + 542)	35	**8,874,737**	**6,808,544**
B. **CURRENT ASSETS – TOTAL (rows 24+30+33+34)**	**36**	**534,003,921**	**401,557,651**
C. ACCRUED EXPENSES (acc. 471)	**37**	**2,602,975**	**1,442,475**
D. LIABILITIES: AMOUNTS PAYABLE WITHIN A PERIOD UP TO ONE YEAR			
1 Loans from bonds issue, separately indicating the loans from convertible bonds (acc. 161 + 1681 – 169)	38	-	-
2. Amounts owed to credit institutions (acc. 1621 + 1622 + 1624 + 1625 + 1627 + 1682 + 5191 + 5192 + 5198)	39	-	-
3. Advance payments from customers (acc. 419)	40	683,136	513,510
4. Trade liabilities - suppliers (acc. 401 + 404 + 408)	41	53,822,550	75,839,562
5. Bills of exchange payable (acc. 403 + 405)	42	-	-
6. Amounts not consolidated owed to affiliated entities (acc. 1661 + 1685 + 2691 + 451)	43	560,041,044	478,009,941
7. Amounts owed to entities which the company is related to, by virtue of participation interests (acc. 1663 + 1686 + 2692 + 453)	44	-	-
8. Other payables, including tax liabilities and social security liabilities (acc. 1623 + 1626 + 167 + 1687 + 2693 + 421 + 423 + 424 + 426 + 427 + 4281 + 431 + 437 + 4381 + 441 + 4423 +4428 + 444 + 446 + 447 + 4481 + 455 + 456 + 457 + 4581 + 462 + 473 + 509 + 5186 + 5193 + 5194 + 5195 + 5196 + 5197)	45	23,464,197	15,377,047
TOTAL **(rows 38 to 45)**	46	**638,010,927**	**569,740,060**
E. NET CURRENT ASSETS /NET CURRENT LIABILITIES (rows 35+36-45-63)	47	**(101,421,864)**	**(166,747,545)**
F. TOTAL ASSETS MINUS CURRENT LIABILITIES (rows 19 +46)	48	**50,808,584**	**31,225,437**
G. LIABILITIES : AMOUNTS PAYABLE WITHIN A PERIOD OVER ONE YEAR			
1. Loans from bonds issue, separately indicating the loans from	49	-	-

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convertible bonds (acc. 161 + 1681 - 169)			
2. Amounts owed to credit institutions (acc. 1621 + 1622 + 1624 + 1625 + 1627 + 1682 + 5191 + 5192 + 5198)	50	-	-
3. Advance payments from customers (acc. 419)	51	-	-
4. Trade liabilities – suppliers (acc. 401 + 404 + 408)	52	-	-
5. Bills of exchange payable (acc. 403+405)	53	-	-
6. Amounts owed to affiliated entities (acc. 1661 + 1685 + 2691 + 451)	54	-	-
7. Amounts due to entities which the company is related to, by virtue of participation interests (acc. 1663 + 1686 + 2692 + 453)	55	-	-
8. Other payables, including tax liabilities and social security liabilities	56	-	-
TOTAL DEBTS ON LONG AND MEDIUM TERM **(rows 49 to 56)**	57	-	-
H. PROVISIONS			
1. Provisions for pensions and related liabilities (acc. 1515)	58	-	-
2. Provisions for taxes (acc. 1516)	59	373,437	374,136
3. Other provisions (acc. 1511 + 1512 + 1513 + 1514 + 1518)	60	815,465	1,803,840
TOTAL **(rows 58 to 60)**	**61**	**1,188,902**	**2,177,976**
I. DEFERRED INCOME			
1. Investment subsidies (acc. 131+132+133+134+138)	62	-	-
2. Deferred income (acc. 472)	63	17,833	7,611
3. Negative goodwill	64	-	-
TOTAL **(rows 62 + 63 + 64)**	**65**	**17,833**	**7,611**
J. CAPITAL AND RESERVES			
I. CAPITAL			
1. Subscribed paid in capital (acc. 1012)	66	14,454,215	14,454,215
2. Subscribed unpaid capital (acc. 1011)	67	-	-
TOTAL **(rows 66 to 67)**	68	**14,454,215**	**14,454,215**
II. SHARE PREMIUM (acc. 104)	69	**19,101,921**	**19,101,921**
III. REVALUATION RESERVE (acc. 105)	70	**5,588,564**	**49,439,695**
acc. 105 balance C		5,588,564	49,439,695
acc. 105 balance D	-	-	
IV. RESERVES			
1. Legal reserves (acc. 1061)	71	2,930,838	2,931,038
2. Statutory and contractual reserves (acc. 1063)	72	-	-
3. Fair value reserves	73	-	-
4. Reserves representing surplus from revaluation reserves (acc. 1065)	74	15,339,540	15,643,211
5. Reserves from exchange rate differences in the relationship with the net investment in a foreign entity	75	-	-
4. Other reserves (acc. 1068)	76	93,928,488	97,707,007
TOTAL RESERVES **(rows 71 to 76)**	77	**112,198,866**	**116,281,256**
EQUITY CAPITAL (acc. 109)	78	-	-
Gains related to equity capital instruments (acc. 141)	79	-	-
Losses related to equity capital instruments (acc. 149)	80	-	-
V. RESERVES FROM CONVERSION	81	-	-
VI. PROFIT OR LOSS CARRIED FORWARD (A) (acc. 117)			
- Credit balance (acc. 117)	82	-	-

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- Balance due (acc. 117)	83	507,793	105,504,414
VII. PROFIT OR LOSS FOR THE FISCAL YEAR (acc. 121) pertaining to the mother company			
- Credit balance (acc. 121)	84	-	-
- Balance due (acc. 121)	85	101,255,663	64,726,003
Profit distribution (acc. 129)	86	-	200
EQUITY CAPITAL – TOTAL (rows 69+71+77+79-80+81-82-83)	87	**49,580,110**	**29,046,469**
VIII. NON-CONTROLLING INTEREST			
Loss of the fiscal year related to the non-controlling interests	88		1,019
Profit of the fiscal year related to the non-controlling interests		37,561	
Other equity	89	2,011	2,011
TOTAL EQUITY CAPITAL (rows 87-88+89)	90	**49,619,682**	**29,047,461**

Member of the Management Board

Madalina Roman
Signature: *(Signature illegible)*

Company Stamp
(Stamp AGRANA ROMANIA SA)

VALIDATED
FORM

DRAFTED,

Cosmin Draghici

Signature: *(Signature illegible)*

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Legal entity: Agrana Romania SA	Ownership form: mixed	2	2
Address: Bucharest, 1st District, 178-180 Straulesti Avenue	Main activity		
Telephone: 021 269 33 73	Sugar manufacture		
Number from the Trade Registry: J40/4411/2008	Group code: 1583		
Country: Romania	Fiscal code: 2083754		

(CONSOLIDATED) PROFIT AND LOSS ACCOUNT

Form 20 RON

Indicator denomination		Row no.	Financial year	
			31.12.2013	31.12.2014
A		B	1	2
1. Net turnover **(rows 02to 05)**		**01**	**1,185,603,800**	**930,855,451**
Sold production (acct. 701+702+703+704+705+706+708)		02	773,260,336	681,469,648
Income from sale of goods (acct. 707)		03	420,175,995	254,088,596
Commercial discounts granted (acct. 709)		04	7,832,531	4,702,793
Income from interest registered for leasing (acc. 766)		05	-	-
2. Income related to the cost of work in progress (acct. 711)	Credit balance	06		
	Debit balance	07	115,007,300	91,189,666
3. Production achieved by the entity for its own purposes and capitalized (acct. 721+722)		08	29,462	0
4. Other operating income (acct. 758+7417)		09	2,643,470	2,015,522
OPERATING INCOME – TOTAL **(rows 01+06-07+08+09)**		**10**	**1,073,239,970**	**841,681,307**
5. a) Expenses with raw materials and consumables (acct. 601+602-7412)		11	726,913,851	473,008,412
Other materials' expenses (acct. 603+604+606+608)		12	2,895,148	3,191,036
b) Other external expenses (with energy and water) (acct. 605-7413)		13	39,173,605	48,333,418
Expenses with commodities (acct. 607)		14	185,364,464	229,169,681
Commercial discounts received (acct. 609)		15	33,856	188,900
6. Personnel-related expenses **(rows 17+18)**		16	37,463,695	35,404,427
a) Salaries and indemnities (acct. 641+642-7414)		17	*29,097,134*	*27,583,402*
b) Social insurance and protection (acct. 645-7415)		18	8,366,561	7,821,025
7. a) Value adjustments for tangible and intangible assets **(rows 20-21)**		19	9,651,198	16,656,515
a.1) Expenses (acct. 6811+6813)		20	10,301,800	19,754,703
a.2) Income (acct. 7813)		21	650,602	3,098,188
7.b) Value adjustments for current assets **(rows 23-24)**		22	13,590,361	(8,863,067)
b.1) Expenses (acct. 654+6814)		*23*	*32,841,236*	*17,974,108*
b.2) Income (acct. 754+7814)		*24*	*19,250,875*	*26,837,175*
8. Other operating expenses **(rows 26 to 28)**		25	143,190,017	105,591,789
8.1. Expenses related to external services (acct. 611+612+613+614+		26	128,239,603	97,827,388

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621+622+623+624+625+626+627+628-7416)			
8.2. Expenses with other taxes, duties and assimilated payments (acct. 635)	27	8,371,294	2,639,468
8.3. Other expenses (acct. 658)	28	6,579,120	5,124,933
Adjustments for provisions **(rows 30-31)**	29	254,791	989,768
- Expenses (acct. 6812)	30	311,914	1,243,235
- Income (acct. 7812)	31	57,123	253,467
OPERATING EXPENSES – TOTAL	32	**1,158,463,274**	**903,293,079**
OPERATING PROFIT OR LOSS (rows 10-32)			
- Profit **(rows 10-32)**	33		
- Loss **(rows 32-10)**	34	**85,223,304**	**61,611,772**
9. Income from participation interests (acct. 7611+7613)	35	2,113	2,113
- out of which, income from affiliated entities	36	-	-
10. Income from other investments or credits which are included in non-current assets (acct. 763)	37	-	-
11. Interest income (acct. 766)	39	188,337	65,715
- out of which, income from affiliated entities	40	-	2,714
Other financial income (acct. 762+764+765+767+768)	41	52,347,973	20,658,998
FINANCIAL INCOME – TOTAL (rows 35+37+39+41)	42	**52,538,423**	**20,726,826**
12. Adjustments of the value of financial assets and investments held as current assets **(rows 44-45)**	43	-	-
- Expenses (acct. 686)	44	-	-
- Income (acct. 786)	45	-	-
13. Interest expense (acct. 666-7418)	46	4,944,457	6,180,968
- out of which, expenses engaged in the relationship with affiliated entities	47	4,944,457	6,180,968
Other financial expenses (acct. 663+664+665+667+668)	48	62,778,415	17,528,085
FINANCIAL EXPENSES – TOTAL (rows 43+46+48)	49	**67,772,872**	**23,709,053**
FINANCIAL PROFIT OR LOSS:			
- Profit **(rows 42-49)**	50	-	-
- Loss **(rows 49 - 42)**	51	**15,184,449**	**2,982,227**
14. CURRENT PROFIT OR LOSS			
- Profit **(rows 10+42-32-49)**	52	-	-
- Loss **(rows 32+49-10-42)**	53	**100,407,753**	**64,593,999**
15. Extraordinary income	54	-	-
16. Extraordinary expenses	55	-	-
17. EXTRAORDINARY PROFIT OR LOSS:			
- Profit **(rows 54-55)**	56	-	-
- Loss **(rows 55-54)**	57	-	-
TOTAL INCOME **(rows 10+42-54)**	58	**1,125,778,393**	**862,408,133**
TOTAL EXPENSES **(rows 32+49+55)**	59	**1,226,186,146**	**927,002,132**
GROSS PROFIT OR LOSS:			
- Profit **(rows 58-59)**	60	-	-

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- Loss **(rows 59-58)**	61	**100,407,753**	**64,593,999**
18. Profit tax (acct. 691)	62	810,349	133,023
19. Other taxes not mentioned above (acct. 698)	63	-	-
20. **NET PROFIT OR LOSS OF THE FINANCIAL YEAR RELATED TO THE INTEGRATED ENTITIES**		-	-
- Profit	64		-
- Loss	65	-	-
21. NET PROFIT AND LOSS RELATED TO THE FISCAL YEAR OF THE ASSOCIATED COMPANIES			
- Profit	65	-	-
- Loss	66	-	-
22. NET PROFIT AND LOSS RELATED TO THE FISCAL YEAR OF THE MOTHER COMPANY			
- Profit	67		
- Loss	68	101,255,663	64,726,003
22. NET PROFIT AND LOSS RELATED TO THE FISCAL YEAR AND RELATED TO THE NON-CONTROLLING INTEREST			
- Profit	69	37,561	
- Loss	70		1,019

Member of the Management Board

Madalina Roman
Signature: *(Signature illegible)*

Company Stamp
(Stamp AGRANA ROMANIA SA)

VALIDATED
FORM

DRAFTED,

Cosmin Draghici

Signature: *(Signature illegible)*

1. **NON-CURRENT ASSETS**

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The variation of the input value of the depreciation, adjustments for impairment or loss of value and of the net value assets during the fiscal year concluded on December 31st, 2014, on each category of fixed assets is presented as follows:

1.1. Intangible assets

Lei

Input value	**Set-up costs**	**Other non-current assets (licenses)**	**Down-payments and non-current assets in progress**	**Total**
Balance on December 31st, 2013	**1,637**	**1,238,172**	**-**	**1,239,809**
Acquisitions	-	-	-	-
Transfers	-	-	-	-
Assignments	-	-	-	-
Balance on December 31st, 2014	**1,637**	**1,238,172**	**-**	**1,239,809**

Lei

Depreciation	**Set-up costs**	**Other non-current assets (licenses)**	**Down-payments and non-current assets in progress**	**Total**
Balance on December 31st, 2013	**1,637**	**732,022**	**-**	**733,659**
Depreciation during the year	-	128,261	-	128,261
Outflows/discounts	-	-	-	-
Balance on December 31st, 2014	**1,637**	**860,283**	**-**	**861,920**

Remaining value	**Set-up costs**	**Other non-current assets (licenses)**	**Down-payments and non-current assets in progress**	**Total**
Balance on December 31st, 2013	-	**506,150**	**-**	**506,150**
Balance on December 31st, 2014	-	**377,889**	**-**	**377,889**

The set-up cost related to the 3 branches of the Group incorporated in May 2010, from whose share capital SC Agrana Romania SA holds 99%. The depreciation period of such set-up expenses was established at 2 years

1. NON-CURRENT ASSETS (CONTINUED)

1.2. Tangible assets

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Gross value	Terrain and constructions	Technical installations and machinery	Other installations, machinery and furniture	Non-current assets in progress	Total
Balance on December 31st, 2013	**60,750,641**	**122,664,676**	**3,070,362**	**10,571,776**	**197,057,455**
Acquisitions	136,822	1,376,903	10,135	16,957,567	18,481,427
Transfers	6,957,092	11,702,169	(6)	(18,659,255)	-
Construction reassessment	37,211,759				37,211,759
Adjustments	(294,604)	-	-		(294,604)
Sales, discarding	(15,534)	(1,732,006)	(2,099)		(1,749,639)
Balance on December 31st, 2014	**104,746,176**	**134,011,742**	**3,078,392**	**8,870,088**	**250,706,398**

Depreciation	Terrain and constructions	Technical installations and machinery	Other installations, machinery and furniture	Non-current assets in progress	Total
Balance on December 31st, 2013	**4,614,119**	**38,639,426**	**1,456,669**	**-**	**44,710,214**
Impairment along the year	2,752,689	10,143,915	210,603		13,107,207
Construction reassessment	(7,327,936)				(7,327,936)
Sales and discarding	(5,079)	(1,513,856)	(2,099)		(1,521,034)
Balance on December 31st, 2014	**33,793**	**47,269,485**	**1,665,173**		**48,968,451**

Adjustments for impairment	Terrain and constructions	Technical installations and machinery	Other installations	Non-current assets in progress	Total
Balance on December 31st, 2013	**636,932**	**15,699**	**-**	**-**	**652,631**
Set-ups	3,933,107	-	-	-	3,933,107
Recognized as income	(421,772)	-	-	-	(421,772)
Balance on December 31st, 2014	**4,148,267**	**15,699**	**-**	**-**	**4,163,966**

Net value	Terrain and constructions	Technical installations and machinery	Other installations	Non-current assets in progress	Total
On December 31st, 2013	**55,499,590**	**84,009,550**	**1,613,693**	**10,571,777**	**151,694,610**
On December 31st, 2014	**100,564,116**	**86,726,559**	**1,413,218**	**8,870,088**	**197,573,981**

1. NON-CURRENT ASSETS (CONTINUED)

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During 2014, the Group purchased non-current assets in value of lei 18,481,427, the main acquisitions being:
Buzau:
- Terrain arrangement (mud fields): lei 337,861
- Silo ventilation system: lei 864,771
- Horizontal mixer, refining table (modernization): lei 172,737
- Whole sugar supply installation (modernization): lei 331,028

Roman:
- Domestic wastewater sewage: lei 2,244,026
- Speakers with continuous operation: lei 2,205,097
- Powder sugar mill installation: lei 1,460,687
- Power sugar mill building: lei 703,026
- Packing machinery (2 pcs.): lei 1,202,338

Bucharest:
- Vehicles: lei 632,228

In 2014, the Group sold fixed assets with an entry value of lei 1,345,639 (net value: lei 202,581) and discarded non-current assets with an entry value of lei 404,203 (net value: lei 26,024).

The tangible assets in progress on December 31st, 2014 in value of lei 8,870,089 represents:
- The sorting station: lei 2,568,463
- Packaging materials hall: lei 656,685
- Silo conditioning system: lei 2,097,471
- Silo modernization (bay 2 and bay 3): lei 1,358,196
- Gas burner: lei 795,285
- Sugar elevator: lei 516,247
- Other investments: lei 877,743

The fixed assets which are no longer used were entirely adjusted for impairment.

1. NON-CURRENT ASSETS (CONTINUED)

<u>Reassessment of impairments</u>

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On December 31st, 2014, the Group carried out the assessment of the constructions according to the International Assessment Standards adopted by ANEVAR and the provisions of OMFP 3055/2009 with the subsequent amendments and supplements. The Group chose as an accounting registration method of the reassessment results, the annulment of the cumulated depreciation and up to the reassessment date and presentation of the tangible assets such as buildings, at their fair value.

For this work related to the estimation of the just value of the special buildings and constructions, the assessor took the following measures:

- *Operating constructions: cost approach*

Considering the strictly specialized nature of the constructions and the lack of information regarding the operation and trading of similar properties, for the purpose of a fair value estimation of the constructions, the cost approach was applied.

The market approach and the income approach are considered to be inadequate.
The value determined through the cost method represents the property reconstruction value diminished by the wear and tear, thus a technical value generated based on the current prices of construction materials, manpower, etc. and does not represents an indication of the pertinent market value.

On any market, the value of a construction can be connected to its reconstruction /replacement cost. The value determined using the cost method represents the property construction cost diminished by the wear and tear, thus a technical value generated based on the current prices of construction materials, manpower, etc.

- *Constructions outside of operation: the market and income approach*.

The reassessment results were as follows:

- Value increases in value of lei 47,152,993, among which lei 2,977,209 represent reversals of the decreases registered in the profit and loss account during the previous years and lei 44,175,784 were presented as increased in the reassessment reserve;
- Value decreases in value of lei 2,613,298, among which lei 2,586,128 were transferred in the profit and loss account and lei 27,170 represent decreases in the reassessment reserve.

The movements of the reassessment reserve during 2014 were as follows:

Lei

Reassessment reserve on January 1st, 2014	**5,588,564**
Amounts transferred from other reserves representing the achieved gain	(303,672)
Other movements	6,188
Reserve increase according to the reassessment report	44,175,784
Decrease of the reserve according to the reassessment report	(27,169)
Reassessment reserve on December 31st, 2014	**49,439,695**

1. **NON-CURRENT ASSETS (CONTINUED)**

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The reassessment reserve was reduced during 2014 with the amount of lei 297,484, among which lei 303,672 represents the depreciation registered in 2014 of the difference from the positive reassessment.

The increase of the reassessment reserve with the amount of lei 6,188 was carried out due to the adjustment annulment for the impairment as the impairment was registered.
As a result of the reassessment on December 31st, 2014, the reassessment reserve increased by lei 44,148,615.

On December 31st, 2014, the balance of the reassessment reserve is in value of lei 49,439,695.

Pledged and restricted tangible assets
The Group has no pledged or restricted tangible assets.

Tangible assets used within leasing contracts in which the Group is a lessee
The Group has no tangible assets used in leasing contracts in which the Group is a lessee.

Transactions which did not involve outgoing cash in 2014
The Group had no tangible and intangible assets, during 2014 which did not involve outgoing cash.

1.3. Financial Assets

Lei

Details	**December 31st, 2013**	**December 31st, 2014**
Investments held as non-current assets	11,396	11,396
Shares held on affiliated entities not included in the consolidation	-	2,000
Other long-term receivables	18,292	7,716
Total	**26,688**	**21,112**

Arana Romania S.A. holds shares within the following affiliated entities which are not included in the consolidation:

- 100 shares within S.C. Agrana Urziceni SRL, representing lei 1,000, namely 1% of the share capital;
- 100 shares within S.C. Agrana Liesti SRL, representing lei 1,000, namely 1% of the share capital.

The companies were incorporated during 2014.

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2. PROVISIONS FOR RISKS AND EXPENSES

Lei	Balance on December 31st, 2013	Set-up provisions	Annulled provisions	Balance on December 31st, 2014
Provisions for litigations	826,684	805,036	(253,467)	1,378,253
Other risk provisions	362,218	438,200	(694)	799,723
Total	**1,188,902**	**1,243,236**	**(254,161)**	**2,177,976**

2.1. Provisions for litigations

On December 31st, 2014, the provisions for litigations in value of lei 1,378,253 include the following:

- The amount of lei 258,103 represents the provision for damages requested by private individuals in various trials against the Group (December 31st, 2013: lei 265,803);
- The amount of lei 3,200 represents a provisions set-up for the amounts which might be paid to the employees requesting the rights related to the 2nd labour group (December 31st, 2013: lei 3,200);
- The amount of lei 711,116 for the litigation MB Norus Biogaz;
- The amount of lei 93,920 for litigations with various beet cultivators.
- Set-up provision in value of lei 311,914 for the amounts from the Agrana Tandarei SRL branch, for the litigation with ANAF Ialominta, targeting an amount established as additional profit tax, established from the analysis of the branch's file on transfer prices (December 31st, 2013: lei 311,914).

From the amount transferred into the account during 2014, the amount of lei 245,767 represents the provision in the balance on December 31st, 2013 for damages requested by a cultivator.

2.2. Other provisions for risks and expenses:

On December 31st, 2014, other provisions for risks and expenses include the following:

- Provision for granting bonuses to the personnel to be retired, according to the provisions of the Collective Labour Contract, in value of lei 389,989 (December 31st, 2013: lei 300,000).
- Provision for the excises related to the power production, including delay penalties, in value of lei 61,523 (December 31st, 2013: lei 61,523).
- Provision for eliminated waste from the Buzau branch in value of lei 337,500;
- Other provisions in value of lei 10,711 (31.12.2013: lei 694);

3. PROFIT DISTRIBUTION

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The Group companies registered the following results in the individual financial statements:

On December 31st, 2014, Agrana Romania SA registered an accounting loss of lei 65,216,952 (2013: accounting loss: lei 104,197,567).

On December 31st, 2014, Agrana Buzau SRL registered an accounting loss of lei 133,097 (2013: accounting profit: lei 1,183,520)

On December 31st, 2014, Agrana Tandarei SRL registered an accounting loss of lei 73,588 (2013: accounting profit lei 2,594,999).

On December 31st, 2014, Agrana Agro SRL registered an accounting profit of lei 104,813 (2013: accounting loss: lei 22,468).

In 2014, the Group registered a consolidated accounting loss of lei 64,727,022. The accounting loss pertaining to the non-controlled interests amounts to lei 1,019.

4. ANALYSIS OF THE OPERATING RESULT

Lei

INDICATOR	2013	2014
1. Net turnover	**1,185,603,800**	**930,855,451**
2. Cost of sold goods and rendered services (3+4+5)	**1,165,807,576**	**913,816,371**
3. Expenses of the basis activity	1,100,297,881	865,773,744
4. Expenses of the auxiliary activities	3,097,184	702,090
5. Indirect production expenses	62,412,511	47,340,537
6. Gross result related to the net turnover (1-2)	**19,796,224**	**17,039,080**
7. Sale expenses	32,185,477	36,122,183
8. Expenses generated by management	75,477,521	44,544,190
9. Capitalized production	-	-
10. Other operating income	2,643,470	2,015,522
11. Operating result – profit (loss) (6-7-8+9+10)	**(85,223,304)**	**(61,611,772)**

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4. ANALYSIS OF THE OPERATING RESULT (CONTINUED)

The Group includes in the production cost, direct and indirect production expenses. The management expenses are not included in the production cost.

The cost of sold goods and rendered services was adjusted with the debt account of the inventory variation.

During 2014, Agrana Tandarei SRL did not carry out any activities related to the white sugar production.

During 2014, Agrana Buzau SRL carried out activities related to internal sugar production, as well as other processing services for Agrana Romania SA.

5. STATUS OF RECEIVABLES AND DEBTS

5.1. Receivables

Lei

Receivables	December 31st, 2013	December 31st, 2014	Liquidity term	
			under 1 year	over 1 year
Total, of which:	**129,397,690**	**100,747,440**	**100,747,440**	**-**
1. Commercial receivables, of which:	**105,855,883**	**86,459,177**	**86,459,177**	**-**
- Third party clients	78,597,742	78,239,166	78,239,166	-
- Value adjustments of third party receivables	(14,087,400)	(21,460,977)	(21,460,977)	-
- Amounts to be collected from affiliated entities, which are not calculated in the consolidation	41,403,993	29,680,988	29,680,988	-
- Value adjustments of affiliated entities' receivables	(28,452)	-	-	-
2. Other receivables	**23,511,807**	**14,288,263**	**14,288,263**	**-**

Other receivables include:

Lei	December 31st, 2013	December 31st, 2014
VAT to be recovered	17,960,272	5,654,813
Non-chargeable VAT	2,316,036	4,589,055
Profit tax to be recovered	2,159,695	2,226,639
Receivables with the social insurance budget	410,589	480,880
Other receivables with the state budget	665,215	832,602
External VAT	-	214,848
Other debtors	-	230,150
Subsidies	-	59,276
	23,511,807	**14,288,263**

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On December 31st, 2014, for the purpose of a real presentation of the debts and receivables of the Group in the financial statements, the receivables registered from the commercial relationship with the beet cultivators were presented with the net values, existing in the valance on December 31st, 2014, pertaining to the 2014 campaign, with the debts to the cultivators-suppliers included in the balance on the same date. According to the provisions of the contracts signed between the parties, these receivables and debts must be extinguished based on the contract concluded by the Group with the cultivators-suppliers. The contract provisions note that the Group owes the difference between the pre-financing granted to the beet cultivators during the year and the value of the beet purchased from them.

Lei	**December 31st, 2013**	**December 31st, 2014**
1. Commercial receivables – cultivators-clients	45,383,289	45,585,216
2. Set-up provision related to commercial receivables – cultivators-clients	(3,864,052)	(2,418,806)
3. Commercial debts – cultivators-suppliers	(60,850,003)	(68,558,590)
Net commercial debts in the relationship with the beet cultivators	**(19,330,766)**	**(25,392,180)**

The net debts to the cultivators are presented within the 'Short-term commercial debts'.

In 2014, the Group granted pre-financing to the cultivators for the 2015 campaign. According to the contracts between the parties these receivables will be offset with the counter-value of the beet purchased from the cultivators in 2015. On December 31st, 2014, the Group granted pre-financing in value of lei 4,541,424 which are presented within the 'Commercial Receivables'.

Details on the movements in the adjustments for the receivables impairment:

Lei	**Balance on December 31st, 2013**	**Set-ups**	**Recognized as income**	**Balance on December 31st, 2014**
Adjustments for the receivables impairment (presented under Note 5.1 'Receivables')	14,087,400	22,768,148	(17,813,377)	19,042,171
Adjustment for the receivables impairment of cultivators – presented net with receivables and debts of the cultivators	3,864,052	16,988,633	(18,433,879)	2,418,806
Adjustment for the receivables impairment of affiliated companies	28,452	-	(28,452)	-
Total adjustments for receivables	**17,979,903**	**39,756,781**	**(36,275,708)**	**21,460,976**

Aside from the aforementioned impairment adjustments, the Group also registered receivables as expenses in value of lei 1,629,444.

In 2014, adjustments were set-up for the receivables impairment in value of lei 39,756,781 of which:

- Lei 22,768,148 – other adjustments for the receivables impairment of various clients;
- Lei 16,988,633 – adjustments for the receivables impairment established for the cultivator-clients representing the value of pre-financing, namely amounts which were not offset up to December 31st, 2014 with the company's debts to those cultivators.

In 2014, adjustments in value of lei 36,275,708 were recognized as income for the receivables impairment, among which:

- Internal clients: lei 17,813,377;
- Cultivator clients: lei 18,433,879.

The adjustment balance related to the receivables impairment on December 31st, 2014 also includes the adjustment for the impairment set-up for the overdue receivable from 2005 generated by the commercial relationship with SC Argirom International SA, in value of lei 8,020,990 (raw sugar sale). A court action is pending to recover this debt.
In 2012, Agrana Buzau SRL set-up adjustments for the impairment of receivables in value of lei 435,992, pertaining to the advance payments paid to Lemarco Cristal SRL.

5.2. Debts

Lei

Debts	**December 31st, 2013**	**December 31st, 2014**	**Exigibility term**	
			under 1 year	**over 1 year**
Total, of which:	**638,010,927**	**569,740,060**	**569,740,060**	**-**
1. Down payments collected in the order account	**683,136**	**513,510**	**513,510**	**-**
2. Commercial debts, of which:	**349,048,242**	**202,901,967**	**202,901,967**	**-**
Internal suppliers	48,273,682	67,918,310	67,918,310	-
External suppliers	5,548,868	7,921,252	7,921,252	-
Amounts owed to affiliated entities which are not included in the consolidation	295,225,692	127,062,405	127,062,405	-
3. Amounts owed to affiliated entities	**264,815,352**	**350,947,536**	**350,947,536**	-
4. Other debts, including fiscal debts and other debts for the social insurances	**23,464,197**	**15,377,047**	**15,377,047**	-

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5.STATUS OF RECEIVABLES AND DEBTS (CONTINUED)

According to the detail presented under point 5.1 'Receivables', the commercial debts to the suppliers-cultivators are presented in the financial statements with the net value compared to the commercial receivables existing in the balance in the relationship with the cultivator clients, representing the total net commercial debts in the relationship with the beet cultivators, less the ones pertaining to the 2015 campaign.

Other debts include:

Lei	**December 31st, 2013**	**December 31st, 2014**
Employee bonuses	1,317,332	1,054,631
Rest leaves not taken	2,084,277	2,075,781
Production fee according to the European legislation	1,958,372	1,282,839
Salaries and social contributions	3,029,134	2,527,118
Dividends	120,525	120,510
VAT	12,987,515	6,297,707
Profit tax	284,554	1,175
External VAT	-	819,735
Other debts	1,682,488	1,197,551
	23,464,197	**15,377,047**

5.2.1 Loans from affiliated entities and other credit facilities

A. Agrana Romania S.A.

- The multi-currency, revolving credit facility granted by Agrana Group Services GmbH, in value of EUR 20,000,000. The interest pertaining to the drawings denominated in Euro from the facility is 1M EURIBOR +1.75% p.a. The facility expires on August 31st, 2015. On December 31st, 2014 the Group used the amount of Euro 19,999,994 from the facility, which is the equivalent of lei 89,641,973 (December 31st, 2013: *Euro 19,999,994, the equivalent of lei 89,693,973).*

- The multi-currency, revolving credit facility granted by Agrana Group Services GmbH, in value of EUR 55,000,000 in common with Agrana Buzau SRL, Agrana Tandarei SRL and Agrana Agro SRL. The facility expires on February 15th, 2015. On December 31st, 2014, the company used the amount of Euro 27,422,777 from the facility, which is the equivalent of lei 122,911,630 and drawings in lei amounting to lei 68,043,856 (*December 31st, 2013: Euro 38,945,251, the equivalent of lei 174,698,131*). The interest is 1M EURIBOR +1.75% p.a. for drawings denominated in Euro.

  During 2014, Agrana Romania made drawings in value of Euro 3,000,000, USD 905,631, namely lei 66,630,000. During the same period, the company made reimbursements in value of Euro 15,020,987 and USD 905,631.

  On December 31st, 2014, the balance did not include any interest for the payment related to affiliated entities (December 31st, 2013: lei 451,699).

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5.STATUS OF RECEIVABLES AND DEBTS (CONTINUED)

- Loan agreement in value of EUR 30,000,000 concluded with Agrana Zucker GmbH, common with Agrana Buzau SRL and Agrana Tandarei SRL. The facility expires on February 15th, 2015. The interest is 3M EURIBOR 1.75% p.a. for drawings denominated in EUR. On December 31st, 2014, Agrana Romania did not use amounts from the facility. During the year, the Group drew and repaid EURO 14,187,389 from the facility and paid interests in value of EURO 31,197.

The commercial debts to the affiliated companies which are not consolidated are detailed under Note 10.10.

Other credit facilities contracted from state institutions
Agrana Romania took advantage of the following credit facilities on December 31st, 2014:

- Credit facility for financing the working capital from Raiffeisen Bank Romania, in total value of lei 10,000,000. The facility expires on October 15th, 2015. On December 31st, 2014 the facility had not been used.

- Credit facility for financing the working capital and issuing letters of guarantee / letters of credit, common with Agrana Buzau SRL and Agrana Tandarei SRL, granted by Unicredit Tiriac Bank, in total amount of Euro 10,000,000, granted with a mortgage on the current bank accounts opened at the bank.
  For the drawings in lei from the facility, the applied interest is ON ROBOR +2.5% p.a. The facility expires on November 15th, 2015.

On December 31st, 2014 the below mentioned letters of guarantee are issued:

Guarantee number	Issue date	Beneficiary	Amount	Currency	Expiration date
Amendment 1 to 00888 02 0017505/22.11.2013	10/01/2014	APIA	10,184,093.87	RON	31/01/2016

On December 31st, 2014, based on the counter-guarantees issued by Bank Austria AG, the following letters of guarantee on were issued from the facility owned by AGRANA Beteiligungs AG on this credit institution, upon the order of Agrana Romania SA, by Unicredit Tiriac Bank SA:

Guarantee number	Issue date	Beneficiary	Amount	Currency	Expiration date
Amendment 1 to 00888-02-0087181/30.09.2014	27/10/2014	APIA	6,961,015.58	RON	31/01/2017
Amendment 1 to 00888-02-0087172/30.09.2014	27/10/2014	APIA	6,961,015.58	RON	31/01/2017

- Support credit facility for issuing letters of guarantee and letters of credit, offered by Raiffeisen Bank Romania, common with AGFD Tandarei SRL, Agrana Buzau SRL and Agrana Tandarei SRL, in total amount of Euro 10,000,000, a facility guaranteed with a mortgage on the current bank accounts opened within the bank.

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5.STATUS OF RECEIVABLES AND DEBTS (CONTINUED)

The facility expires on April 15, 2020. On December 31st, 2014, the following letters of guarantee were released from the facility:

Guarantee number	Issue date	Beneficiary	Amount	Currency	Expiration date
Amendment 1 on GI/46157 24.09.2013	31/10/2013	APIA	10,348,448,88	RON	31/01/2016
GI/51396	03/10/2014	APIA	441,020	RON	30/06/2015
Amendment 1 on GI/51812 from 29.10.2014	06/11/2014	APIA	445,000	RON	31/12/2015
Amendment 3 on GI /50628/08.08.2014	29/12/2014	CUSTOMS OFFICE NEAMT	6,600,000	RON	30/04/2015

All the credit facilities are guaranteed with corporative letters issued by Agrana Beteiligungs AG.

B. Agrana Buzau SRL

- Multi-currency, revolving credit facility, granted by Agrana Group Services GmbH, in value of Euro 55,000,000, common with Agrana Romania SA, AGFD SRL, Agrana Tandarei SRL and Agrana Agro SRL. The facility expires on February 15th, 2015. The interest is 3M EURIBOR + 1.75% p.a. for drawings denominated in Euro.

On December 31st, 2014, Agrana Buzau SRL used the amount of Euro 15,675,000 from the facility, which is the equivalent of lei 70,256,917 (December 31st, 2013: the facility was not used).

During the year, the company made drawings in value of Euro 15,675,000, the equivalent of lei 69,748,264.

On December 31st, 2014m the balance included interests to be paid in value of Euro 20,785, the equivalent of lei 93,160.

- Loan contract in value of EUR 30,000,000 concluded with Agrana Zucker GmbH, common with Agrana Romania SA and Agrana Tandarei SRL. The facility expires on February 15th, 2015. The interest is 3M EURIBOR +1.75% p.a. for drawings denominated in Euro.

On December 31st, 2014, Agrana Buzau SRL had no used amounts of this facility.

During the year, Agrana Buzau made drawings, namely payments in value of Euro 18,969,925. On December 31st, 2014 the balance included no interests to be paid.

- Support credit facility for issuing letters of bank guarantee and letters of credit, granted by Raiffeisen Bank Romania, common with Agrana Romania SA, AGFG Tandarei SRL and Agrana

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Tandarei SRL, in total amount of Euro 10,000,000, facility secured with mortgage on the current accounts opened within the bank.

5.STATUS OF RECEIVABLES AND DEBTS (CONTINUED)

The facility expires on April 15th, 2020. On December 31st, 2014, the amount of lei 4,425,000 was reserved from the facility for letters of bank guarantee, with Agrana Buzau SRL as credit accountant.

Guarantee number	Issue date	Beneficiary	Amount	Currency	Expiration date
GI/52011	10/11/2014	APIA	2,210,000	RON	31/03/2016
GI/52381	04/12/2014	APIA	2,215,000	RON	31/03/2016

- Credit facility for financing the working capital and issuing letters of bank guarantee/letters of credit, common with Agrana Romania SA and Agrana Tandarei SRL, granted by Unicredit Tiriac Bank, in total amount of Euro 10,000,000, secured with a mortgage on the current accounts opened within the bank. For the drawings in lei, the applied interest is ON ROBOR +2.5% p.a. The facility expires on November 15th, 2015. On December 31st, 2014 and December 31st, 2013, Agrana Buzau SRL did not use any amounts from the facility.

All credit facilities are secured with corporative letters issued by Agrana Beteiligungs AG.

C. Agrana Tandarei SRL

- Multi-currency, revolving credit facility granted by Agrana Group Services GmbH, in value of Euro 55,000,000, common with Agrana Romania SA, Agrana Buzau SRL and Agrana Agro SRL. The facility expires on February 15th, 2015. The interest is 3M EURIBOR +1.75% p.a. for the drawings denominated in Euro.

On December 31st, 2014 and December 31st, 2013, Agrana Tandarei SRL had no used amounts of the facility.

- Support credit facility for issuing letters of bank guarantee and letters of credit, granted by Raiffeisen Bank Romania, common with Agrana Romania, AGFD Tandarei SRL and Agrana Buzau SRL, in total amount of Euro 10,000,000, secured with mortgage on the current accounts opened within the bank. The facility expires on April 15th, 2020. On December 31st, 2014, Agrana Tandarei had no used amounts of the facility.

- Credit facility for financing the working capital and issuing letters of bank guarantee/letters of credit, common with Agrana Romania SA and Agrana Buzau SRL, granted by Unicredit Tiriac Bank, in total amount of Euro 10,000,000, secured with a mortgage on the current accounts opened within the bank. For the drawings in lei, the applied interest is ON ROBOR +2.5% p.a. The facility expires on November 15th, 2015. On December 31st, 2014 and December 31st, 2013, Agrana Tandarei SRL did not use any amounts from the facility.

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5.STATUS OF RECEIVABLES AND DEBTS (CONTINUED)

- Loan contract in value of Euro 30,000,000 concluded with Agrana Zucker GmbH, common with Agrana Romania SA and Agrana Buzau SRL. The facility expires on February 15th, 2015. The interest is 3M EURIBOR + 1.75% p.a. for drawings denominated in EUR.

On December 31st, 2014 Agrana Tandarei SRL did not use any amounts from the facility.

6. ACCOUNTING PRINCIPLES, POLICIES AND METHODS

6.1. Accounting Principles

The assessment of the positions included in the non-consolidated financial statements of the year 2014 is made according to the following accounting principles:

Activity continuity principle

The Group will continue to operate on a normal basis, within a predictable time horizon, without an impossibility to continue the activity or without reducing it significantly.

Method permanence principle

The same rules, methods and regulations were applied regarding the assessment, registration and presentation in the accounting of the patrimony elements and results, thus providing the comparability in time of the accounting information.

Prudency principle

All the value adjustments due to the impairment in the asset valorization were taken into consideration and also the predictable duties and potential losses occurred during the concluded fiscal year or during a previous year.

Independence principle of the fiscal year

All generated income and expenses made during the concluded fiscal year were registered no matter the collection date or payment date thereof.

Separate assessment principle of the assets-liability elements

For the purpose of determining the total value pertaining to an item on the balance sheet, the value of each individual asset or liability element was determined separately.

Intangibility principle of the fiscal year

The opening balance sheet of the current fiscal year complies with the closing balance sheet of the previous fiscal year.

Non-offset principle

The value of the items representing assets were not offset with the values of the elements representing liabilities, namely the income with the expenditures, except for the offset between the assets and liabilities, which are approved by OMFP 3055/2009, with the subsequent amendments and supplements.

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Principle of prevalence of the economic over the legal matters
The information presented in the financial statements reflects the economic reality of the events and transactions, not only their legal form.

6. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (CONTINUED)

Principle of the significance threshold
Any element with a value considered to be significant is presented separately within the non-consolidated financial situations.

6.2. Reporting currency
The financial statements are drafted and expressed in lei. The accounting is kept in Romanian and in the national currency ('RON' or 'lei'). The elements included in these situations are presented in Romanian lei.

6.3. Bases for drafting the consolidated financial statements

The companies included in the consolidation are:

- The mother-company, Agrana Romania SA (the 'company');
- The company Agrana Buzau SRL ('the branch') which the company holds in a 99% ratio, referred to in the following as 'Agrana Buzau';
- The company Agrana Tandarei SRL ('the branch') which the company holds in a 99% ratio, referred to in the following as 'Agrana Tandarei';
- The company Agrana Agro SRL ('the branch') which the company holds in a 99% ratio, referred to in the following as 'Agrana Agro'.

The annual consolidated financial statements include the assets, debts, financial position and profit and losses of the entities included in the consolidation, as if they were a single entity, especially:

a) The debts and liabilities between the entities included in the consolidation are eliminated from the annual consolidated financial statements;
b) The income and expenses related to transactions between the entities included in the consolidation are eliminated from the annual consolidated financial statements;
c) If the profits and losses resulting from the transactions made between the entities included in the consolidation are taken into consideration for determining the accounting value of assets, they will be eliminated from the annual consolidated financial statements.

Also, the internal dividends are completely eliminated.

Branches

For the purpose of drafting the consolidated financial statements, the branches were considered as those entities controlled by another entity, referred to as the mother-company. The control is exercised only when a company is able to directly or indirectly decide upon the financial and operational policies of an entity, so as to generate benefits from its activity. The financial statements of the branch were

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included in the consolidated financial statements on the inspection date, that is 31.12.2010 in case of the following branches: Agrana Buzau SRL, Agrana Tandarei SRL, Agrana Agro SRL.

6. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (CONTINUED)

Consolidation method

The accounting values of the capital shares of the entities included in the consolidation were offset with the ratio represented in the capital and reserves of such entities, based on the accounting values of the assets and identifiable debts on the share acquisition date.

The acquisition date represents the date when the control over the net assets or over the operations of the acquired entity is actually transferred to the debtor.

The differences resulting from such offset is registered, to the extent possible, directly on those elements of the consolidated balance sheet with superior or inferior values compared to the accounting values.

The amount which can be allotted to the shares of the branches included in the consolidation, held by other persons than the entities included in the consolidation (if applicable) are presented separately in the consolidated balance sheet, under 'Non-controlled interests', separately from the equity of the mother-company.

The income and expenses of the entities included in the consolidation are entirely included into the consolidated profit and loss account, by adding up similar elements.
The amount of any profit or loss which can be attributed to the shares included into the consolidation and held by other entities than the ones included in the consolidation, if applicable, are presented separately into the consolidated profit and loss account, under the item 'Profit or loss of the fiscal year related to the non-controlled interests'.

6.4. Comparative situations

The financial statements drafted on December 31st, 2014 can be compared to the ones drafted on December 31st, 2013. If the values related to the previous period are not comparable with the ones related to the current period, this issue is presented and argued in the explanatory notes, without modifying the comparative numbers related to the previous year.

The consolidated financial statements were drafted according to the Order 3055/2009, for 'the approval of the accounting regulations according to the European directives', namely Directive IV and VII, with the subsequent amendments and supplements.
The non-consolidated financial statements include:

- The consolidated balance sheet;
- The consolidated profit and loss account;
- Significant accounting policies and explanatory notes on the non-consolidated financial statements.

The consolidated financial statements are not meant to present the financial position, but the result of operations and a complete set of notes to the financial status according to regulations and accounting

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principles accepted in different countries and jurisdictions than Romania. That is why, these financial situations are not drafted for the use of persons which do not know the accounting and legal regulations in Romania, including the Order no. 3055/2009 issued by the Ministry of Public Finance, with the subsequent amendments and supplements.

6. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (CONTINUED)

6.5. Use of accounting estimates

The use of financial statements according to OMFP no. 3055/2009, with the subsequent amendments and supplements involves the drafting by the management of several estimates and suppositions influencing the reported values of the assets and debts and the presentation of contingent assets and debts at the date of the financial statements, as well as the values of the income and expenses during the reporting period. The real results can be different from the estimated ones. These estimations are reviewed regularly and if adjustments are required, they can be registered in the profit and loss account in the period in which they become known.

6.6. Currency exchanges

The transactions made in foreign currency are transformed in lei at the exchange rate valid at the transaction date.
The transactions in foreign currency are expressed in lei by applying the exchange rate notified by NBR and valid at the transaction date. The assets and liabilities expressed in foreign currency at the end of the year are expressed in lei at the exchange rate notified by the National Bank of Romania for drafting the annual financial statements.
The gains and losses generated from the exchange rate differences, retained and unretained are registered in the profit and loss account of that year. The exchange rates Leu/USD and Leu/EUR on December 31st, 2014 and December 31st, 2013 were the following:

Currency	December 31st, 2013	December 31st, 2014
LEU / USD	3.2551	3.6868
LEU / EUR	4.4847	4.4821

6.7. Activity continuity

These consolidated financial statements were drafted based on the activity continuity principle for the company Agrana Romania S.A., Agrana Buzau SRL, Agrana Tandarei SRL and Agrana Agro SRL. To assess the applicability of this presumption, the management analyzes the provisions related to the future cash entries. Based on these analyses, the management considers that the Group will be able to continue its activity in the foreseeable future, thus justifying the application of the activity continuity principle in drafting the consolidated financial statements.
During the financial year concluded on December 31st, 2014, the Agrana Romania SA Group registered a net loss of lei 64,727,022 of which the one related to the mother-company was lei 64,726,003 and on December 31st, 2014 it has cumulated losses of lei 170,231,436. Furthermore, on December 31st, 2014, the Group has net current debts in value of lei 166,747,545. The Group takes advantage of financial support from the stockholders and the Group's management estimates that the Group will be profitable on the medium term.
During this period, the Group is first of all dependent on the continuous support granted by the stockholders, through loans. Based on these analyses, the management considers that the Group will be

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able to continue its activity in the foreseeable future, thus justifying the application of the activity continuity principle in drafting the consolidated financial statements.

6. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (CONTINUED)

6.8. Intangible assets

The costs related to the procurement of IT licenses are capitalized and subject to depreciation using the linear method, on the useful service life between 1 and 3 years. If regarded as necessary, the accounting value of each intangible asset is reviewed on an annual basis and is adjusted for the permanent value diminishing.

The cost of new software procurement is capitalized and handled as an intangible asset, if the software component is not part of that hardware.

The costs related to the maintenance or amendment of IT programs, are directly registered into the profit and loss account for the period in which they were made.

6.9. Tangible assets

i) Cost/assessment

The initial cost of tangible assets includes the purchase price, including non-recoverable import taxes or purchase fees, transportation fees, handling fees, commissions, notarial fees, expenses for obtaining permits and other irrecoverable expenses directly attributed to the tangible asset and any direct costs attributed to bringing the asset in the operating location and conditions.

The subsequent expenses made in relation to a tangible asset are expenses of the period in which they were made or increase the value of that asset, according to the economic benefits of these expenses. They are recognized as an asset component in the form of subsequent expenses, investments made on tangible assets with the effect of improving the initial technical parameters and which lead to obtaining future economic benefits, in addition of the ones initially estimated. The obtaining of benefits can be achieved either directly by increasing the income, or indirectly by decreasing the maintenance and operation expenses.

The expenses with repair works, others than current repairs and maintenance works, carried out on regular intervals, according to the technical operation conditions of those assets, resulting in the improvement of the technical parameters or which are indispensable, to provide the continued operation of assets on normal parameters increases the value thereof or is underlined in the profit and loss account based on the criteria established by the Group through its accounting policies. These expenses can include amounts invoiced by suppliers for rendered works or the manpower and inventory consumption value, the depreciation and other attributed expenses in case of works carried out directly.

The costs of the daily maintenance of tangible assets are recognized into the profit and loss account as they are undertaken and mainly include the costs with the manpower and consumables.

The tangible assets in process of execution represent non-finalized investments made directly or through a contractor. They are assessed at the production cost or procurement cost, as applicable.

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6. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (CONTINUED)

The tangible assets in process of execution are registered in the category of assets finalized after the acceptance, delivery for operation, commissioning thereof, as applicable.

In case of replacing an asset component on the long term, the Group recognizes the partial replacement cost, the accounting value of the replaced value being underlined with the related depreciation, if the necessary information is available and if the recognition criteria for tangible assets are fulfilled.

On December 31st, 2004, the tangible assets were reassessed as per G.D. no. 1553/2003. The difference is reflected in account 1058 'Reassessment reserves', G.D. 1553/2003 recommended the tangible assets' reassessment based on the useful character of the assets, their status, inflation and market value.
On December 31st, 2008 the Group made a reassessment of the constructions, according to the International Assessment Standards adopted by ANEVAR. The Group chose the annulment of the aggregate depreciation up to the reassessment date as a method of presenting the reassessment results into the accounting books and the presentation of tangible assets such as buildings at their fair value.

On December 31st, 2011 the Group also assessed the constructions according to the International Assessment Standards adopted by ANEVAR and the provisions of OMFP 3055/2009 with the subsequent amendments and supplements. The Group chose as a manner of reflecting the reassessment results into the accounting, the annulment of the depreciation cumulated up to the reassessment date and the presentation of tangible assets such as buildings at their fair value.

On December 31st, 2014 the Group also assessed the constructions according to the International Assessment Standards adopted by ANEVAR and the provisions of OMFP 3055/2009 with the subsequent amendments and supplements. The Group chose as a manner of reflecting the reassessment results into the accounting, the annulment of the depreciation cumulated up to the reassessment date and the presentation of tangible assets such as buildings at their fair value.

The reassessment of buildings is made on December 31st for the purpose of bringing them to their fair value. The buildings' values determined in this manner are depreciated starting with January 1st of the year following the one in which the reassessment occurred.
If a tangible asset element is reassessed, all other assets from the group it is a part of must be reassessed, except for the case in which there is no active market for that asset. A tangible assets group includes the same type of assets with similar use operated by an entity. If the fair value of a tangible asset can no longer be determined by reference to an active market, the value of the asset presented in the balance sheet must be its reassessed value at the date of the final assessment, decreasing the aggregate value adjustments.

The tangible assets reassessments are made regularly, so as the accounting value is not substantially different that the determined one, using the just value from the balance sheet date.

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The reassessment difference is reflected into the reassessment reserve.
As the tangible assets are depreciated and removed from inventory, the obtained gain is transferred from the reassessment reserves from the account 1058 ‘Reassessment reserves’ into the account 1065 ‘Reassessment surplus reserves’.

6. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (CONTINUED)
The reassessment reserve is taxed when changing the reserve destination, when distributing the reserve to the participants in any form, upon liquidation, division, merger of the tax payer or due to any other reason, including its use to cover accounting losses. For the calculation of the taxable profit, these amounts are elements similar to income.

Also, the reserves from the fixed assets reassessment carried out after January 1st, 2004, deducted from the calculation of the taxable profit calculation through the fiscal depreciation or expenses related to the assigned and/or discarded assets is taxed at the same time with the deduction of the fiscal depreciation, namely when the fixed assets are deleted from inventory, as applicable.

Depreciation
The depreciation of tangible assets is calculated beginning with the month following the commissioning and up to the entire recovery of their value upon entry. Upon determining the depreciation of tangible assets, the economic use periods and the use conditions thereof are taken into consideration.
If the tangible assets are sent to a dormant account, the entity will register in the accounting books an expense related to the adjustment for the established impairment.
The depreciation is calculated using the linear depreciation method, for the entire service life of the assets.
Terrains are not depreciated.

The service life for the main categories of tangible assets is presented in the table below:

Type	Service life (years)
Buildings and special constructions	29
Technological equipment and machinery	12
Computer technology and office equipment	7
Transportation means	7
Furniture and office support	10

The service life and depreciation method are regularly revised.

Assignment and discarding
A tangible asset is decommissioned upon assignment or discarding, when no future economic benefit is expected from its subsequent use.

When decommissioning a tangible asset, the sale income is registered separately and the expenses represent the undepreciated value of the asset and other expenses related to its assignment.

For the purpose of presentation in the profit and loss account, the gains and losses generated from the discard or assignment of a tangible asset must be determined as the difference between the income generated by the decommissioning and its undepreciated value, including the related expenses and

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must be presented as net value, income or expenses, as applicable, in the profit and loss account, under the element ‘Other operating income’, namely ‘Other operating expenses’.

6. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (CONTINUED)

6.10. Financial assets

Financial assets represent securities paid in favour of third parties, registered at cost.

6.11. Impairment of non-current assets

The accounting value of the Group’s assets, others than the inventories is analyzed on the date of each balance sheet, to determine if the value has decreased. If such a decrease is probable, the recoverable amount of that asset is determined. The value correction of tangible and intangible assets and their adjustment to the inventory value is carried out according to the type of existing impairment, either by registering an additional depreciation, when an irreversible depreciation is determined, or by setting-up or supplementing the impairment adjustments when determining a reversible impairment thereof. Intangible assets must be subject to value adjustments, no matter if their periods of economic use are limited or not, so as they are assessed at the smallest value assigned to them at the balance sheet date, if estimated that the reduction of their values is permanent.

6.12. Inventories

The main inventory categories are raw materials, work in progress, semi-finished goods, finite goods, merchandise, spare parts and consumable materials.

The cost of inventories includes all costs related to the purchase and processing, as well as other costs undertaken to bring the inventories in their form and location.

The cost of finite products and work in progress includes direct expenses related to production, namely: direct materials, energy consumed for technological purposes, direct manpower and other direct expenses, as well as the indirect production expenses quota assigned in a rational manner as being related to the manufacture.

The inventory cost is determined based on the given status, based on the current cost and on the specific identification method.

Upon the inventory outflow, the inventories are assessed based on the medium weighted cost.
On the balance sheet date, the inventories are assessed at the smallest value between the cost and the probable value of completion. The probable value of completion is the sale price estimated to be obtained during the normal operation activity, less the costs estimated to complete the goods, when applicable and the costs required for the sale.

If applicable, value adjustments are set-up for the old inventories, with slow movement or faults.

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6. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (CONTINUED)

6.13. Commercial receivables and other receivables

Commercial receivables are registered at the invoiced value less the adjustments for the impairment thereof. The adjustments for the commercial receivables impairment are set-up if there is objective evidence of the fact that the Group will not be able to collect the invoiced amounts at the initially agreed maturity date. The non-collectable receivables are registered as expenses when identified. According to the provisions of the contracts signed between the Group and beet cultivators, the receivables and debts pertaining to the same Group are presented at the net value and the Group is bound and intents to pay the cultivators only the difference between the value of the preliminary financing granted to the beet cultivators during the year and the value of the beet purchased from them.

6.14. Cash and cash equivalent

The cash account is made of cash, bank accounts, short-term bank deposits, checks and commercial instruments deposited in banks, registered at cost.

6.15. Asset impairment on the long-term

Tangible and intangible assets and other long-term assets are reviewed for identifying the impairment losses any time the events or changes of circumstances indicate the fact that the accounting value can no longer be recovered. The impairment loss is represented by the difference between the accounting value and inventory value (namely the value established during the annual inventory).

If it is estimated that the recoverable amount of an asset (of the cash generating unit) is smaller than the residual amount, the residual value of the asset or cash generating unit is reduced to the recoverable value. The losses from depreciation are immediately registered as expense, unless the asset is a machinery or equipment registered with the reassessed amount, case in which the loss by depreciation is handled as a reassessment decrease.

6.16. Loans

Short-term and long-term loans are registered at the received amount.

6.17. Debts

The commercial duties are registered at cost, representing the value of the duty to be paid in the future for the received goods and services, no matter if they were invoiced or not by the Group. For the duties expressed in lei, whose settlement is made according to an exchange rate, the possible favourable or unfavourable differences, resulting from the assessment thereof are registered as income or financial expenses, as applicable.

According to the provisions of the contracts signed between the Group companies and the beet cultivators, the receivables and debts pertaining to the same campaign, are presented at net value and the Group is bound and intends to pay the cultivators only the difference between the value of

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the preliminary financing granted to the beet cultivators during the year and the value of the beet purchased from them.

6. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (CONTINUED)

6.18. Debts related to leasing contracts

The leasing contracts in which the Group substantially takes over the risks and benefits related to property are classified as financial leasing. The other contracts are classified as operational leasing.
The payments made within the operational leasing contracts are linearly registered in the profit and loss account during the leasing contract period. The received leasing premiums reductions are registered into the profit and loss account as an expense reduction.

6.19. Provisions

Provisions are recognized when the Group has a current (legal or implicit duty) generated by a previous event. It is possible to require a resource outflow to honor the duty and the duty can be estimated in a credible manner.
The value recognized as provision represents the best estimation at the balance sheet date of the costs required to extinguish the current duty.
The best estimation of the costs required to extinguish the current debt is the amount the Group would pay in a rational manner to extinguish the duty on the balance sheet date or to transfer it to a third party at that time.
If estimated that a part or all expenses related to a provision will be reimbursed by a third party, the reimbursement must be recognized only when its receipt is a sure thing. The reimbursement is considered as a separate asset.
Provisions are reviewed on each balance sheet date and adjusted to reflect the best current estimate. If a resource outflow is no longer probable to extinguish a duty, the provision must be annulled by recognizing it as income.

Provisions of bad loans
A provision for bad loans is recognized when the benefits expected to be obtained by the Group within a contract are lower than the unavoidable costs for fulfilling its duties within the contract. The provision is also assessed on the current value of the minimum value between the estimated cost of the contract termination and the net estimated cost of the contract continuation. Before setting up the provision, the Group recognizes any depreciation losses for the assets associated to the contact.

6.20. Pensions and other benefits subsequent to retirement

During the normal activity, the Group pays the state the taxes related to its employees. All of the Group's employees are members of the House of National Pensions and Other Social Security Rights.
According to the provisions of the Collective Labour Contract, the Group is bound to grant a bonus to its own employees on their retirement date. By estimating the value of these bonuses, a risk and expense provision was registered on December 31st, 2014.

The Group's policy does not include another retirement scheme or a plan to grant other additional benefits after the retirement and as such, it has no other duties related to the pension system.

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6. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (CONTINUED)

6.21. Share capital

The share capital made of common shares is registered at the value established based on the incorporation documents and addenda as applicable and based on the documents in proof related to the paid capital.
The Group recognizes the changes in the share capital only after the approval in the General Shareholders Assembly.

6.22. Legal reserves

The legal reserves are set-up in a 5% ratio from the gross profit at the end of the year until the total reserves reach 20% of the share capital paid according to the legal provisions.

6.23. Dividends

Dividends are recognized as duty in the period in which the distribution thereof is approved. The dividend distribution is subsequent to the approval of financial statements.

6.24. Reported result

The accounting loss is taken over within the reported result in the beginning of the fiscal year following the one for which the annual financial statements are drafted.

6.25. Financial instruments

The financial instruments used by the Group mainly include cash, term deposits, receivables, debts and amounts owed to credit institutions. This type of instruments is assessed according to the specific accounting policies presented under Note 6 'Accounting principles, policies and methods'.
According to OMFP no. 3055/2009, with the subsequent amendments and supplements, financial instruments can be registered at the fair value only in the consolidated financial statements.

6.26. Recognition of income

The income from the sale of goods is registered when handing over the goods to the buyers, when delivering them based on the invoice or according to other provisions of the contract, attesting the transfer of the ownership right of those goods to the clients.
The income from the sale of goods is recognized when the following conditions are fulfilled:

a) The Group transferred the significant risks and advantages resulting from the ownership of the goods to the buyer;
b) The Group no longer manages the sold goods at the level it would normally have if it had ownership of them and no longer has control over them;
c) The size of the income can be credibly assessed;

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d) It is probable that the economic benefits related to the transaction are generated by the entity and
e) The transaction costs can be credibly assessed.

If the Group only keeps an insignificant risk related to the ownership right, the transaction represents a sale and the income is recognized.

6. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (CONTINUED)

The commercial reductions received subsequently to invoicing, namely granted subsequently to invoicing, no matter the period they relate to, are separately registered into accounting (account 609 'Received commercial deductions') based on third party accounts. If the commercial deductions represent events subsequent to the balance sheet date, they are registered at the balance sheet date in the account 408 'Suppliers – invoices not arrived' and are reflected in the financial statements of the fiscal year for which the reporting is made if those amounts are recognized at the balance sheet date.
The moment when the transfer or risks and benefits, takes place varies according to the individual terms of the sale contracts.

Income from service rendering
The income from service rendering is recognized in the period in which they were rendered and according to the execution stage.

Income from rents and interests
They are recognized as follows:
a) interests are recognized on a regular basis, in a proportional manner, as the income is generated and based on the accrual accounting;
b) rents are recognized based on the accrual accounting, according to the contract.

6.27. Financial expenses and income

Financial expenses and income includes the interest to be paid for loans, the interest to be received for bank deposits and various exchange rate differences. The financial expenses and income also includes the effect of exchange rate difference from the reassessment of debts in currency or the receivables, as well as the depreciation or appreciation of the national currency related to other currencies affecting cash availability.
The interest related to loans is recognized in the profit and loss account based on an effective interest rate. The principle of separating the fiscal years is complied with, to recognize those types of income and expenses.

6. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (CONTINUED)

6.28. Accounting errors

The errors established in accounting can either regard the current fiscal year or the previous ones. The errors are remedied when they are established. The errors from the previous periods are omissions and erroneous statements included in the financial statements of the entity for one or several periods, generated due to the error of using or failing to use credible information which:

a) Was available when the financial statements for those periods were approved for release;
b) Could have been reasonably obtained and considered upon drafting and presenting the annual financial statements.

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The correction of errors related to the current fiscal year is made based on the profit and loss account. The correction of significant errors related to the previous fiscal years is made based on the reported result. Insignificant errors related to previous fiscal years are also corrected based on the reported result. Nevertheless, the insignificant errors can be corrected based on the profit and loss account.

The correction of errors related to previous fiscal years does not determine the change of the financial statements for those fiscal years. In case of errors related to the previous fiscal years, the correction thereof does not involve the adjustment of comparative information presented in the financial statements. Comparative information related to the financial status and financial performance, namely the changes in the financial status are presented in the explanatory notes.

6.29. Profit tax

The Group registers current profit tax according to the Romanian law in effect on the financial statement date. The debts related to taxes and duties are registered in the related period.

6.30. Affiliated parties and other related parties

According to OMFP no. 3055/2009 with the subsequent amendments and supplements, an entity is affiliated to a Group if found under the control of such Group.

The control exists when the mother Group fulfills one of the following criteria:

a) It holds the voting rights majority within a company;
b) It is shareholder or stockholder of a company and most of the members of the management, leadership and supervision bodies of the company fulfilling these positions during the fiscal year, during the previous fiscal year and up to the drawing-up of the annual financial statements were appointed only as a result of exercising its voting rights;
c) It is a shareholder or stockholder of the company and alone holds control over the voting rights majority of the shareholders or stockholders, as a result of an agreement concluded with the other shareholders or stockholders;
d) It is a shareholder or stockholder of a company and is entitled to exercise a dominant influence on that company, based on a contract concluded with that entity or based on a clause from the articles of incorporation or memorandum of association if the applicable law of the Group allows such contracts or clauses;
e) The mother company holds the power to exercise or effectively exercise a dominant influence or control on the company;
f) It is a shareholder or stockholder of the company and is entitled to appoint or revoke most of the members of management, leadership and supervisory bodies of the company;
g) The mother company and the affiliated entity are managed on an unified basis by the mother – company.

An entity is 'affiliated' to another entity if:

a) Directly or indirectly through one of several entities:
    - Controls or is controlled by the other entity or it is found under the joint control of the other entity (it includes the mother-companies, branches or member branches);
    - It has an interest in that entity, which provides a significant influence over it; or it holds joint control over the other entity;
b) It represents an entity associated to the other entity;

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c) It represents a joint venture in which the other entity is a shareholder;
d) It represents a member of the key management personnel of the entity and its mother Group;
e) It represents an entity which is jointly controlled or significantly influenced or for which the significant voting power in such an entity is provided directly or indirectly by any person mentioned under letter d) or e) or
f) The entity represents a benefit plan after the employment in the benefit of the employees of the other entity or for the employees of any other entity related to this Group.

6. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (CONTINUED)

g) The entity represents a post-employment benefits plan for the benefit of the employees of the other entity or for the employees of any entity related to such a company.

The key management personnel is represented by the persons with the authority and responsibility of planning, managing and controlling the entity's activity in a direct or indirect manner, including any other manager of the entity (executive or otherwise).
The close members of a person's family are represented by the family members expected to influence or be influenced by that person in the relationship with the entity and include:

- Children and wife or life partner of that person;
- Children of the wife or life partner of that person; and
- Persons dependent on that person or the wife and life partner of that person.

7. SHARES AND FINANCING SOURCES

S.C. AGRANA Romania S.A., the mother-company, a two tier corporate model has the registered office in Romania, 178-180 Straulesti Avenue, 1st District, Bucharest.

S.C. Agrana S.A., which in turn is held by the Agrana Group, holds:

- 99% of the capital shares pertaining to Agrana Buzau SRL;
- 99% of the capital shares pertaining to Agrana Tandarei SRL;
- 99% of the capital shares pertaining to Agrana Agro SRL.

Agrana Buzau SRL is a limited liability company, Romanian legal entity, incorporated during 2010. The branch carries out its activity in the registered office in 7 Aleea Industriei, 4th floor, office 4, Buzau, Buzau County.

Agrana Tandarei SRL is a limited liability company, Romanian legal entity, incorporated during 2010. The branch carries out its activity in the registered office in 1 Teilor Str., 2nd floor, office 7, Tandarei, Ialomita County.

Agrana Agro SRL is a limited liability company, Romanian legal entity, incorporated during 2010. The branch carries out its activity in the registered office in 6 Energiei Str., Roman locality, Neamt County.

On December 31st, 2014, the share capital includes 144,542,148 stocks with a nominal value of RON 0.10 each. All issued stock is paid for entirely.

The majority stockholder of the mother-company is Agrana Zucker GmbH, an Austrian legal entity.

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Agrana Zucker GmbH is held by Agrana Beteiligungs AG, Austria which is listed on the stock exchange in Viena.

7. SHARES AND FINANCING SOURCES (continued)

The stockholders structure on December 31st, 2014 and December 31st, 2013 is the following:

Stockholders	Share capital	No. of stocks	Share
Agrana Zucker GmbH	13,270,896	132,708,955	91.81%
AVAS	585,686	5,856,865	4.05%
Other stockholders	597,633	5,976,328	4.13%
Total	14,454,215	144,542,148	100%

SC Agrana Romania SA is lited on the RASDAQ market of the Bucharest Stock Exchange under the symbol BETA. In December 2014, the stocks of Agrana Romania SA were traded between lei 0.37-0.42 /bond.

8. INFORMATION ON THE EMPLOYEES AND MEMBERS OF THE MANAGEMENT, LEADERSHIP AND SUPERVISORY BODIES

The average number of the Group's employees in 2014 is 547 persons (2013: 580 persons), with the following structure:

Period	Year 2013		Year 2014		
Personnel category	Total	Permanent employees	Seasonal employees	Total	%
Workers	388	366	2	368	67
Technical/economical personnel	192	179	0	179	33
TOTAL	580	545	2	547	100

*) During April 1st - July 21st, 2014 and November 24th – December 31st, 2014, a number of 55 employees (5 permanent technical/economic employees + 50 permanent workers) and namely 54 (5 permanent technical/economic employees + 49 permanent workers) were transferred to AGRANA Buzau SRL.

During the fiscal year 2014, the Group registered expenses with salaries in total value of lei 27,583,402 (2013: lei 29,097,134) and expenses with social securities in value of lei 7,821.025 (2013: lei 8,366,561).

The structure of the Management Board during January 1st, 2014 – December 31st, 2014 was the following:

Martin Doppler (January 1st, 2014 – December 31st, 2014)
Gerhard Robl (January 1st, 2014 – June 1st, 2014)

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Andreas Schroeckenstein (June 1st, 2014 – December 31st, 2014)
Roman Knotzer (January 1st, 2014 – December 31st, 2014)

8. INFORMATION ON THE EMPLOYEES AND MEMBERS OF THE MANAGEMENT, LEADERSHIP AND SUPERVISORY BODIES (continued)

The members of the Supervisory Board are appointed for a 4 year period.

The Management Board whose members are appointed by the Supervisory Board included 3 members:

- Madalina Andreea Roman (January 1st, 2014 – December 31st, 2014)
- Catalin Adrian Limbidis (January 1st, 2014 – December 31st, 2014)
- Iulia Gabriela Petrea (January 1st, 2014 – December 31st, 2014) – President.

In 2014, based on the mandate contracts, the members of the Supervisory Board and the Members of the Board of Management were paid the amount of lei 1,900,359 (2013: LEI 1,988,315).

On December 31st, 2014 there are no contract duties related to the payment of pensions to the old members of the management bodies, advance payments and loans or future liabilities such as securities assumed by the entity on their behalf.

The executive is represented by the Board of Management which directly coordinates the entity's activity.

The **Agrana Buzau Branch** is managed by the Board of Management, appointed by the decision of the General Stockholders Assembly. On December 31st, 2014, the Board of Management included the following members:

- Constantin Gheorghe;
- Sava Manuela Maria;
- Roman Madalina-Andreea;
- Limbidis Catalin Adrian;
- Iulia Gabriela Petrea – President.

The **Agrana Tandarei Branch** is managed by the Board of Management, appointed by the decision of the General Stockholders Assembly. On December 31st, 2014, the Board of Management included the following members:

- Constantin Gheorghe;
- Sava Manuela Maria;
- Roman Madalina-Andreea;
- Limbidis Catalin Adrian;
- Iulia Gabriela Petrea – President

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8.INFORMATION ON THE EMPLOYEES AND MEMBERS OF THE MANAGEMENT, LEADERSHIP AND SUPERVISORY BODIES (continued)

The **Agrana Agro** is managed by the Board of Management, appointed by the decision of the General Stockholders Assembly. On December 31st, 2014, the Board of Management included the following members:

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

The Group's salary expenses were the following:

Lei	2013	2014
1. Expenses with the personnel salaries	29,097,134	27,583,402
2. Expenses with social insurances and contributions	8,366,561	7,821,025
TOTAL	37,463,695	35,404,427

The group has no contract duties related to the payment of pensions to the former members of the management bodies, leadership and supervisory bodies.

The group did not grant down-payments and loans to the members of the management, leadership and supervisory bodies during the fiscal year 2014 and 2013.

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9. ECONOMIC – FINANCIAL INDICATORS

	fiscal year 2013	fiscal year 2014
I. Liquidity indicators	**0.84**	**0.70**
Current liquidity A/B – in number of times	534,033,922	401,557,654
Current assets (A)	638,010,927	569,740,060
Current liabilities (B)		
Immediate liquidity (acid test) (A-B)/C – in no. of times	**0.22**	**0.19**
Current assets (A)	534,033,922	401,557,654
Inventories (B)	395,731,494	294,001,667
Current liabilities (C)	638,010,927	569,740,060
II. ***Risk indicators***		
Degree of indebtness A/B – in no. of times	**5.34**	**12.08**
Borrowed capital (A)	264,815,352	350,947,536
Equity capital (B)	49,580,110	29,046,471
Interest coverage rate A/B – in no. of times	-	-
Profit / (loss) before the deduction of interest and profit tax (A)	(95,463,296)	(58,413,031)
Expenses related to interests (B)	4,944,457	6,180,968
III. Activity indicators		
No. of storage days (A/B)*365 – in no. of days	**152**	**138**
Average inventories = (final inventory + initial inventory)/2 (A)	482,658,279	344,866,581
Cost of sales (B)	1,165,807,576	913,816,371
Rotation speed of the debts-clients (A/B)*365 – in no. of days	**21.52**	**23.78**
Average balance of commercial debts of suppliers si+sf (A)	69,900,889	60,644,266
Net turnover (B)	1,185,603,800	930,855,451
Rotation speed of loans-suppliers A/B *365- in no. of days	**114,90**	**108,21**
Average balance commercial debts (A)	373,223,191	275,975,104
Net turnover (B)	1,185,603,800	930,855,451
Rotation speed of non-current assets A/B	**7.79**	**4.70**
Net turnover (A)	1,185,603,800	930,855,451
Non-current assets (B)	152,230,448	197,972,981
Rotation speed of total assets A/B	**1.72**	**1.55**
Net turnover (A)	1,185,603,800	930,855,451
Total assets (B)	688,837,345	600,972,118
IV. Profitability indicators		
Gross sales margin A/B*100	**1.67**	**1.83**
Gross result of the turnover (A)	19,796,226	17,039,079
Net turnover (B)	1,185,603,800	930,855,451
Return on capital employed A/B*100	**-**	**-**
Profit / (loss) before deducting the interest and profit tax (A)	(95,463,296)	(58,413,031)
Equity capital	49,580,110	29,046,471
Net profit per stock (A/B)	-	-

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Net (loss)/profit (A)	(101,218,102)	(64,727,022)
No. of stocks (B)	144,542,148	144,542,148

I. Liquidity indicators

The current liquidity indicator (working capital indicator) namely the *immediate liquidity indicator* (acid test indicator) expresses how many times the current debts are included in the current assets namely in the current assets less the inventories. The current liquidity in 2014 is 0.70 (the recommended value is 2), which reflects an increase of the risk related to the Group's ability to cover its due short-term duties, by transforming the current assets into cash. The value obtained by applying the acid test is 0.2, thus the inventory weight in the current assets, will affect the Groups ability to cover current debts, mainly receivables and liquidities.

The calculation of the liquidity indicators also include the amounts used from the loan contracted with the affiliated company Agrana Group Services, the former Bruder Hernfeld GmbH Austria.

II. Risk indicators

The indebtness degree of the equity capital expresses how many times the borrowed capital (loans for a period exceeding one year) is included in the equity capital and reflects the Group's financing structure upon the completion of the fiscal year. In the aforementioned calculation of this indicator for 2013 and 2014, the loans contracted from the affiliated Group Agrana Group Services GmbH Austria (former Bruder Hernfield GmbH Austria) were classified as borrowed share capital.

The indicator related to the interest coverage rate reflects how many times the interests from the profit obtained before the deduction of expenses can be covered with the interest and tax. The smaller the value, the riskier the Group's position.

III. Activity indicators (inventory)

The inventory rotation speed represents the adequacy of inventory sizing to the rhythm of the sale activity and implicitly, the control efficiency on a significant component of the working capital. An inventory item is held in inventory for an average 138 days before being sold (in the previous year the storage period was in average 152 days). The Group's products have a long sale cycle (since the activity is seasonal) and in the context of limiting the production as a result of a reorganization regime of the sugar industry in the European Community by assigning quotas, the correlation between production and sale was reviewed.

The rotation speed of debts – *clients* reflects the Group's capacity to collect its receivables for the sales and implicitly the financing need for this category of working capital. The average period between the sale and the collection of its value is 24 days in 2014. The commercial receivables from the companies within the group and outside it were taken into consideration when calculating the 'rotation speed of debts-clients'.

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9. ECONOMIC – FINANCIAL INDICATORS (continued)

The rotation speed of credits–suppliers expresses the number of crediting days obtained by the Group from its suppliers. In 2014, the rotation speed was 108 days.

The rotation speed of non-current assets assesses the efficiency of the management thereof, by examining the turnover generated by a certain volume of non-current assets. In 2014, for sales in value of lei 4.70 , the Group uses assets in value of 1 leu.

The rotation speed of total assets assesses the efficiency of using the assets by examining the generated turnover.

IV. Profitability indicators

The return on capital employed represents the profit obtained by the Group from the money invested in the business. In the previous calculation of this indicator for 2013, the loan contracted from the affiliated Group Agrana Group Services GmbH (former Bruder Hernfield GmbH) was classified as borrowed capital. The Group's return on capital employed in 2014 was negative.

The gross margin of sales calculated as percentage (gross profit obtained from sales / turnover) indicates the performance of obtaining good prices on sale. This indicator is relevant by comparing two consecutive periods and as such, a decrease of the margin is established from 1.67% in 2013 to 1.83% in 2014.

10. OTHER INFORMATION

10.1. Presentation of the Group

S.C. Agrana Romania S.A. operates under this name since March 7th, 2005 as a result of the merger by absorption between S.C. Zaharul Romanesc S.A. Buzau as absorbing Group and the companies S.C. Danubiana Roman S.A and Agrana Romania Holding and Trading Group SRL, Bucharest as absorbed companies.

S.C. Agrana Romania S.A. is a Group governed by the Romanian law, a legal entity in two tier corporate model, with the registered office in Bucharest, 1st District, 178-180 Straulesti Avenue, registered at the Trade Registry under the no. J40/4411/10.03.2008. In December 2014, the Group had a share capital of lei 14,454,215, divided into 144,542,148 shares.

The activity field S.C. Agrana Romania S.A.is mainly the production and sale of sugar and derived products.

Agrana Zucker GmbH is the majority stockholder with 91.81% of the Group's share capital.

S.C. Agrana Romania S.A. is listed on the RASDAQ market of the Bucharest Stock Exchange under the BETA symbol. In December 2014, the Group's stocks were traded in the price range of lei 0.37 -0.42 /bond.

Agrana Buzau SRL was incorporated in 2010 according to the provisions of the Law no. 31/1991 regarding trading companies.

The company's registered office is in Buzau, 7 Aleea Industriei, Buzau County.

The branch's main object of activity is sugar manufacture.

Agrana Romania SA holds 99% of the Agrana Buzau SRL's shares.

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10.OTHER INFORMATION (CONTINUED)

Agrana Tandarei SRL was incorporated in 2010 according to the provisions of the Law no. 31/1991 regarding trading companies.
The company's registered office is in Tandarei, 17 Teilor Str., Ialomita County.
The branch's main object of activity is sugar manufacture.
Agrana Romania SA holds 99% of the Agrana Tandarei SRL's shares.

Agrana Agro SRL was incorporated in 2010 according to the provisions of the Law no. 31/1991 regarding trading companies.
The company's registered office is in Roman, 6 Energiei Str., Neamt County.
The branch's main object of activity is sugar manufacture.
Agrana Romania SA holds 99% of the Agrana Agro SRL's shares.

10.2. Legal reserves

According to the Romanian law, a company can transfer reserves up to 5% of the profit before taxation, until the reserve reaches 20% of the share capital. The legal reserve cannot be distributed to the shareholders and its use is made according to the regulations in effect.

On December 31st, 2014, the legal reserve of the mother-company Agrana Romania SA amounted to lei 2,890,838, which is the level foreseen by the law in effect, namely 20% of the share capital.

On December 31st, 2014, Agrana Buzau SRL, Agrana Tandarei SRL had legal reserves set-up as follows:

- Agrana Buzau SRL – lei 20,000;
- Agrana Tandarei SRL – lei 20,000.

On December 31st, 2014, Agrana Agro SRL registered an accounting profit and legal reserves were set-up in value of lei 200.

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10.OTHER INFORMATION (CONTINUED)

10.3. Profit tax

The reconciliation of the fiscal result with the accounting result for the mother-company S.C. Agrana Romania SA is presented in the following table:

Lei		**2013**	**2014**
1.	Accounting profit /(loss)	(104,197,567)	(65,216,952)
2.	Free pay to date	19,958,599	30,188,830
3.	Other deductions	11,135,549	14,442,127
4.	(Loss) after deductions (r. 1-r.2 –r.3)	(135,291,715)	(109,847,909)
5.	Non-deductible expenses/elements similar to income	47,442,832	47,390,611
6.	Fiscal profit/(loss) before carrying back the loss (row 4+row5)	(87,484,883)	(62,457,298)
7.	Fiscal loss in the previous years	-	(87,848,883)
8.	Taxable profit /(loss) (row 6-row7)	-	(150,306,181)
9.	Total profit tax	-	-
10.	Amounts represented by sponsorships / patronage of arts, acc. to the law	-	-
11.	Owed profit tax (r.9-r.10)	-	-
12.	Profit tax debt/(receivable) on the beginning of the fiscal year	(2,159,695)	(2,159,695)
13.	Tax paid during the year	-	-
14.	Profit tax to be paid /(recovered) at the end of the fiscal year	(2,159,695)	(2,159,695)

The profit tax for 2014 was calculated according to the fiscal regulations in effect, by applying a 16% rate on the fiscal result determined according to the aforementioned situation.

According to the legal regulations, fiscal losses registered subsequently to January 1st, 2009 have a 7 year carry-back period.

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10.OTHER INFORMATION (CONTINUED)

During the fiscal year concluded on December 2014, t**he branch Agrana Buzau SRL** had an accounting loss in value of lei 133,098.

The reconciliation between the accounting and fiscal result for Agrana Buzau SRL is presented below:

Lei		2013	2014
1.	Accounting profit /(loss)	1,432,230	(1,250)
2.	Free pay to date	-	-
3.	Other deductions	-	-
4.	(Loss) after deductions (r. 1-r.2 –r.3)	1,432,230	(1,250)
5.	Non-deductible expenses/elements similar to income	122,209	825,298
6.	Fiscal profit/(loss) before carrying back the loss (row 4+row5)	1,554,439	824,048
7.	Fiscal loss in the previous years	-	-
8.	Taxable profit /(loss) (row 6-row7)	1,554,439	824,048
9.	Total profit tax	248,710	131,848
10.	Amounts represented by sponsorships / patronage of arts, acc. to the law	-	-
11.	Owed profit tax (r.9-r.10)	248,710	131,848
12.	Tax paid during the year	-	198,792
13.	Profit tax to be paid /(recovered) at the end of the fiscal year	248,710	(66,944)

During the fiscal year concluded on December 2014, t**he branch Agrana Tandarei SRL** had an accounting loss in value of lei 73,588.

The reconciliation between the accounting and fiscal result for Agrana Tandarei SRL is presented below:

Lei		2013	2014
1.	Accounting profit /(loss)	2,594,999	(73,588)
2.	Free pay to date	-	-
3.	Other deductions	-	-
4.	(Loss) after deductions (r. 1-r.2 –r.3)	2,594,999	(73,588)
5.	Non-deductible expenses/elements similar to income	977,746	24,306
6.	Fiscal profit/(loss) before carrying back the loss (row 4+row5)	3,572,745	(49,282)
7.	Fiscal loss in the previous years	-	-
8.	Taxable profit /(loss) (row 6-row7)	3,572,745	(49,282)
9.	Total profit tax	571,639	-
10.	Amounts represented by sponsorships / patronage of arts, acc. to the law	10,000	-
11.	Owed profit tax (r.9-r.10)	561,639	-
12.	Tax paid during the year	578,302	35,844
13.	Profit tax to be paid /(recovered) at the end of the fiscal year	35,844	-

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10.OTHER INFORMATION (CONTINUED)

During the fiscal year concluded on December 2014, t**he branch Agrana Agro SRL** had an accounting profit in value of lei 104,813.

The reconciliation between the accounting and fiscal result for Agrana Agro SRL is presented below:

Lei		**2013**	**2014**
1.	Accounting profit /(loss)	(22,468)	104,813
2.	Free pay to date	-	-
3.	Other deductions	-	200
4.	(Loss) after deductions (r. 1-r.2 –r.3)	(22,468)	104,813
5.	Non-deductible expenses/elements similar to income	-	1.175
6.	Fiscal profit/(loss) before carrying back the loss (row 4+row5)	(22,468)	105,988
7.	Fiscal loss in the previous years	(76,178)	98,646
8.	Taxable profit /(loss) (row 6-row7)	(98,646)	7,342
9.	Total profit tax	-	1,175
10.	Amounts represented by sponsorships / patronage of arts, acc. to the law	-	-
11.	Owed profit tax (r.9-r.10)	-	1,175
12.	Tax paid during the year	-	-
13.	Profit tax to be paid /(recovered) at the end of the fiscal year	-	1,175

10.4. Turnover

The Group's turnover for 2014 amounts to lei 930,855,451 and is achieved on the internal and external market, by selling its own production, by reselling the products bought from third party companies and from the companies within the group and from rendering miscellaneous services and sales.

The net turnover has the following structure:

•	Sales of finite products and merchandise (sugar)	lei 795,318,982
-	Volume discount granted by the Group	lei (4,102,815)
•	Income from the sale of sub-products (molasses)	lei 9,221,186
•	Income from rendered services and rents	lei 16,785,374
•	Income from the sale of sweeteners; sugar-based products; seeds; beet; whole sugar, fertilizer	lei 111,557,473
-	Volume discount granted by the Group	lei (583,031)
•	Income from various sales (waste; materials, etc.)	lei 2,658,281

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10.OTHER INFORMATION (CONTINUED)

The sales of sugar on the distribution channels in absolute values and percentages have the following structure:

Lei	2013	2014
Internal, of which	72.82%	77.76%
Retail	54.07%	55.95%
Industry	18.75%	21.35%
Export	6.72%	10.82%
Intra-community deliveries	20.46%	11.43%
Total sugar sales (internal and merchandise)	**100%**	**100%**

10.5. Auditors

The Group's audit for 2014 is provided by the Group KPMG Audit SRL. The fees are established by agreement between the two parties.

10.6. Assumed commitments

10.6.1 Assumed commitments related to the concluded operational leasing contracts

The Group has concluded lease contracts for various spaces. The amounts for payment in 2014 according to these lease contracts are as follows:

Supplier's name	Contract period	Value	Currency
AGRISOL INTERNATIONAL	01/02/2013-31/12/2015	8,015	Euro/month
AMI COMPANIA	07/02/2013-01/05/2015	9,348	Euro/month
Avram Nicoleta	01/07/2012-01/07/2014	180	Euro/month
Conlux Development	01/06/2013-31/05/2014	750	Euro/month
EURORENT	01/03/2012-01/03/2017	3,000	Euro/month
HEIN ROMANIA	15/09/2001 – indefinitely	5,400	Usd/month
HOTEL MANAGEMENT	27/10/2001-30/06/2015	1,200	Lei/month
TRUST INSTALLATIONS	03/07/2010-31/12/2015	4,978	Euro/month
MED-UP	01/05/2014-30/04/2015	800	Euro/month
MICUSAN VIORICA	01/01/2014-31/12/2014	1,380	Lei/month
Pantelimon Logistics Center	01/01/2013-01/10/2015	375	Euro/month
PATRICHI ALEXANDRU	01/03/2011-31/03/2016	400	Euro/month
SERBAN ALEXANDRA	15/08/2008-15/08/2014	250	Euro/month
SERBAN ALEXANDRA	15/08/2014-15/08/2015	200	Euro/month
Tapalaga Alin	01/03/2012-01/05/2014	1,000	Euro/month
TRANSILVANIA CONSTRUCTII	18/02/2012-18/02/2014	3,743	Euro/month
TRANSILVANIA CONSTRUCTII	18/02/2012-18/02/2016	3,546	Euro/month
Caremil Impex	03/03/2008-31/12/2014	100	Euro/month
Ghiuzan Claudiu	15/09/2013-31/03/2014	200	Euro/month
MURARITA VASILICA	01/05/2014-01/05/2015	1,000	Lei/month

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Medianu Paraschiva	24/04/2013-24/04/2014	1,000	Lei/month

10.OTHER INFORMATION (CONTINUED)

Based on the lease contracts valid up to December 31st, 2014, the company has future payment duties pertaining to these short-term contracts in value of lei 1,526,315 and on the long-term in value of lei 217,467, representing the amount of lei 1,743,782.

10.6.2 Assumed commitments related to financial instruments:

On December 31st, 2014 the Agrana Group had no assumed commitments related to financial instruments.

10.6.4. Other assumed commitments

On 27.10.2014, Agrana Buzau SRL concluded a 3 year contract for whole sugar purchase in a quantity of 75,000 tons (25,000 tons/year), of which 25,000 tons purchased during the year.

10.6.3 Share capital commitments

On December 31st, 2014, the Group has commitments for investments in tangible and intangible assets in total value of lei 9,391,171.

10.7. Inventories

Lei	**31.12.2013**	**31.12.2014**
Net value of raw materials and consumables	**59,968,359**	**77,538,280**
- Raw materials and consumables	61,001,059	33,553,311
- Raw materials and materials pending supply	-	47,231,276
- Adjustment for materials, consumables impairment	(1,032,700)	(3,246,307)
Finite products and merchandise:	**335,384,807**	**213,998,155**
- Finite products and semi-finished products	365,229,636	228,864,923
- Adjustments for depreciation of finite products and merchandise	(29,844,829)	(14,866,768)
Production in progress	**130,033**	**2,100,718**
Down payments for inventory acquisition - total	**248,295**	**364,514**
- Amounts granted in advance for inventory acquisition	2,640,798	1,547,886
- Adjustments for the impairment of down payments for inventory acquisition	(2,392,503)	(1,183,372)
a) Adjustment of Sabion Comimpex Oradea down payment	(1,114,974)	(1,114,974)
b) Adjustment of Ramdam Import-Export SRL down payment	(866,918)	-
c) Other adjustments for the impairment of the granted advance payments	(410,611)	(68,398)
Total inventories	**395,731,494**	**294,001,667**

On December 31st, 2014 the down payments for the inventory acquisition in value of lei 1,547,886 are largely paid for the purpose of buying sugar from the following suppliers:

- Lei 1,114,974 as down payment to the Group SC Sabion Comimpex Oradea;
- Lei 68,398, other paid down payments.

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10.OTHER INFORMATION (CONTINUED)

Details regarding the movements in the adjustment accounts of inventory values:

Lei	Balance on December 31st, 2013	Set-ups	Annulments	Balance on December 31st, 2014
Total adjustments for the impairment of raw materials and consumables, of which:	**1,032,699**	**2,265,384**	**(651,777)**	**3,246,307**
Adjustments for raw materials	-	2,284,289	-	2,284,289
Adjustments for spare parts impairment	634,592	432,433	(426,789)	640,237
Adjustment for the impairment of consumables	393,257	141,929	(220,385)	314,800
Adjustment for packages impairment	1	-	-	1
Adjustment for inventory items	4,850	6,733	(4,603)	6,980
Total adjustments for finite products and merchandise, of which:	**29,844,829**	**13,335,166**	**(28,313,227)**	**14,866,768**
Adjustments for the impairment of finite and residual products	21,338,015	2,062,773	(13,651,725)	9,749,063
Adjustment for the merchandise impairment	8,506,813	11,272,393	(14,661,502)	5,117,705
Adjustments for down payments made for inventories	2,392,503	-	(1,209,131)	1,183,372
Total adjustments of inventory impairment	**33,270,031**	**16,200,550**	**(30,174,135)**	**19,296,447**

On December 31st, 2014, within the adjustments for the impairment of down-payments granted for inventory acquisitions, the following are presented:

- Lei 1,114,974 as adjustment for the down-payment to the Group Sabion Comimpex Oradea based on the contract for white sugar purchase;
- Lei 68,398 as other adjustments for the impairment of down-payments granted for inventory acquisitions.

10.8. Cash and cash equivalents

On December 31st, 2014, the available cash included the following:

Lei	**December 31st, 2013**	**December 31st, 2014**
Accounts in banks	8,792,601	6,719,132
Cash on hand	78,619	76,207
Other cash accounts	33,517	13,205
Total	**8,874,737**	**6,808,544**

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10.OTHER INFORMATION (CONTINUED)

10.9. Prepaid expenses

On December 31st, 2014, the prepaid expenses in total amount of lei 1,442,476 represent:

Prepaid expenses	**Lei**
Insurances	226,235
Rents	226,688
Services related to whole sugar	56,259
Advance services	889,008
Advance services for third party personnel	8,200
Reclassification as effect of the consolidation of agent services related to whole sugar	36,085
Total	**1,442,475**

10.10. Affiliated companies

In 2014, the group carried out business transactions with the following affiliated entities:

Denomination	Country of origin	Address	Transaction type
AGFD Tandarei SRL	Romania	2 Teilor Str., Tandarei	supplier/client
AGRAGOLD Trhovina d.o.o	Slovenia	Letaliska cesta 16, Ljubljana	supplier
AGRANA AGRO SRL, Roman	Romania	6 Energiei Str., ROMAN	client
AGRANA Beteiligungs-AG, Wien/Ö	Austria	Fridrich-Wilhelm-Raiffeisen-Platz, no. 1, Austria	supplier
Agrana Bulgaria EAD	Bulgaria	Shipchenski Prohod Bldv., no. 18, SOFIA	supplier/client
AGRANA Buzau SRL, Buzau	Romania	7 ALEEA INDUSTRIEI, Buzau	supplier/client
AGRANA Fruit Austria GmbH	Austria	Muehlwaldstraße, no. 1, Gleisdorf	client
AGRANA Fruit Ukraine TOV	Ukraine	Tarnogrodskij Str. 32, Vinnitsa	client
AGRANA Group Services GmbH/Ö	Austria	Fridrich-Wilhelm-Raiffeisen-Platz, no. 1, Austria	loan
Agrana Studen Sugar Trading	Austria	Wilhelminenstrasse no.91/19/2 Viena	client
Agrana Trading cood	Bulgaria	Shipchenski Prohod Bd., no 18, Sofia	Supplier / client
AGRANA ZHG ZUCKER HANDELS GMBH	Austria	Fridrich-Wilhelm-Raiffeisen-Platz, no. 1, Austria	supplier
AGRANA Zucker GmbH	Austria	Fridrich-Wilhelm-Raiffeisen-Platz, no. 1, Austria	supplier/client
Benco-Orafti S.A	Belgium	Rue L. Marechal 1, nr. 4360, Oreye	supplier
Hottlet Sugar Trading N.V. Be	Belgium	Grote Steenweg 571, Berchem-Antwerpen	supplier/client
INSTANTINA Nahrungsmittel Entw	Austria	AM HEUMARKT 3, Viena	supplier
Magyar Cukorgyarto es Formalma	Hungary	Pessi ut 10-14 Kaposvar	supplier/client
Moravskoslezske cukrovary	Czech Rep.	Cukrovarska ul. 657	supplier/client
ÖSTERREICHISCHE RÜBENSAMENZUCHT GMBH	Austria	Reitherstrasse 21-23, Tulln	supplier
Raffimerie Tirlenmontoise S.A/ Tiense Suikerraffinarderij N.V.	Belgium	Avenue de Tervueren 182, Bruxelles	supplier
SAINT LOUIS SUCRE SA	France	Rue due gare 35, Paris	supplier
Slovenske Cukrovary s.r.o	Slovakia	Cukrovarska 726, Sered	client
Südzucker AG Mannheim/Ochsenfu	Germany	THEODOR-HEUSS-ANLAGE 12, Mannheim	supplier
Südzucker Moldova S.A. Moldaw	Moldova	27 August Street, no. 1, DROCHIA	supplier

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Südzucker Versicherungs-Vermiet	Germany	Maximilian Strasse 10, Mannheim	supplier
Zuckerforschung Tulln	Austria	Reitherstrasse 21-23. Tulln	supplier

On December 31st, 2014, the accounting balance of the Group includes the following balances resulting from transactions with the affiliated entities:

Lei	**December 31st, 2013**	**December 31st, 2014**
Clients	***41,403,990***	***29,680,988***
AGFD Tandarei SRL	170,896	91,118
Agrana Studen Sugar Trading	2,261,541	9,004,185
AGRANA BULGARIA AD	-	-
Agrana Starke Austria	-	-
Tiense Suikerraffinaderij NV/ Hottlet Sugar Trading Division	2,793,360	357,969
Agrana Trading EOOD	15,694,001	16,809,110
Moravskoslezske Cukrovany S.A	-	2,662,149
Studen Rafinerija sccera d.o.o.	-	-
Bruder Hernfeld	-	-
Agrana Zucker GmbH	283,078	96,313
Magyar Cukor	19,973,993	-
Agrana Beteiligungs AG	14,859	-
Slovenske Cukrovany s.r.o	3,388	-
Sudzucker Moldova S.A.	11,128	-
Others	197,747	525,427

Lei	**December 31st, 2013**	**December 31st, 2014**
Suppliers- commercial debts	**295,225,692**	**127,062,405**
SC AGFD Tandarei SRL	300,799	229,169
Magyar Cukor	2,406,234	705,998
Others	1,756,371	355,082
OSTERREICHISCHE RUBENSAMENZUCHT G	88,375	88,375
AGRANA BULGARIA EAD	-	41,739
Instantina GmbH	288,817	-
Agrana Beteiligungs AG	207,775	186,485
Sudzucker AG	558,388	334,342
Sudzucker Moldova S.A.	3,744,384	6,772,602
Zuckerforschung Tulln	13,974	12,859
Agrana Trading EOOD Bulgaria	27,647	15,815
Moravskoslezske Cukrovany S.A	234	2,361,584
Agrana Zucker	285,832,694	115,533,363
Financial debts	**264,843,802**	**350,947,537**
Agrana Group Services GmbH (former Bruder Hernfeld – Austria)	**264,843,802**	**350,947,537**

The value of transactions developed in 2014 with affiliated entities is presented below:

Lei	2013	2014
Sales to affiliated entities		
AGFD Tandarei SRL	1,205,445	880,850

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Agrana DOO Bosnia	-	-
Agrana Beiteligungs-AG	21,421	-
AGRANA Fruit Ukraine TOV	-	10,045
Agrana Bulgaria AD	568,821	443,610
Agrana Fruit Austria	39,700	39,461
Agrana Starke GmbH	9,740	-
Agrana Studen Sugar Trading GmbH	57,333,607	36,706,975
Agrana Trading EOOD	109,393,862	72,680,041
Agrana Zucker GmbH	86,665,377	16,112,032
Hottlet Sugar Trading N.V.	16,601,240	40,538,624
Magyar Cukor	25,259,902	72,100,892
Moravskoslezske Cukrovany S.A	-	2,146,894
Slovenske Cukrovany s.r.o	2,732	447
Sudzucker AG	1,126,671	-
Sudzucker Moldova	94,206	-
Total sales	**298,322,724**	**241,659,871**

Lei	2013	2014
Purchases from affiliated entities		
AGFD Tandarei SRL	2.050.422	1.935.925
Agrana Beteiligung -AG	3.665.448	3.384.356
Agrana Bulgaria AD	129.792	106.870
Agragold Trgovina DOO	-	3.144.590
Agrana ZHG ZUCKER HANDELS GMBH	-	331.404
Agrana Trading EOOD	481.961	235.943
AGRANA Zucker GmbH	602.602.298	124.984.307
Bene o Orafti Oreye S.A.	27.816	7.023
BENEO-Palatinit GmbH	25.184	-
BENEO-Remy NV	240.325	-
Hottlet Sugar Trading n.v.	1.528.380	300.653
Instantina Gmbh	703.724	549.023
Magyar Cukor	16.829.482	13.478.376
Moravskoslezske Cukrovary	1.687	2.148.512
Osterreichische Rubensamenzuct	251.011	-
Raffinerie Tirlemontoise SA	917.843	428.320
SLS(Saint Louis Sucre)	-	-

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Slovenske Cukrovary SRO	10.777	-
Sudzucker AG	4.891.124	2.750.787
Sudzucker AG (facturi nesosite CO2)	-	-
Sudzucker Moldova	55.347.826	19.263.880
Sudzucker Versicherungs	75.388	170.585
Zuckerforschung Tulln	41.816	34.054
Total purchases	**689,822,304**	**179,608,487**

10.11. Contingencies

10.11.1. 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 determine taxes, duties and additional penalties. If the state authorities discover violations of the legal provisions in Romania, they can order, as applicable, the seizure of the related amounts, the payment of additional fiscal duties, the application of fines, delay penalties (applied on the actual remaining amounts due for payment). 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 considers that its taxes, duties, penalties and related interests were paid in due time and entirely, as applicable.

The Romanian fiscal authorities have inspected the calculation of the profit tax up to March 31st, 2005.

From November 19th, 2012, according to the Fiscal Inspection Notification sent by the General Division for the Management of Large Tax Payers in Bucharest, Agrana Romania SA is subject to a general fiscal inspection for the period between 01.01.2006 and 31.12.2011.

In Romania, the fiscal year remains opened for inspection for a period of 5 years.

10.11.2. Transfer prices

According to the relevant fiscal legislation, the fiscal assessment of a transaction made with the affiliated parties is based on the market price concept related to that transaction. Based on this concept, the transfer prices must be adjusted to reflect the market prices that would have been determined between the entities with no affiliation relationship and acting independently, based on ‘the normal market conditions’.

It is possible that the fiscal authorities will carry out inspections of the transfer prices, to determine of those prices comply with the ‘normal market conditions’ principle and to make sure that the Group’s taxable basis is not distorted.

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10.11.3 Aspects related to the environment

Romania is currently undergoing a rapid harmonization period of the environmental legislation with the effective laws of the Economic European Community.

10.12. Risk related to the economic environment

The adjustment process of the values according to the risk, which occurred on the international financial and industrial markets beginning with 2007 affected the performance thereof, including on the market of consumption goods and industrial goods markets in Romania, leading to an increased uncertainty regarding the future economic evolution.

The Group's management cannot estimate the events which may impact the industrial, consumption goods and external markets and the subsequent effects on these financial statements.

The management cannot estimate in a credible manner the effects on the financial statements of the Group resulting from the deterioration of the financial market liquidity, the impairment of assets influenced by non-liquid market conditions and the increased volatility of the national currency and industrial and financial markets.

The Group's management thinks that it takes all the necessary measures to support a continued activity of the Group in the current market conditions, by:

- ✓ The constant monitoring of liquidity;
- ✓ The cost monitoring and reduction.

10.13. Financial risks

10.13.1. Interest rate risk

The operational cash flows of the Group are affected by the interest rate variations, mainly due to the loans.

10.13.2. Risk of the exchange rate variations

There's a risk of the value depreciation of the net monetary assets expressed in lei. Currently, there is no market outside Romania for the conversion of the Leu into other currencies.,

10.13.3. Credit risk

The Group is subject to a credit risk due to its commercial receivables and other types of receivables. The references related to the clients' creditworthiness are obtained for all new clients and the debt maturity date is carefully monitored and the amounts whose collection deadline was exceeded are followed-up in a prompt manner.

10.13.4. Liquidity risk

The prudent management of the liquidity risk involves the maintenance of a sufficient cash value 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 operation activities.

10.13.5. Market risk

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The Romanian economy is a part of the European Union where the sugar trade regime is subject to frequent amendments. The Group's management cannot foresee the changes on the European Union level and implicitly in Romania and their effects on the financial status, on the operation outcome and Group's treasury flows.

10.14 Subsequent events

The Agrana Romania SA's AGEA decision no. 3/19.02.2015 approved the legal actions required by the company for the purpose of the trading approval of the stock issued by AGRANA ROMANIA within the alternative trading system managed by the Bucharest Stock Exchange (BVB). The decision is pending implementation.

The Group's managers have no knowledge of other events subsequent to the balance sheet date, which may have a significant impact and which should be presented in these financial statements.

Chief Financial Officer	Head Accountant
Madalina Roman	Cosmin Draghici
[illegible signature]	*[illegible signature]*

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Subsemnata, **Pop Mirela-Adina**, traducător autorizat, cu autorizaţia nr. **5804/2001**, eliberată de Ministerul Justiţiei, certific exactitatea prezentei traduceri cu textul înscrisului în format electronic în limba română, care a fost vizat de către mine.

I, **Pop Mirela-Adina**, authorised translator under no. **5804/2001**, issued by the Ministry of Justice, hereby am responsible of the accuracy of the translation, done after the document in Romanian. In witness whereof I have hereunto set my signature and affixed my seal.

Traducător autorizat / Authorised translator
Pop Mirela-Adina

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