

**SOCEP S.A.**  
**QUARTERLY REPORT**  
**ON FINANCIAL STATEMENTS**  
**AS AT 03/31/2017**

**Summary**

- STATEMENT OF FINANCIAL POSITION
- STATEMENT OF COMPREHENSIVE INCOME
- SPECIFIC EXPLANATORY NOTES

**STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31-st 2017**

= Lei =

	NOTE	01/01/2017	03/31/2017
<b>NON-CURRENT ASSETS</b>			
- Tangible assets	1	84,093,191	85,390,159
- Intangible assets	2	956,269	895,754
- Financial assets available for sale	3	436,318	444,379
- Investments in subsidiaries and associates	4	30,061,230	30,061,230
- Other long term investments	5	2,079,732	2,296,017
- Real estate investments	1	392,800	392,800
<b>TOTAL ACTIVE NECURENTE</b>		<b>118.019.540</b>	<b>119.480.339</b>
<b>CURRENT ASSETS</b>			
- Stocks	6	591,879	720,939
- Clients and other receivables	7	10,168,495	16,760,977
- Profit tax receivables	14	45,886	-
- Accrued charges	8	121,231	450,032
- Cash and cash equivalents	9	34,250,754	29,209,689
<b>TOTAL CURRENT ASSETS</b>		<b>45,178,245</b>	<b>47,141,637</b>
<b>TOTAL ASSETS</b>		<b>163,197,785</b>	<b>166,621,976</b>
<b>EQUITY</b>			
- Share capital	10	34,342,574	34,342,574
- Share capital adjustment	10	164,750,632	164,750,632
- Reserves	11	39,159,046	38,854,888
- Retained earnings	12	62,640,858	64,208,400
- Retained earnings from the adoption of IAS 29	10	(164,750,632)	(164,750,632)
- Other elements of equity	13	(2,636,120)	(2,580,684)
<b>TOTAL EQUITY</b>		<b>133,506,358</b>	<b>134,825,178</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
- Deferred tax liabilities	14	2,114,535	2,098,426
- Deferred income	16	-	-
- Provisions for employee benefits	18	450,895	450,895
- Long term bank loans	15	20,271,775	20,380,965
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>22,837,205</b>	<b>22,930,286</b>

**Current liabilities**

- Suppliers and other liabilities	17	4,087,941	4,364,741
- Long term bank loans	15	2,732,980	4,273,790
- Interest on long-term loans	15	27,337	27,932
- Current income tax owed	14	-	165,507
- Provisions	18	5,784	5,784
- Deferred income	16	180	28,758
<b>TOTAL CURRENT LIABILITIES</b>		<b>6,854,222</b>	<b>8,866,512</b>
<b>TOTAL LIABILITIES</b>		<b>29,691,427</b>	<b>31,796,798</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>163,197,785</b>	<b>166,621,976</b>

**Marius Barbarino,**  
GENERAL MANAGER

**Camelia Nebi,**  
FINANCIAL MANAGER

**STATEMENT OF COMPREHENSIVE INCOME  
AS AT MARCH 31-st 2017**

= Lei =

	Note	03/31/2016	03/31/2017
Income	19	18,323,137	15,256,098
Other income	20	152,499	294,198
Raw materials and consumables	21	(2,139,701)	(2,111,086)
Cost of sold goods	22	(15,002)	(1,660)
Services provided by third parties	23	(3,274,321)	(4,152,135)
Employee benefits expense	24	(5,681,609)	(5,987,570)
Impairment and amortization expense	25	(1,543,922)	(1,747,835)
Other expenses	26	(193,077)	(176,634)
Other gains/losses from operations - net	27	(66,177)	138,155
<b>Profit/(loss) from operation</b>		<b>5,561,827</b>	<b>1,511,531</b>
Financial income	28	14,753	9,228
Financial expense	29	(8,809)	-
Other financial gains/losses (net)	30	(684,221)	(14,714)
<b>Profit before tax</b>		<b>4,883,550</b>	<b>1,506,045</b>
Income tax expense	14	(742,142)	(193,995)
<b>PROFIT FOR FIRST QUARTER</b>		<b>4,141,408</b>	<b>1,312,050</b>
<b>OTHER COMPREHENSIVE INCOME ELEMENTS</b>			
- elements to be subsequently reclassified under profit or loss			
Gains or losses on financial assets available for sale	3	661	8,061
Deferred income tax related to other comprehensive income elements	14	(106)	(1,290)
<b>OTHER COMPREHENSIVE INCOME ELEMENTS FOR FIRST QUARTER (without tax)</b>		<b>555</b>	<b>6,141</b>
<b>TOTAL COMPREHENSIVE INCOME FOR FIRST QUARTER</b>		<b>4,141,963</b>	<b>1,318,191</b>

**Marius Barbarino,**  
GENERAL MANAGER

**Camelia Nebi,**  
FINANCIAL MANAGER

## Notes on Individual Financial Statements

As at March 31-st 2017

*All the amount are mentioned in Lei (RON) unless otherwise stated*

### OVERVIEW

Founded in 1991 as a joint stock company that was based on a functional terminal specialized in container and raw materials operation for metallurgy, SOCEP SA is one of the largest port operators in Constanta Port. Its activity is structured on two distinct operating terminals: container terminal (300 000 TEU - annual operating capacity) and general cargo terminal (3 million tons general cargo per unit and bulk cargo - annual operating capacity).

SOCEP S.A. has the following identification data:

- Registered office: Constanța, Incinta Port, Dana 34;
- Trade Register number: J 13/643/1991;
- Tax Identification Number: RO 1870767;
- Main business: cargo handling, NACE code 5224;
- Share capital: 34,342,574.40 lei, divided in 343,425,744 uncertified shares; the nominal value of one share is 0.10 lei;
- Legal form: joint stock company, listed on Bucharest Stock Exchange Standard category, symbol "SOCP";
- Type of ownership: private capital owned by individuals and legal entities.

In accordance with the decision of the Extraordinary General Meeting of Shareholders dated 14 December 2012, starting from 15 December 2012, the company is managed in a two-tier system by a duly operating Supervisory Board and Management Board. Both Boards are acting within the framework of law.

The Supervisory Board consists of 5 members. The Supervisory Board members are:

- Dușu Nicolae - President
- Dușu Ion - Vice-President
- Samara Stere - Member
- Carapiti Dumitru - Member
- Stanciu Ion - Member.

Since 10/11/2016, according to Supervisory Board decision, the Management Board consists of 5 members. The members of the Management Board are:

- Barbarino Marius - General Manager
- Ștefănescu Fănel - Operations Manager
- Nebi Camelia - Financial Manager
- Teodorescu Lucian Ștefan - Maintenance Manager
- Nădrag Corneliu - Human Resources Manager.

Mr. Marius Barbarino holds the office of Management Board President.

## **FUNDAMENTALS OF PREPARATION**

### *Declaration of Conformity*

The financial statements of SOCEP S.A. have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

### *Fundamentals of evaluation*

The financial statements have been prepared under the historical cost convention, except for re-valued fixed assets (buildings). When transition to International Financial Reporting Standards implementation completed, the company's share capital was adjusted to inflation according to IAS 29 "Financial reporting in hyperinflationary economies". The adjustment was made until 31 December 2003, when the Romanian economy ceased to be considered hyperinflationary.

### *Business continuity*

According to studies performed, management board members consider that the company has adequate resources to continue operating for the foreseeable future. Therefore, the company adopted principle of business continuity in preparing the financial statements.

### *Functional currency and presentation currency*

The financial statements of the company are shown in lei (RON) and the presentation currency is the same as the functional currency.

### *Use of estimates and professional judgments*

The preparation of financial statements according to IFRS requires the management to use certain estimates, judgments and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and on other factors deemed reasonable in the context of such estimates. The results of these estimates form the basis for judgments about the carrying amounts of assets and liabilities that cannot be obtained from other sources of information. Actual results may differ from these estimates.

## **SIGNIFICANT ACCOUNTING POLICIES AND METHODS**

### *Transactions in foreign currency*

Foreign currency transactions are exchanged into the functional currency using the exchange rates at the dates of the transactions. Gains and losses resulting from foreign exchange differences on the settlement of such transactions and from the conversion of monetary assets and liabilities expressed in foreign currencies at the exchange rate from the date of statement of financial position are reflected in profit or loss for that period.

Monetary assets and liabilities denominated in foreign currency at the date of statement of financial position are converted into the functional currency using the exchange rate on the date of statement of financial position.

Gains and losses on exchange rate, related to cash and cash equivalents, are presented in the statement of comprehensive income under "other financial gains or losses, net". All other gains and losses on exchange rate are presented under "other operating gains and losses, net".

#### *Segment reporting*

Reporting by business segment is made in a manner consistent with internal reporting to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of operating segments, is the Supervisory Board.

#### *Tangible assets*

Tangible assets are initially recognized at their respective cost, which includes costs directly attributable to their acquisition or production.

Subsequent to initial recognition, buildings are assessed at re-valued amount, determined by periodic assessments conducted every three years by external independent assessors, less subsequent amortization and impairment. During building revaluation, any accrued impairment at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is recorded as re-valued amount of the asset. Increases in the carrying amount arising from the revaluation of buildings are credited to revaluation reserve reflected under the equity category. Reductions compensating increases in value related to the same asset are reflected in the debit of revaluation reserves and other reductions are reflected in profit or loss for the period. The amounts recorded in the revaluation reserve are transferred to retained earnings as the asset is being depreciated. All other tangible assets are assessed subsequent to initial recognition at their cost, less accrued impairment and impairment adjustment.

Expenses subsequent to initial recognition of a tangible asset are added to their carrying amount only when future economic benefits associated to that asset are likely to be entered and the cost of the asset can be assessed reliably.

Repair and maintenance expenses are recorded in the period in which they are incurred.

Land is not depreciated. Impairment of other items of tangible assets is determined based on linear impairment method and useful lives are as follows:

- |  |             |
|--|-------------|
| - Special buildings and structures:  | 8-60 years; |
| - Technological equipment:   | 4-18 years; |
| - Devices and equipment for measurement, control and adjustment:   | 5-18 years; |
| - Means of transport:  | 2-15 years; |
| - Furniture, office equipment, protective equipment for human and material values and other tangible assets: | 4-15 years; |
| - Computers and peripherals:   | 2-4 years.  |

Since the company's management estimates that the tangible assets will be used to the end of their physical life, their residual value is zero.

### *Intangible Assets*

On initial recognition, intangible assets are valued at cost determined on the basis of IAS 38 "Intangible Assets". Subsequent to initial recognition, intangible assets are measured at cost less the accumulated impairment. The company has not conducted any revaluations of intangible assets.

Licenses acquired for the rights of using computer software are capitalized on the basis of the costs incurred with the acquisition and commissioning of the software in question. These costs are amortized over their estimated useful life (usually 3 years).

The costs of maintaining computer software programs are recognized as expenses in the period in which they are incurred.

### *Impairment of non-financial assets*

Assets subject to amortization are reviewed for impairment losses whenever there are circumstances that indicate that their carrying amount may not be recoverable. An impairment loss is the difference between the carrying amount and the recoverable amount of that asset. The recoverable amount is the greater between the asset's usage value and its fair value, less any sale costs.

### *Financial instruments*

Financial assets and liabilities include equity instruments as financial assets available for sale, equity instruments in subsidiaries and associates, customers and other receivables, cash and cash equivalents, suppliers and other debts.

### *Financial assets available for sale*

Financial assets available for sale are non-derivatives that are specifically classified in this category or not fit in another category of financial assets. They are included in non-current assets unless management intends to dispose of the investment within 12 months from the end of the reporting period.

Financial assets available for sale are valued at cost.

### *Investments in subsidiaries and associates*

Investments in subsidiaries and associates are valued at their respective cost. The company did not recognize impairment adjustments for them.

### *Receivables from customers and similar accounts*

Receivables from customers and similar accounts are non-derivative financial assets with fixed or determinable receipts that are not listed on an active market. They are included under current assets (customers and other receivables).

### *Stocks*

Stocks are stated at the lower between cost and net realizable value. Cost is determined using the weighted average cost method (CMP). In the normal course of business, net realizable value is estimated based on selling price less costs involved.

### *Trade receivables (customers)*

Customer receivables are usually collected in a period of less than one year and are therefore treated as current assets.

### *Cash and cash equivalents*

Cash and cash equivalents consist of liquidities in cash and current accounts, deposits with a maturity of less than 3 months and other securities. The available foreign currency cash and bank deposits in foreign currencies are measured and presented in the statement of financial position using the exchange rate announced by the NBR and valid at the date of the financial position statement.

### *Share capital*

The share capital includes ordinary shares recorded at nominal value. Any excess of fair value received over the nominal value of issued shares is recognized as share premium.

The company recognizes changes in share capital under the terms specified by the legislation in force and only after their approval by the General Meeting of Shareholders and their registration with the Trade Register.

### *Dividend distribution*

The distribution of dividends is recognized as a liability in the company's financial statements for the period in which such dividends are approved by shareholders.

### *Trade payables (suppliers)*

Trade payables are obligations to pay for goods or services acquired in the ordinary course of business from suppliers. They are classified as current liabilities. Payables arising from foreign currency transactions are measured in lei based on the exchange rate at the transaction date. Payables in foreign currency are measured using the exchange rate as communicated by NBR and valid at the date of the financial position statement.

### *Deferred current income tax*

Tax expense for the period includes current tax and deferred tax.

Current income tax expense is calculated based on tax regulations in force at the date of the statement of financial position.

Deferred income tax is determined taking into account the temporary differences arising between the carrying amounts and tax bases of assets and liabilities. Deferred income tax is determined using tax rates provided by the legislation in force to apply in the period when the temporary difference is achieved.

Deferred tax recorded as receivable is recognized only in as much as a future taxable profit is likely to be obtained, from which temporary differences can be deducted.

### *Employee benefits*

In the normal course of business, the company makes payments to the Romanian State on behalf of its employees for pension, health and unemployment funds. All company employees are members of the Romanian State pension plan. Wages, salaries, contributions to pension funds and social security of the Romanian state, annual leave and paid sick leave, bonuses and non-monetary benefits are accumulated during the year in which the related services are rendered by company employees.

The company grants to its employees, in case of retirement or early retirement, an end-of-career reward of three base monthly salaries as received in the retirement month.

### *Provisions*

Provisions are recognized when the company has a legal or implicit obligation arising from past events, when a disbursement of resources incorporating economic benefits is necessary to settle the obligation, and when a reliable estimate can be made regarding the amount of the obligation.

Provisions are measured at the updated value of the expenses expected to be required to settle that obligation using a pre-tax rate that reflects current market assessments of the time value of money and the obligation-specific risks. Increase in the provision due to passage of time is recognized as financial charges on provision updating.

### *Income recognition*

Income is assessed at the fair value of the amount received or to be received from the sale of goods and provision of services in the company's ordinary course of business.

Income is recognized when their value can be reliably assessed, when future economic benefits are likely to be achieved for the entity and when specific criteria are met for the recognition of each category of income.

#### a) Income from provided operations

Income from provided port operations is recognized according to the stage of completion of the transaction at the end of the reporting period. Thus, income is recognized in the accounting periods in which services are provided.

The operations under way, not invoiced to customers, are recorded into account 418 "Customer invoices to be issued" and are presented in the statement of financial position under "customers and other receivables".

#### b) Income from sale of goods

Income from sale of goods is recognized when the company transfers the significant risks and rewards related to the ownership of goods. In case of the company, the transfer of ownership right occurs upon delivery of products.

#### c) Interest income

Interest income is recognized using accrual accounting effective interest method.

#### d) Income from rents

Income from rents is recognized on an accrual basis in accordance with the economic substance of the contracts involved.

## NOTE 1. TANGIBLE ASSETS

Change in gross value, amortization and book value for each category of fixed assets is as follows:

	Land and buildings	Plant and machinery	Furniture, accessories and other equipment	Real estate investment	Assets in progress	Tangible assets advances	Total
<b>As at 01/01/2017</b>							
Cost or reassessed value	35,927,999	57,301,948	435,182	392,800	7,345,248	29,267,544	130,670,721
Cumulative amortization	(4,716,066)	(41,178,152)	(290,512)	-	-	-	(46,184,730)
<b>Net carrying value</b>	<b>31,211,933</b>	<b>16,123,796</b>	<b>144,670</b>	<b>392,800</b>	<b>7,345,248</b>	<b>29,267,544</b>	<b>84,485,991</b>
<b>As at 03/31/2017</b>							
Initial net carrying value	<b>31,211,933</b>	<b>16,123,796</b>	<b>144,670</b>	<b>392,800</b>	<b>7,345,248</b>	<b>29,267,544</b>	<b>84,485,991</b>
Receipts	6,578,975	310,398	-	-	538,237	2,423,439	9,851,049
Disbursements	-	-	-	-	(6,889,374)	-	(6,889,374)
Amortization for disbursements	-	-	-	-	-	-	-
Amortization expense	(619,595)	(1,035,629)	(9,483)	-	-	-	(1,664,707)
Final net carrying value	37,171,313	15,398,565	135,187	392,800	994,111	31,690,983	85,782,959
<b>As at 03/31/2017</b>							
Cost or reassessed value	42,506,974	57,612,346	435,182	392,800	994,111	31,690,983	133,632,396
Cumulative amortization	(5,335,661)	(42,213,781)	(299,995)	-	-	-	(47,849,437)
<b>Net carrying value</b>	<b>37,171,313</b>	<b>15,398,565</b>	<b>135,187</b>	<b>392,800</b>	<b>994,111</b>	<b>31,690,983</b>	<b>85,782,959</b>



Tangible assets have been recognized at the time of entry, at their cost, and subsequently revaluations were performed based on H.G. 26/92, H.G. 500/94, H.G. 983/98, H.G. 403/2000 and H.G. 1553/2004.

The company constructions were last revaluated on 31 December 2014 by an independent assessor, recording an increase of unrealized revaluation differences in the amount of 3,968,145 lei.

For the revaluation differences deferred taxes have been also taken into account.

Up to 03/31/2017 total investments in an amount of 345,700 lei have been put into operation, as follows:

→ Vat for general cargo	=	29,834 lei
→ KOMATSU front loader	=	157,298 lei
→ Mobile terminals for trucks	=	47,710 lei
→ Modular container	=	35,657 lei
→ Tire changer	=	23,542 lei
→ Mobile belt conveyer	=	51,658 lei.

In the first quarter of 2017 fixed assets modernization works have been finalized, amounting 6,543,674 lei. Most significant modernization aimed the running track of PORTAINER BERTH 51-52, in a total amount of 6,543,674 lei, and its purpose was rehabilitation of the track in order to provide carrying capacity for the new STS crane.

The company has no tangible assets acquired in financial leasing.

According to Loan Contract with BRD for financing the PACECO project, the company has mortgaged four KOMATSU loaders and one HYSTER forklift with a total amount of 3,125,079 lei.

The agreed mortgage remains in effect until SOCEP SA will become the rightful owner of the assets purchased with the loan in question, meaning one PORTAINER (STS) Crane and two TRANSTAINER (RTG) Cranes.

## NOTE 2. INTANGIBLE ASSETS

	<u>Computer licenses and software</u>
<b>As at 01 January 2017</b>	
Cost	1,256,179
Accumulated amortization	(299,910)
<b>Net carrying value</b>	<b>956,269</b>
<b>As at 31 March 2017</b>	
Initial net carrying value	956,269
Receipts	-
Disbursements	-
Amortization for disbursements	-
Amortization expense	(83,128)
Final net carrying value	873,141
<b>As at 31 March 2017</b>	
Cost	1,256,179
Accumulated amortization	(383,038)
<b>Net carrying value</b>	<b>873,141</b>

The intangible assets include software licenses and one trademark. Licenses are depreciated in a linear manner over a useful life of maximum 3 years and the trademark over 8 years.

Intangible assets are measured at cost reduced by accumulated depreciation.

During 2016 the TOS – POSEIDON software, with a total value of 905,633 lei, was put into operation. This computer program was purchased for our Container Terminal and is part of PACECO Project.

As at 03/31/2017, the company had advances in total amount of 22,613 lei for intangible assets. This amount represents a payment in advance for the software acquired for General cargo Terminal.

## NOTE 3. FINANCIAL ASSETS AVAILABLE FOR SALE

Financial assets available for sale include equity instruments held in:

- ROCOMBI SA BUCHAREST and ROFERSPED SA BUCHAREST companies. The share granted by these is 4.2857% in ROCOMBI SA BUCHAREST and 3.0909% in ROFERSPED SA BUCHAREST. The securities of the two companies are not listed on BSE and are net asset value-measured.

- INVESTIȚII ȘI MANAGEMENT PORT CONSTANȚA company. The share granted by these is 7.58 % of the company's share capital. Shares are not listed on BSE and are net asset value -measured.

- ELECTRICA SA. The share granted by these is 0.002 %. Shares are listed on BSE and are measured at fair value.

#### EQUITY SECURITIES

	ROCOMBI SA	ROFERSPED SA	INVESTIȚII ȘI MANAGEMENT T PORT CONSTANȚA	ELECTRICA SA	TOTAL
<b>Value as at 01/01/2017</b>	<b>104,553</b>	<b>227,144</b>	<b>17,673</b>	<b>86,948</b>	<b>436,318</b>
Value increases	-	-	-	-	-
Fair value increases	-	-	-	8,061	8,061
Value decreases	-	-	-	-	-
<b>Value as at 03/31/2017</b>	<b>104,553</b>	<b>227,144</b>	<b>17,673</b>	<b>95,009</b>	<b>444,379</b>

Financial assets available for sale listed on BSE are revaluated quarterly, depending on the rate in that quarter's last trading day.

#### NOTE 4. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

The company holds equity instruments (shares) in the following companies:

Company name	Type of relation	Country of incorporation	Percentage held (%)	Reference date for relation	Type of combination
SOCEFIN S.R.L.	Subsidiary	Romania	100.00 %	02.04.2012	Contribution to the establishment
TRANSOCEP TERMINAL S.A.	Associated entity	Romania	22.22 %	18.01.1996	Contribution to the establishment

Investments in subsidiaries and associates are valued at their cost. The company did not recognize adjustments for their impairment.

	Equity securities SOCEFIN	Equity securities TRANSOCEP	Total
<b>As at 01/01/2017</b>	<b>30,000,000</b>	<b>61,230</b>	<b>30,061,230</b>
Receipts	-	-	-
Disbursements	-	-	-
<b>As at 03/31/2017</b>	<b>30,000,000</b>	<b>61,230</b>	<b>30,061,230</b>

#### NOTE 5. OTHER LONG TERM INVESTMENTS

In order to comply with Rental Agreement C.N."A.P.M."-00082-IDP-01 concluded between SOCEP and C.N. Maritime Ports Administration S.A. Constanta, the company has constituted guarantee-bank deposits, both by bank guarantee – consignment of the amounts into a C.N."A.P.M."-S.A. current account and by a letter of guarantee valid for more than 1 year with total amount of 2,296,017 lei.

#### NOTE 6. STOCKS

Stocks held on 03/31/2017 are mainly composed of consumables. Their values were:

	01.01.2017	31.03.2017
Consumables	1,143,486	1,272,553
Goods	855	848
Adjustments for stock impairment	(552,462)	(552,462)
<b>Total</b>	<b>591,879</b>	<b>720,939</b>

It should be noted that stocks category includes some spare parts purchased in previous years, which are slowly moving. Specifically for them the company formed some adjustments for stock impairment amounting to 552,462 lei.

## NOTE 7. CUSTOMERS AND OTHER RECEIVABLES

	<b>01/01/2017</b>	<b>03/31/2017</b>
Trade receivables (customers)	12,822,202	16,762,173
Adjustments for customer receivables impairment	(3,846,550)	(3,651,132)
Trade receivables – carrying value	8,975,652	13,111,041
Guarantees less than 1 year	27,972	2,603,393
Other receivables	1,281,119	1,162,791
Adjustments for impairment sundry debtors	(116,248)	(116,248)
Other receivables - carrying value	1,164,871	1,046,543
<b>Total</b>	<b>10,168,495</b>	<b>16,760,977</b>

Both trade receivables and other receivables are current assets.

The evolution of adjustments for customer receivables impairment and for sundry debtors impairment in the first quarter of 2017 was as follows:

	<b>03/31/2017</b>	
	<b>Adjustments for impairment of customer receivables</b>	<b>Adjustments for impairment of sundry debtors</b>
Balance as at 1 January 2017	3,846,550	116,248
Increases	-	-
Decreases	(195,418)	-
Balance as at 31 March 2017	3,651,132	116,248

Income resulting from the adjustment for trade receivables impairment is included under other gains/losses from operations – net.

Other receivables include:

	<b>01/01/2017</b>	<b>03/31/2017</b>
Advances for stocks and services	9,003	23,634
Taxes and charges to recover and other receivables	33,154	47,237
VAT to be recovered	120,833	-
Sundry debtors	1,118,129	1,091,920
<b>Total</b>	<b>1,281,119</b>	<b>1,162,791</b>

We mention that the company, as at 03/31/2017 has lodged guarantees amounting to 2,603,393 lei, as follows:

- 27,700 lei – equivalent of USD 6,500 in favor of C.N. „A.P.M.” - S.A. CONSTANȚA, as per concession contract no.94 of 11/12/1997
- 2,575,693 lei – as good execution guarantee of Shares Redemption program according to AGEA decision on 12/19/2016.

#### **NOTE 8. ACCRUED CHARGES**

Accrued charges were generated by the advance payment of local taxes and fees, of insurance for tangible assets and liability insurance, subscriptions, contributions and various fees.

#### **NOTE 9. CASH AND CASH EQUIVALENTS**

	<b>01/01/2017</b>	<b>03/31/2017</b>
Cash and bank accounts	6,728,809	8,982,730
Short-term bank deposits	27,521,945	20,226,959
<b>Total</b>	<b>34,250,754</b>	<b>29,209,689</b>

Cash and cash equivalents in foreign currency were measured in the financial statements based on exchange rates valid on 03/31/2017, i.e. 4.5511 lei/Euro and 4.2615 lei/USD.

## NOTE 10. SHARE CAPITAL

The company's share capital is fully subscribed and has a value of 34,342,574.40 lei. It consists of 343,425,744 dematerialized registered shares. The nominal value of a share is 0.10 lei. After the application of IFRS, the company's share capital was adjusted to inflation. The adjustment amount is 164,750,632 lei.

## NOTE 11. RESERVES

Company reserves consist of unrealized revaluation surplus and reserves.

After the transition to IFRS implementation, company policy is to recognize for retained earnings the revaluation surplus for depreciable assets as they are amortized or sold.

	<b>Reserves from revaluation of tangible assets</b>	<b>Legal reserves</b>	<b>Reserves from distribution of net profit</b>	<b>Reserves from tax reductions and exchange rate differences</b>	<b>TOTAL</b>
<b>As at 01/01/2017</b>	<b>17,939,190</b>	<b>6,774,506</b>	<b>10,047,519</b>	<b>4,397,832</b>	<b>39,159,046</b>
Profit distribution (earnings for first qtr.)	-	-	-	-	-
Surplus from revaluation realized	(304,158)	-	-	-	(304,158)
Investment property revaluation reserve at fair value	-	-	-	-	-
Reserves from reinvested profit	-	-	-	-	-
<b>As at 03/31/2017</b>	<b>17,635,032</b>	<b>6,774,506</b>	<b>10,047,519</b>	<b>4,397,832</b>	<b>38,854,888</b>

Reserves from asset revaluation consist of differences from revaluation of unrealized tangible assets.

Legal reserves were formed under the law.

Reserves from profit distributions come from the legal distribution of a portion of the net profit from its own funding sources for the period 2001-2005.

Reserves from tax reductions and foreign exchange differences amounting 4,397,832 lei come from:

- Tax reductions as per H.G. 402/2000 and Law 189/2001	= 3,858,117 lei
- Amount related to exchange rate differences resulting from the assessment of liquidity in foreign currencies calculated according to Decision No.3 / 2002 of the Ministry of Public Finance	= 452,887 lei
- Reserves from reinvested profit	= 86,828 lei.

## NOTE 12. RETAINED EARNINGS

	<b>Retained earnings from undistributed profits</b>	<b>Retained earnings from first-time adoption of IAS 29</b>	<b>Retained earnings from surplus realized from revaluation reserves</b>	<b>Retained earnings from implementation of IFRS, less IAS 29</b>	<b>TOTAL</b>
<b>As at 01/01/2017</b>	<b>49,720,362</b>	<b>(1,282,715)</b>	<b>12,363,714</b>	<b>1,839,497</b>	<b>62,640,858</b>
Result for the quarter	1,312,050	-	-	-	1,312,050
The revaluation surplus realized	-	-	304,158	-	304,158
Income tax related to the revaluation surplus realized	-	-	(48,665)	-	(48,665)
<b>As at 03/31/2017</b>	<b>51,032,412</b>	<b>(1,282,715)</b>	<b>12,619,206</b>	<b>1,839,497</b>	<b>64,208,400</b>

### NOTE 13. OTHER EQUITY ELEMENTS

	Deferred income tax recognized in equity account	Differences from the change in fair value of financial assets available for sale	TOTAL
<b>As at 01/01/2017</b>	<b>(2,914,870)</b>	<b>278,750</b>	<b>(2,636,120)</b>
Deferred tax income related to change in fair value of financial assets available for sale	(1,290)	-	(1,290)
Change in fair value of financial assets available for sale	-	8,061	8,061
Deferred income tax related to revaluation surplus realized	48,665	-	48,665
<b>As at 03/31/2017</b>	<b>(2,867,495)</b>	<b>286,811</b>	<b>(2,580,684)</b>

### NOTE 14. DEFERRED INCOME TAX AND CURRENT INCOME TAX

#### a) Deferred income tax

Deferred tax assets were recognized for stock adjustments, receivables adjustments and provisions.

Deferred tax liabilities were recognized in reserves from revaluation and changes in fair value of financial assets available for sale.

Change of assets and liabilities related to deferred income tax during first quarter of 2017, without taking into account the compensation of balances related to the same tax authority, is:

Deferred income tax assets

<b>Deferred income tax assets</b>	<b>Stocks (stock adjustments)</b>	<b>Receivables (receivable adjustments)</b>	<b>Provisions</b>	<b>Shares depreciation adjustments</b>	<b>Total</b>
<b>As at 01/01/2017</b>	<b>88,394</b>	<b>634,047</b>	<b>73,069</b>	<b>4,825</b>	<b>800,335</b>
Recorded/credited in profit or loss for the period	-	-	-	-	-
Recorded/debited in profit or loss for the period	-	(31,266)	-	-	(31,266)
<b>As at 03/31/2017</b>	<b>88,394</b>	<b>602,781</b>	<b>73,069</b>	<b>4,825</b>	<b>769,069</b>

Deferred income tax liabilities

<b>Deferred income tax liabilities</b>	<b>Revaluation reserves</b>	<b>Financial assets available for sale</b>	<b>Total</b>
<b>As at 01/01/2017</b>	<b>2,870,270</b>	<b>44,600</b>	<b>2,914,870</b>
Recorded/credited in profit or loss for the period	-	-	-
Recorded/debited in profit or loss for the period	(48,665)	-	(48,665)
Recorded/credited in other elements of comprehensive income	-	1,290	1,290
Recorded/debited in other elements of comprehensive income	-	-	-
<b>As at 03/31/2017</b>	<b>2,821,605</b>	<b>45,890</b>	<b>2,867,495</b>

**b) Current income tax**

	<b>03/31/2016</b>	<b>03/31/2017</b>
Balance on 01 January	965,850	(45,886)
Increases	778,628	211,393
Decreases	(965,850)	-
Balance on 31 March	778,628	165,507

**c) Expense with current income tax**

	<b>03/31/2016</b>	<b>03/31/2017</b>
Profit before tax	4,883,550	1,506,045
Deductions - reserve fund	(244,178)	(75,302)
Non taxable income	(77,814)	(209,762)
Non deductible expenses	128,444	171,603
Elements similar to income	304,158	304,158
Taxable profit	4,994,160	1,696,742
Income tax calculated at 16%	799,066	271,479
Sponsorships carried from 2016	-	(37,186)
Sponsorships 2017	(20,000)	(11,500)
Deduction of reinvested profit	(438)	(11,400)
Current income tax expense	778,628	211,393

**d) Income tax expenses**

	<b>03/31/2016</b>	<b>03/31/2017</b>
Current income tax expenses	778,628	211,393
Deferred income tax expense	12,450	33,562
Deferred income tax revenues	(48,936)	(50,960)
Income tax expenses	742,142	193,995

## NOTE 15. BANK LOANS

The company has contracted a bank loan amounting to 35,090,000 lei on 10/05/2015 from BRD. This loan was used for partial payment of the import letter of credit amounting to 8,710,550 Euro (opened at BRD on the request of SOCEP, in favor of beneficiary PACECO ESPAÑA S.A., as per credit letter issue contract no. 209763/05.10.2015). Until 03/31/2017, the value used from this loan was 24,654,755 lei, out of which the amount of 4,273,790 lei has a maturity less than 1 year. Balance for interest related to the loan as recorded on 03/31/2017 is in an amount of 27,932 lei.

## NOTE 16. DEFERRED INCOME

Under the deferred income category, the company recognizes donations for investments and revenues from rents invoiced in advance.

	<b>01/01/2017</b>	<b>03/31/2017</b>
Donations for investments	-	-
Other revenues	180	28,758
<b>TOTAL</b>	<b>180</b>	<b>28,758</b>

## NOTE 17. FURNIZORI ȘI ALTE DATORII

The suppliers and other payables statement is as follows:

	<b>01/01/2017</b>	<b>03/31/2017</b>
Trade payables, out of which:	1,416,374	1,797,295
Suppliers for fixed assets	20,287	15,671
Salaries due	460,204	595,052
Unclaimed Dividends	353,150	351,655
Social security and other taxes	1,075,132	1,029,010
Other payables	783,081	591,729
<b>Total</b>	<b>4,087,941</b>	<b>4,364,741</b>

Social security and other taxes, which are due in April 2017, have the following values:

	<b>01/01/2017</b>	<b>03/31/2017</b>
Social security	789,832	613,573
Salary tax	284,561	227,103
VAT	-	188,072
Tax on dividends	739	262
<b>TOTAL</b>	<b>1,075,132</b>	<b>1,029,010</b>

On 03/31/2017, the company has no outstanding debts for which interests or late payment penalties should be paid.

#### NOTE 18. PROVISIONS

The situation of provisions is as follows:

	<b>01/01/2017</b>	<b>03/31/2017</b>
Provisions for employee benefits	450,895	450,895
Other provisions	5,784	5,784
<b>TOTAL</b>	<b>456,679</b>	<b>456,679</b>

The provision for employee benefits in the amount of 450,895 lei is formed for the amounts to be granted to company employees, equivalent to three base salaries for each, as received on retirement date.

#### NOTE 19. INCOME (Turnover)

The company has achieved over 98.5% of its turnover from operations carried out in both terminals, general cargo terminal and container terminal.

	<b>03/31/2016</b>	<b>03/31/2017</b>
Income from port performed port operations	18,118,536	15,123,310
Income from rents	146,649	128,923
Other income (sale of goods)	57,952	3,865
<b>TOTAL</b>	<b>18,323,137</b>	<b>15,256,098</b>

Turnover detailed by port terminals as determined by company management, is as follows:

	<b>03/31/2016</b>	<b>03/31/2017</b>
<b>I. GENERAL CARGO</b>		
Cargo handling	9,357,240	8,666,958
Storage	1,405,377	886,443
Other services	147,286	73,297
Zona Sud Agigea	58,656	65,355
<b>TOTAL</b>	<b>10,968,559</b>	<b>9,692,053</b>
<b>II. CONTAINERS</b>		
Handlings	7,059,269	5,491,854
Storage	222,740	52,512
Other services	72,569	19,679
<b>TOTAL</b>	<b>7,354,578</b>	<b>5,564,045</b>
<b>III. TOTAL COMPANY</b>		
Handlings	16,416,509	14,158,812
Storage	1,628,117	938,955
Other services	219,855	92,976
Zona Sud Agigea	58,656	65,355
<b>TOTAL</b>	<b>18,323,137</b>	<b>15,256,098</b>

**NOTE 20. OTHER INCOME**

	<b>03/31/2016</b>	<b>03/31/2017</b>
Despatch and penalties	120,774	152,498
Income from dividends	-	-
Miscellanea	31,725	141,700
<b>TOTAL</b>	<b>152,499</b>	<b>294,198</b>

Other income included amounts from invoicing despatch (due for early operation of ships), i.e. 149,033 lei and penalties calculated for failure to pay in due time for provided port operations and invoiced to customers, in the amount of 3,465 lei.

**NOTE 21. RAW MATERIALS AND CONSUMABLES**

	<b>03/31/2016</b>	<b>03/31/2017</b>
Expenses with consumables	1,599,514	1,611,100
Expenses with other materials	93,808	114,553
Expenses with materials not stored	562	474
Expenses with energy and water	445,817	384,959
<b>TOTAL</b>	<b>2,139,701</b>	<b>2,111,086</b>

**NOTE 22. COST OF SOLD GOODS**

	<b>03/31/2016</b>	<b>03/31/2017</b>
Expenses with goods	15,002	1,660

**NOTE 23. SERVICES PROVIDED BY THIRD PARTIES**

	<b>03/31/2016</b>	<b>03/31/2017</b>
Maintenance and repair expenses	126,482	222,413
Rent expenses	958,485	1,296,163
Insurance expenses	65,639	67,626
Entertainment and advertising expenses	19,286	48,964
Expenses with charges and fees	359,784	305,793
Cargo and staff transportation expenses	29,195	29,482
Travel expenses	21,534	30,658
Postal and telecommunication expenses	31,659	28,479
Bank service expenses	33,209	8,909
Rail cars shifting expenses	158,532	126,519
Port service expenses	1,064,280	1,443,124
Sanitation expenses	53,125	93,155



Occupational safety expenses	24,944	21,083
Fire protection, safety expenses	209,082	239,316
Computer service expenses	31,613	33,858
Expenses with subscriptions, contributions	12,989	15,644
Audit, consultancy, BSE expenses	10,820	57,885
Expenses with authorizations	20,651	27,366
Schooling/training expenses	17,338	5,733
Other expenses	25,674	49,965
<b>TOTAL</b>	<b>3,274,321</b>	<b>4,152,135</b>

#### NOTE 24. EMPLOYEE BENEFIT COST

<b>EXPENSES</b>	<b>03/31/2016</b>	<b>03/31/2017</b>
Salaries and meal vouchers	4,637,701	4,850,614
Social security expenses	1,043,908	1,136,956
<b>TOTAL</b>	<b>5,681,609</b>	<b>5,987,570</b>

Benefits for Management Board and Supervisory Board members:

<b>CHELTUIELI</b>	<b>03/31/2016</b>	<b>03/31/2017</b>
Management Board benefits	153,489	148,525
Social security related to Executive Board benefits	36,147	35,476
Supervisory Board benefits	122,400	122,400
Social security related to Supervisory Board benefits	26,464	26,464
<b>TOTAL</b>	<b>338,500</b>	<b>332,865</b>

<b>AVERAGE NUMBER OF EMPLOYEES</b>	<b>03/31/2016</b>	<b>03/31/2017</b>
	441	431

**NOTE 25. AMORTIZATION EXPENSES**

	<b>03/31/2016</b>	<b>03/31/2017</b>
Expenses with the amortization of intangible assets	3,779	83,128
Expenses with the amortization of tangible assets	1,540,143	1,664,707
<b>TOTAL</b>	<b>1,543,922</b>	<b>1,747,835</b>

**NOTE 26. OTHER EXPENSES**

Other expenses include expenses with other taxes, losses on bad debts, compensation of damages, fines and penalties, donations and other operating expenses.

	<b>03/31/2016</b>	<b>03/31/2017</b>
Expenses with taxes and charges	157,952	141,638
Losses from receivables	-	-
Damages, fines, penalties	11,593	1,500
Donations	-	-
Sponsorships	20,000	11,500
Other operating expenses	3,532	21,996
<b>TOTAL</b>	<b>193,077</b>	<b>176,634</b>

**NOTE 27. OTHER OPERATIONAL GAINS/LOSSES – NET**

	<b>03/31/2016</b>	<b>03/31/2017</b>
Income from disposal of assets	30,900	-
Expenses on disposal of assets	-	-
Income from provisions	1,190	-
Expenses from provisions	-	-
Income from adjustments of stocks and customer receivables	76,624	209,762
Expenses for adjustments of stocks and customer receivables	(1,690)	(14,345)
Income from exchange rate differences, less those for cash and cash equivalents	22,810	43,427
Expenses from exchange rate differences, less those for cash and cash equivalents	(196,011)	(100,689)
<b>TOTAL</b>	<b>(66,177)</b>	<b>138,155</b>

## NOTE 28. FINANCIAL INCOME

Financial income includes income from interests and other income.

	<b>03/31/2016</b>	<b>03/31/2017</b>
Income from interests	14,753	8,900
Other financial income	-	328
<b>TOTAL</b>	<b>14,753</b>	<b>9,228</b>

## NOTE 29. FINANCIAL EXPENSE

	<b>03/31/2016</b>	<b>03/31/2017</b>
Interest expense	8,809	-
<b>TOTAL</b>	<b>8,809</b>	<b>-</b>

## NOTE 30. OTHER FINANCIAL GAINS/LOSSES – NET

The net financial gain (loss) is determined as the difference between income and expenses related to different exchange rates applied to cash and cash equivalents in foreign currency.

	<b>03/31/2016</b>	<b>03/31/2017</b>
Income from different exchange rates	185,542	326,533
Expenses from different exchange rates	(869,763)	(341,247)
<b>Net financial gains (losses)</b>	<b>(684,221)</b>	<b>(14,714)</b>

## NOTE 31. TRANSACTIONS WITH AFFILIATED PARTIES

In the first quarter of 2017, the company had transactions with the following affiliated parties: SC TRANSOCEP TERMINAL SA CONSTANȚA, SC CASA DE EXPEDIȚII PHOENIX S.A. CONSTANȚA, SC CELCO CONSTANȚA SA, SC SULINA ESTIVAL 2002 SA and DDN GLOBAL SRL CONSTANȚA. The connection with TRANSOCEP TERMINAL S.A. CONSTANȚA is generated by the 22.22% stake in the capital and the presence in the Management Board of TRANSOCEP TERMINAL S.A. The connection with CASA DE EXPEDIȚII PHOENIX SA CONSTANȚA, CELCO CONSTANȚA SA, SULINA ESTIVAL 2002 SA and DDN GLOBAL SRL CONSTANȚA is resulting from the existence of common members in their management bodies.

### Sales of goods and services

#### a) TRANSOCEP TERMINAL SA

	<b>03/31/2016</b>	<b>03/31/2017</b>
Sales of goods	-	-
Sales of services	4,745	4,001
Sales of fixed assets	-	-
<b>TOTAL (TVA INCLUS)</b>	<b>4,745</b>	<b>4,001</b>

#### b) CASA DE EXPEDIȚII PHOENIX SA

	<b>03/31/2016</b>	<b>03/31/2017</b>
Sales of goods	-	-
Sales of services	75,427	83,501
Sales of fixed assets	-	-
<b>TOTAL (TVA INCLUS)</b>	<b>75,427</b>	<b>83,501</b>

#### c) CELCO SA

	<b>03/31/2016</b>	<b>03/31/2017</b>
Sales of goods	-	-
Sales of services	-	33,045
Sales of fixed assets	-	-
<b>TOTAL (TVA INCLUS)</b>	<b>-</b>	<b>33,045</b>

### Purchases of goods and services

#### a) CASA DE EXPEDIȚII PHOENIX SA

	<b>03/31/2016</b>	<b>03/31/2017</b>
Purchases of goods	367,781	298,391
Purchases of services	119,235	554,630
Purchases of fixed assets	-	-
<b>TOTAL (TVA INCLUS)</b>	<b>487,016</b>	<b>853,021</b>

## b) TRANSOCEP TERMINAL SA

	<b>03/31/2016</b>	<b>03/31/2017</b>
Purchases of goods	-	-
Purchases of services	-	48,814
Purchases of fixed assets	-	-
<b>TOTAL (TVA INCLUS)</b>	<b>-</b>	<b>48,814</b>

## c) DDN GLOBAL SRL

	<b>03/31/2016</b>	<b>03/31/2017</b>
Purchases of goods	-	-
Purchases of services	-	32,080
Purchases of fixed assets	-	-
<b>TOTAL (TVA INCLUS)</b>	<b>-</b>	<b>32,080</b>

## d) SULINA ESTIVAL 2002 SA

	<b>03/31/2016</b>	<b>03/31/2017</b>
Purchases of goods	-	-
Purchases of services	-	420
Purchases of fixed assets	-	-
<b>TOTAL (TVA INCLUS)</b>	<b>-</b>	<b>420</b>

**Balances on 31 March 2017 resulting from sales/purchases of goods/services**

## a) TRANSOCEP TERMINAL SA CONSTANȚA (associated entity)

	<b>03/31/2016</b>	<b>03/31/2017</b>
Receivable	4,745	-
Payable	-	58,088
<b>TOTAL</b>	<b>4,745</b>	<b>(58,088)</b>

b) CASA DE EXPEDIȚII PHOENIX SA CONSTANȚA

	<b>03/31/2016</b>	<b>03/31/2017</b>
Receivable	-	-
Payable	124,697	291,039
<b>TOTAL</b>	<b>(124,697)</b>	<b>(291,039)</b>

**NOTE 32. ECONOMIC AND FINANCIAL INDICATORS**

INDICATORS	CALCULATION PROCEDURE	RESULTS	
		03/31/2016	03/31/2017
1. Current liquidity	Current assets/Current liabilities	9.21	5.32
	Borrowed capital ----- x 100 Equity	8.56	17.01
2. Indebtedness	Borrowed capital ----- x 100 Committed capital	7.88	14.54
3. Rotation speed of customers debts	Average balance of customers ----- x 90 Turnover	89.36	87.26
4. Rotation speed of fixed assets	Turnover/Fixed assets	0.19	0.13

**EVENTS OCCURRED AFTER THE REPORTING PERIOD**

We specify that subsequent to preparation of financial statements, no events have occurred which could significantly influence the financial position and company performances.

Quarterly Financial Statements are not audited.

**Marius Barbarino,**  
GENERAL MANAGER

**Camelia Nebi,**  
FINANCIAL MANAGER

