COMVEX SA

STAND ALONE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

Drawn up in accordance with the Order of the Romanian Minister of Public Finance no. 1802/2014 and subsequent amendments

COMVEX SA

STAND ALONE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR CONCLUDED 31 DECEMBER 2019

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County Constanţa
Entity COMVEX SA
Address: city Constanţa
Port Precincts Berth 80-84
Phone 0241.639.016, fax 0241.639.010
Trade Registry number J13/622/1991

Ownership Private
Main activity
(NACE Group) Handling
NACE group code 5224
Sole registration code 1909360

BALANCE SHEET **(Code 10)**

	Row	Note	31 December 2018 (RON)	31 December 2019 (RON)
A. FIXED ASSETS				
I. INTANGIBLE ASSETS				
1. Concessions, patents, licenses, trademarks, similar rights and values and other intangible assets	01	1a	508.369	1.794.574
TOTAL	02		508.369	1.794.574
II. TANGIBLE ASSETS				
1. Lands and buildings	03	1b	25.230.808	53.892.097
2. Technical installations and machines	04		83.404.966	147.915.532
3. Other equipment, tools and furniture	05		525.970	372.528
4. Tangible assets in progress	06		151.552.236	234.857.077
5. Advances	07		34.776.452	3.428.507
TOTAL	08		295.490.432	440.465.741
III. FINANCIAL ASSETS				
1. Shares in subsidiaries	09	1c	400	400
TOTAL	10		400	400
FIXED ASSETS - TOTAL	11		295.999.201	442.260.715
B. CURRENT ASSETS				
I. INVENTORY				
1. Raw materials and consumables	12		14.168.134	16.230.194
2. Advances	13		403.295	112.875
TOTAL	14		14.571.429	16.343.069
II. ACCOUNTS RECEIVABLE				
1. Trade receivables	15		16.691.055	20.475.998
2. Receivables from associates and jointly controlled entities	16		1.124.325	1.152.145
3. Other receivables	17		1.745.773	2.640.042
TOTAL	18		19.561.153	24.268.185

COMVEX SA
BALANCE SHEET **Code (10)**

	Row	Note	31 December 2018 (RON)	31 December 2019 (RON)
IV. CASH AND BANK ACCOUNTS	19		13.424.137	15.548.526
CURRENT ASSETS - TOTAL	20		47.556.719	56.159.780
C. PREPAID EXPENSES	21		4.174.552	5.514.534
1. Amounts to be expensed in less than one year	22		842.560	1.156.488
2. Amounts to be expensed in more than one year	23		3.331.992	4.358.046
D. LIABILITIES: AMOUNTS TO BE PAID IN LESS THAN ONE YEAR				
1. Amounts due to credit institutions	24		17.883.411	26.343.501
2. Advances cashed for orders	25		56.661	56.662
3. Trade liabilities - suppliers	26		12.841.670	35.878.630
4. Other liabilities, including tax and social security payables	27		4.480.017	4.855.944
TOTAL	28		35.261.759	67.134.737
E. NET CURRENT ASSETS / NET CURRENT LIABILITIES	29		12.991.490	(10.217.468)
F. TOTAL ASSETS LESS CURRENT LIABILITIES	30		312.322.683	436.401.293
G. LIABILITIES: AMOUNTS TO BE PAID IN MORE THAN ONE YEAR				
1. Amounts due to credit institutions	31		120.064.382	147.069.576
2. Other liabilities, including tax and social security payables	32		520.159	25.919
TOTAL	33		120.584.541	147.095.495
H. PROVISIONS				
1. Other provisions	34		2.813.425	2.813.425
TOTAL	35		2.813.425	2.813.425

Notes from 1 to 10 are integral part of the financial statements.

COMVEX SA
BALANCE SHEET **Code (10)**

	Row	Note	31 December 2018 (RON)	31 December 2019 (RON)
I. INCOME IN ADVANCE				
1. Subsidies for investments	36		2.404.183	5.824.909
Amounts to be released in less than one year	37		146.030	398.999
Amounts to be released in more than one year	38		2.258.153	5.425.910
TOTAL	39		2.404.183	5.824.909
J. CAPITAL AND RESERVES				
I. SHARE CAPITAL				
1. Subscribed and paid up share capital	40		29.139.928	29.139.928
TOTAL	41		29.139.928	29.139.928
II. SHARE CAPITAL PREMIUMS	42		41.553	41.553
III. REVALUATION RESERVES	43		13.187.834	91.117.620
IV. RESERVES				
1. Legal reserves	44		3.694.254	4.509.524
2. Other reserves	45		43.490.372	57.968.945
TOTAL	46		47.184.626	61.478.469
V. REPORTED PROFIT Balance C	47		89.957.193	98.288.893
VI. PROFIT OR LOSS OF FINANCIAL YEAR Balance C	48		7.612.510	15.293.843
Profit distribution	49		457.080	15.293.843
SHAREHOLDERS' EQUITY - TOTAL	50		186.666.564	281.066.463
SHAREHOLDERS' EQUITY – TOTAL	51		186.666.564	281.066.463

Authorised for issue and signed on behalf of the Board of Directors as at April 15, 2020:

ADMINISTRATOR
Name and surname PANAIT VIOREL
Signature____________________

DRAWN UP BY,
Name and surname OPREA IRINA
Position FINANCIAL DIRECTOR
Signature____________

Unit's stamp

Notes from 1 to 10 are integral part of the financial statements.

COMVEX SA
PROFIT AND LOSS STATEMENT **(Code 20)**

	Row	Note	2018 (RON)	2019 (RON)
1. Net turnover	01		77.288.258	119.887.694
Revenues from services rendered	02		72.865.260	81.331.806
Revenues from sales of goods	03		4.422.998	38.555.888
2. Revenues from production of tangible and intangible assets	04		376.065	2.085.784
3. revenues from revaluation of tangible assets	05			594
4. Other operating revenues:	06		5.897.307	36.722.986
- out of which, income arising from subsidies for investments	07		73.705	73.705
OPERATING INCOME – TOTAL	08		83.561.630	158.697.058
5. a) Raw material and consumable Expenses	09		8.134.923	10.978.806
Other material expenses	10		244.890	377.463
b) Other external expenses (energy and water)	11		5.803.037	7.243.546
c) Merchandise expenses	12		3.812.475	33.355.829
Trade discounts received	13		20.933	173.441
6. Staff costs, out of which:	14		24.792.481	29.272.089
a) Wages and salaries	15		23.361.131	27.350.774
b) Expenses with insurance and social security	16		1.431.350	1.921.315
7. a) Tangible and intangible assets value adjustment	17		3.982.636	4.088.703
a.1) Expenses	18		4.005.507	4.762.580
a.2) Revenues	19		22.871	673.877
b) Current assets value adjustment	20		816.537	376.973
b.1) Expenses	21		2.311.197	376.973
b.2) Revenues	22		1.494.660	-
8. Other operating expenses	23		26.420.909	53.723.425
8.1 External services expenses	24		20.201.406	22.652.680
8.2 Other taxes and similar expenses;transfers and contributions due under special regulations	25		830.671	554.685

Notes from 1 to 10 are integral part of the financial statements.

COMVEX SA
PROFIT AND LOSS STATEMENT **(Code 20)**

	Row	Note	2018 (RON)	2019 (RON)
8.3 Environment protection expenses	26		298	409
8.4 Expenses from revaluation of tangible assets	27			6.463.111
8.5 Expenses related to calamities and other similar events	28			
8.6 Other expenses	29		5.388.534	24.052.540
Expenses with refunding interests recorded by leasing companies erased from the General Register and who have leasing contracts in progress	30			
Provision adjustments	31			
- Expenses	32		222.946	
- Revenues	33		222.946	
OPERATING EXPENSES – TOTAL	34		73.986.955	139.243.393
OPERATING PROFIT				
- Profit	35		9.574.675	19.453.665
9. Income from participating interests	36			
10. Interest income	37		89.971	4.069
11. Other financial income	38		3.037.408	2.070.659
FINANCIAL INCOME – TOTAL	39		3.127.379	2.074.728
12. Value adjustment in respect of financial assets and financial investments held as current assets	40		3.472	
- Expenses	41		3.472	
- Revenues	42			
13. Interest expenses	43		173.394	89.371
Other financial expenses	44		3.383.594	5.133.631
FINANCIAL EXPENSES – TOTAL	45		3.560.460	5.223.002
FINANCIAL PROFIT OR LOSS				
- Loss	46		433.081	3.148.274
TOTAL INCOME	47		86.689.009	160.771.786
TOTAL EXPENSES	48		77.547.415	144.466.395

Notes from 1 to 10 are integral part of the financial statements.

COMVEX SA
PROFIT AND LOSS STATEMENT **(Code 20)**

	Row	Note	2018	2019
PROFIT OR GROSS LOSS (A)				
- Profit	49		9.141.594	16.305.391
15. Income tax	50		1.529.084	1.011.548
16. NET RESULT OF THE FINANCIAL YEAR				
- Profit	51		7.612.510	15.293.843

Authorised for issue and signed on behalf of the Board of Directors at April 15, 2020 by:

ADMINISTRATOR
Name and surname PANAIT VIOREL
Signature____________________

Unit's stamp

DRAWN UP BY,
Name and surname OPREA IRINA
Position FINANCIAL MANAGER
Signature____________

COMVEX SA

PROFIT AND LOSS STATEMENT **(Code 20)**

	Note	2018 (RON)	2019 (RON)
Cash flows from operating activities:			
Net cash flows from operating activities	9	15.980.525	43.314.527
Interest paid		(173.394)	(89.371)
Income tax paid		(1.404.581)	(1.418.144)
Net cash flow generated by operating activities		14.402.550	40.807.012
Cash flows from investment activities:			
Cash payments for acquisition of land and fixed assets, intangible assets and other long-term assets		(115.894.000)	(74.331.045)
Cash proceeds from sale of land and buildings, plant and equipment, intangible assets and other long-term assets			815.795
Interest proceeds		89.971	4.069
Cash payment for acquisition of participating interests or investments in financial assets		11.528	
Net cash flow generated by investment activities		(115.792.501)	(73.876.600)
Cash flows from financing activities:			
Cash proceeds from loans		109.830.045	37.876.600
Cash repayment of loans		(26.872.310)	(6.074.264)
Cash payments of the lessee for decrease of financial leasing liabilities		(1.378.505)	(636.726)
Effect on exchange rate fluctuations on loans and liabilities			3.662.948
Dividends paid		-	-
Net cash flow generated by financing activities		81.579.230	34.828.558
Net increase in cash and cash equivalents		(19.810.721)	2.124.389
Cash and cash equivalents at the beginning of the financial year		33.234.856	13.424.137
Cash and cash equivalents at the end of the financial year		13.424.137	15.548.526

ADMINISTRATOR
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Notes from 1 to 10 are integral part of the financial statements.

COMVEX SA

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Shareholders' equity Item	Balance at 1 January 2018 (RON)	Increases (RON)	Decreases/ Distributions (RON)	Balance at 31 December 2018 (RON)	Increases (RON)	Decreases/ Distributions (RON)	Balance at 31 December 2019 (RON)
	1	2	3	4	6	7	8
Subscribed share capital (note 0)	29.139.928	-	-	29.139.928			29.139.928
Share premium	41.553	-	-	41.553			41.553
Revaluation reserves	14.401.181	-	1.213.347	13.187.835	79.236.760	1.306.975	91.117.620
Legal reserves	3.237.174	457.080	-	3.694.254	815.270		4.509.524
Other reserves	43.490.372	-	-	43.490.372	14.478.573		57.968.945
Reported result representing the profit not distributed or loss not covered							
Credit balance	53.721.533	5.250.790	357.758	58.614.565	7.588.260	432.830	65.769.995
Reported result from first time adoption of IAS, except for IAS 29							
Credit balance	4.154.140	-	-	4.154.140			4.154.140
Reported result from correction of accounting errors							
Credit balance	1.783.997	-	-	1.783.997			1.783.997
Reported result from realised surplus from revaluation reserves	24.191.144	1.213.347	-	25.404.491	1.176.270		26.580.761

COMVEX SA

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Shareholders' equity Item	Balance at 1 January 2018 (RON) 1	Increases (RON) 2	Decreases / Distributions (RON) 3	Balance at 31 December 2018 (RON) 4	Increases (RON) 6	Decreases / Distributions (RON) 7	Balance at 31 December 2019 (RON) 8
Profit or loss of the financial year							
Credit balance	5.208.361	7.612.510	5.208.361	7.612.510	15.293.843	7.612.510	15.293.843
Profit distribution	315.330	315.330	457.080	457.080	15.293.843	457.080	15.293.843
Total shareholders' equity	179.054.053	14.849.057	7.236.546	186.666.564	103.295.133	8.895.235	281.066.463

ADMINISTRATOR
Name and surname PANAIT VIOREL
Signature____________________

DRAWN UP BY,
Name and surname OPREA IRINA
Position FINANCIAL MANAGER
Signature ____________

Unit's stamp

REPORTING ENTITY

1. These financial statements have been prepared by Comvex SA (the "Company").

1 FIXED ASSETS

a) Intangible assets

	Concessions, patents, licenses, trademarks, similar rights and values and other Intangible assets (RON)
Gross value	
Balance at 1 January 2019	2.276.582
Increases	1.392.857
Ceded assets, transfers and other reductions	29.966
Balance at 31 December 2019	3.639.474
Accumulated value adjustments (*)	
Balance at 1 January 2019	1.768.213
Adjustments in the current financial year	106.653
Reductions or reversals	(29.966)
Balance at 31 December 2019	1.844.900
Net carrying amount at 1 January 2019	508.369
Net carrying amount at 31 December 2019	1.794.574

b) Tangible assets

	Lands and buildings (RON)	Technical installations and machines (RON)	Other plant, Equipment, tools and furniture (RON)	Tangible assets in progress (RON)	Advances (RON)	Total (RON)
Gross value						
Balance at 1 January 2019	26.745.073	184.259.384	3.008.176	151.696.384	34.776.452	400.485.469
Increases	4.321.077	20.891.040	2.888	102.794.980	(2.007.827)	126.002.157
Increases generated by the positive modification of the revaluation reserve	26.705.412	52.515.778	15.5718	-	-	79.236.761
Increases generated by the revaluation of property, plant and equipment	594	-	-	-	-	594
Decreases caused by the negative modification of the revaluation reserve	(118.143)	(12.563)	-	-	-	(130.706)
Deductions generated by expenses from the revaluation of tangible assets	(691.236)	(5.665.145)	(106.730)	-	-	(6.463.111)
Decreases generated by the cancelattion of the amortization calculated until the revaluation date	(3.070.680)	(101.769.673)	(2.532.805)	-	-	107.373.158
Ceded assets, transfers and other reductions	-	(2.303.287)	(14.571)	(19.541.397)	(29.335.118)	(51.194.374)
Balance at 31 December 2019	53.892.097	147.915.534	372.528	234.949.967	3.443.507	440.563.632
Accumulated amortisation						
Balance at 1 January 2019	1.514.264	100.285.054	2.428.951			104.228.269
Amortisation registered during the financial year	1.556.416	2.976.084	118.426			4.650.926
Reductions due to revaluation	(3.070.680)	101.769.673	(2.532.805)			(107.373.158
Reductions or reversals	-	(1.491.465	(14.572)			(1.506.037)

Balance at 31 December 2019	-	-	-			-
Provisions						
Balance at 1 January 2019	-	569.365	53.254	144.148	-	766.768
Increases					5.000	5.000
Reductions		(569.365)	(53.254)	(51.257)		(673.877)
Balance at 31 December 2019		-	-	92.891	5.000	97.891
Net carrying amount at 1 January 2019	25.230.809	83.404.965	525.971	151.552.236	34.776.452	295.490.432
Net carrying amount at 31 December 2019	53.892.097	147.915.534	372.527	234.857.076	3.428.507	440.465.741

The amount of the interest capitalised in the current year related to the credit facility for financing the investment "Grain terminal" is worth RON 3.477.504. According to the provisions of OMFP 1802/2014, the Company will capitalise the interest related to this bank credit until the investment is commissioned.

Revaluation of tangible assets

According to the accounting regulations in force, the Company revalued the existing tangible assets in its patrimony at the end of the financial year 2019, reflecting in the accounting its results.

The surplus, respectively the minus resulting from the revaluation of tangible fixed assets was recorded at revaluation reserves, increasing or decreasing, as the case may be, the value of equity. In the case of depreciated assets for which there was no revaluation surplus recorded in previous years, or for which the previously revalued reserve was less than the impairment amount, the remaining uncovered difference was recognized as an impairment loss of 6.463.111. lei, recorded in the profit and loss account for 2019. The revaluation surplus of assets for which a decrease was previously recognized based on the expense account, was recorded on 31.12.2019 in the income revaluation income account of fixed assets in the amount of 594 lei, and the positive difference was registered in the credit of the revaluation reserves account.Revaluations of tangible assets are performed regular enough so that the accounting value is not substantially different from the fair value set up on the balance sheet date.

The changes of revaluation reserve during the financial year are shown as follows:

	31 December 2018 (RON)	31 December 2019 (RON)
Revaluation reserve at the beginning of the financial year	**14.401.181**	**13.187.834**
Differences from revaluation transferred in the current financial year	-	79.106.055
Transfer at the reported result of the surplus from revaluation reserves	(1.213.347)	(1.176.270)
Revaluation reserve at the end of the financial year	13.187.834	91.117.619

According to tax legislation in Romania, until 1st May 2009 revaluation reserves for tangible assets became taxable once their purpose was changed. Following the amendment of the Tax Code, effectively from 1st May 2009 differences from revaluation of fixed assets made after 1 January 2004, which are deducted through fiscal amortisation or expenses with disposals of assets when calculating the taxable profit, are taxable simultaneously with the deduction of tax depreciation, respectively at the moment when these fixed assets are disposed, as the case may be.
Following the reflection in the accounting of the revaluation results, the adjustments for the depreciation of tangible fixed assets, registered in the previous years, were canceled, respectively, diminished by debiting the corresponding adjustment account, in correspondence with an income account. The total value of the depreciation adjustments of tangible fixed assets resumed at revenues during 2019 is 673.877 lei.

c) Financial assets

The financial assets are evaluated at historical cost and in 2019 no events were registered leading to their depreciation.

On December 31st, 2019, the Company had no subsidiaries.

On December 31st, 2019, the Company owned securities under the form of participating interests in the following associated/jointly controlled entities:

Subsidiary's name	Held percentage	Value of capital and reserves	Profit/ (loss) at 31 December 2019
1. CDRV Associates SRL	20.00%	400.00	

2 PROVISIONS

Type of provision	Balance at 1 January 2019 (RON)	Into account (RON)	Transfers from account (RON)	Balance at 31 DecembeR 2019 (RON)
Other provisions	2.813.425			2.813.425
Adjustments for the impairment of tangible assets	766.767		673.877	92.890
Adjustments for the impairment of participation securities held	3.472			3.472
Adjustments for loss of value of other fixed debts	82.035			82.035
Adjustments for the impairment of receivables related to tangible assets		5.000		5.000
Adjustments for the impairment of current assets such as stocks	273.901	6.813		280.714
Adjustments for the impairment of debts	5.339.112	370.160		5.709.272
Total	9.278.712	381.973	673.8767	8.986.808

The risks and uncertainties related to economic and social environment in which Comvex SA is operating were considered during the provisions estimation process.

Thus, at 31 December 2019 the Company had established the following provisions:

- Provisions worth 2.813.425 recorded for the payment refusals to CN APM due to non-fulfillment or default/wrong fulfillment of its obligations contractually assumed. More information about the CNAPM refusals can be found in the note regarding litigations;
- Adjustments for impairment of tangible assets, resulted from the assets value revision by using the opinion of an authorized evaluator;
- Value adjustments for stocks with no movement, slow movement, physically or morally obsolite. The adjustment value was set up based on the suppliers' offers and after the analysis conducted by the internal evaluation commission;
- Adjustments for impairment of commercial receivables are established if there is objective proof that the Company will not be able to collect all the amounts on the set up due dates, as well as for the overdue receivables for over 365 days.

3 PROFIT DISTRIBUTION

The profit distribution during the financial year ended at 31 December 2019, along with the proposal for the distribution of the profit for year 2019, are as follows:

Destination	Distribution in 2019	Proposal for distribution of profit from 2019
	(RON)	(RON)
Profit distributed in:	7.612.510	15.293.843
- legal reserve	457.080	815.270
- other reserve	-	14.478.573
- undistributed	7.155.430	-

In december 2019 some technological equipment has been put into operation for which Comvex SA can apply the stipulations of art. 22 of Law no. 227/2015, with subsequent amendments, regarding the tax exemption of the reinvested profit.

The investment for which Comvex SA has calculated the tax exemption on reinvested profit is of 19.541.397 ron and it fits in the subgroups 2.1.17.4." Means of storage (, tanks, bunkers, industrial cylinders, etc.)" and 2.2.9. "Electronic computers and peripheral equipment. Household machines and appliances, control and invoicing ".

At the end of the financial year, the amount of the profit for which it benefited from tax exemption on reinvested profit is distribuited in legal reserve 815.270 ron and other reserves 14.478.573.

4. LIABILITIES SITUATION

At 31 December 2019, the long term liabilities were as follows:

	Between 1- 5 years	>5 years
Amounts due to financial/credit institutions		48.386.587
Other liabilities, including tax and social security payables		0

As at 31 December 2019, Comvex has two active bank loan contracts for financing of the investments (see note 8 d) ii) for details related to the loan contracts), for which were there have been constituted the following guarantees:
- Eximbank guarantee issued in the Name and in the Account of the Romanian State;
- First rank mortgage over some fixed assets - movable and immovable assets;
- Pledge over current accounts opened by the Borrower within Raiffeisen Bank and Eximbank;

5. ACCOUNTING POLICIES, PRINCIPLES AND METHODS

The main accounting policies adopted in preparing these financial statements are disclosed below.

A Basis for preparation of financial statements

1. General information

These financial statements have been prepared in accordance with:

(i) The Accounting Law no 82/1991 republished in June 2008 (“Law 82”);

(ii) Accounting regulations regarding the annual stand alone financial statements and annual consolidated financial statements, approved by the Order of the Minister of Public Finance of Romania 1802/2014 and subsequent amendments (“OMF 1802”).

Considering the size criteria disclosed in OMF 1802, the Company fits in the category of medium and large entities.

These financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies.

2. The financial statements belong to COMVEX SA and include:

Balance sheet,
Profit and loss account,
Statement of equity changes,
Cash flows statement,
Notes to annual financial statements.
These are accompanied by "Informative data" and "Non-current assets statement".

3. Use of estimates

The preparation of financial statements requires the Company’s management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the respective period. Although these estimates are made by the Company’s management based on the best information available as at the date of the financial statements, actual results may differ from these estimates.

4. Going concern

The financial statements have been prepared based on the going concern principle, which assumes that the Company will continue to operate in the foreseeable future. In order to assess the reasonability of this assumption, the management reviews the forecasts of the future cash inflows.
Based on these reviews, the management believes that the Company will be able to continue to operate in the foreseeable future and, therefore, the going concern principle is justified to be applied in the preparation of these financial statements.

5. Measurement currency

Accounting is kept in Romanian language and in the national currency. Items included in these financial statements are disclosed in Romanian lei.

B Foreign currency translation

Foreign currency transactions of the Company are translated into the disclosure currency using the exchange rates communicated by the National Bank of Romania ('NBR') as at the dates of the transactions. At each month end, foreign currency monetary balances are translated into RON using the exchange rates communicated by NBR for the last banking day of the month. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, within the financial result. Advances do not represent monetary elements and are not the object of translation based on foreign exchange.

C Intangible assets

(i) Development expenses

Expenses for development generated by the practical application of research results or of other knowledge into a plan or a project related to the production of materials, devices, products, processes, systems or services, new or substantially improved before the start of production or of their commercial use, are recognized as intangible assets and are depreciated for the contract period or for their use period.
The intangible assets generated by development (or the development phase of an internal project) are recognized if the following criteria are met:

a) its technical finalization is feasible so as to be available for use or sale;
b) the management intends to finalize it and use or sell it;
c) there is the capacity to use or sell it;
d) it can be demonstrated how intangible assets may generate likely future economic benefits;
e) there are available technical, financial resources and of other nature adequate to complete development and to use or sell the intangible asset;
f) the expenses attributable to the fixed assets can be reliably evaluated for the period of its

development.
The expenses for development which do not meet the above-mentioned criteria are moved to expenses the moment they occur. The expenses for development which were moved to expenses are not capitalized in later periods.

(ii) Concessions, patents, licenses, trademarks, rights and similar assets

The concessions, patents, licenses, trademarks, rights and similar assets are registered in the acquisition account or at their contribution value. Concessions received are reflected as intangible assets when the concession contract is concluded for a period and at a value set up for the concession. The concession depreciation is registered for its period of use set up according to the contract.

The patents, licenses, trademarks and similar assets are depreciated by the lineal method for a 3 years period.

(iii) Advance payments and other intangible assets

Within the advance payment and other intangible assets there are registered the advances paid to suppliers of intangible assets, IT software designed by the entity or purchased from third parties for its own needs, as well as other intangible assets.
The elements such as other intangible assets are depreciated by the lineal method for a 3-year period.
The expenses allowing the intangible assets to generate future economic benefits above the initially forecast performance are added to their original cost. Such expenses are capitalized as intangible assets if they are not an integral part of tangible assets.

D Tangible assets

1. Cost/ valuation

Tangible assets are initially evaluated at acquisition cost.

Fair values of property, plant and equipment revalued under OMF 1802 are updated with sufficient regularity so that the carrying amount does not differ substantially from that which would be determined using fair value at the balance sheet date. If there is no fair market information, the fair value is estimated based on the net cash flows or depreciated replacement cost. Management has updated the carrying amount of property, plant and equipment revalued under OMF 1802 at the balance sheet date on the basis of market information and it is satisfied that there is sufficient fair market information available to support fair value. If a fully depreciated tangible fixed asset can be used, it will be revalued when a new value and a new useful life are set, corresponding to the estimated period, to continue to be used.
Starting 2006, tangible assets revaluation is performed at the fair value established based on evaluations usually made by qualified professionals in evaluation.

Cumulated depreciation at revaluation date is removed from the gross accounting value of the asset and the net value is recalculated at the asset revalued value.
The company proceeded to the revaluation of the tangible fixed assets existing in the patrimony at the end of 2019, with the reflection in accounting of its results
The transfer of the reserve from revaluation into the result carry-over is performed on the way the asset is used.
The fair values of the revalued tangible assets are updated regularly enough so that their accounting value is not substantially different from that which had been established using the fair value on the balance sheet date.
If a completely depreciated tangible asset can still be used, during its revaluation a new value and a new period of economic use are established, meeting the estimated period of further use.

The cost of a tangible asset also includes the initially estimated costs with its dismantling and move when it is decommissioned, as well as with the restoration of the location the assets is mounted on, when such costs can be estimated reliably and the Company has an obligation related to dismantling, move of the tangible assets and the location restoring.

The maintenance and repairs of tangible assets are registered on expenses when they occur and the significant improvements made to tangible assets, which increase their value or life span, or significantly increase the capacity to generate economic benefits, are capitalized.

Regular Inspections or overhauls are recognized as a component of a tangible assets element if they meet the recognition criteria as an asset and if they are significant. In such case, the value of the component is amortized for the period between two planned inspections. The cost of current revisions and inspections, other than those recognized as a component of the asset, represents the expenses for the period.

Tangible assets include those assets purchased for safety or environmental reasons which are necessary in order to obtain future economic benefits from other assets. Important spare parts and security equipment are registered as tangible assets when they are expected to be used over a period longer than one year. Other spare parts and service equipment are registered as stocks and are recognized in profit or loss when consumed.

2. Depreciation

Amortization is calculated at entry value, using the lineal method for the whole estimated useful life of the assets, as follows:

Asset	**Years**
Constructions	between 20 and 50
Technical plants and machinery	between 5 and 24
Other plants, equipment and furniture	between 3 and 18

Amortization is calculated starting with the next month after the commissioning and until the full

recovery of their entry value.
The lands are not amortized as they are regarded as having an indefinite life span.

In the case of tangible assets in conservation, there are no amortization expenses recorded during the conservation, but there is an expense recorded, regarding the adjustment for the depreciation found, determined by a depreciation test based on the future cash flows to be obtained.

3. Tangible assets sale/discarding

Tangible assets which are discarded or sold are written off the balance sheet together with the adequate cumulated amortization. Any profit or loss resulting as a difference between the income generated by its writing off and its unamortized value, including the expenses for such operation, is included in the profit and loss account, in "Other operating income" or in "Other operating expenses", as the case may be.

When the Company recognise in the accounting value of a tangible asset the cost of a partial replacement (replacement of a component), the accounting value of the replaced part, with the related amortization is written off the records.

4. Borrowing costs

The expenses with interests related to loans to finance the acquisition, construction or production of tangible assets for which the capitalization starting date comes after January 1st, 2015 are included in their production costs, to the extent they are related to the production period.

5. Sale and leaseback

The selling and leasing transaction of the same asset by a financial leasing contract is treated as a financing transaction and the respective asset is kept in the patrimony.

6. Real estate investments

Real estate investments are represented by lands and buildings owned to get income from rents or to increase the capital value.

Real estate investments are subject to valuation rules applicable to tangible assets, as described above. The transfers in or from the category of real estate investments are performed when there is a change in their use, manifest by:
a) the Company starts/ceases using them (transfer between real estate investments category and tangible assets one);
b) the start of refurbishment process for sale (transfer from real estate investments into stocks); or
c) the start of an operational leasing (transfer from stocks into real estate investments).

E Impairment of tangible and intangible assets

At the end of the financial year, the value of the tangible and intangible assets elements is reconciled with the inventory results. To this end, the net accounting value is compared to the value set up based on the inventory, called inventory value. The differences found out in minus between the inventory value and the net accounting value of asset elements are registered in the accounting based on an additional depreciation in case of assets depreciable for which depreciation is irreversible or a depreciation adjustment or a value loss adjustment is made when the depreciation is reversible. The inventory value is set up depending on the good utility, its condition and the market price.

F Financial assets

Financial assets include the shares owned in affiliated entities, the loans granted to affiliated entities, the participating interests, the loans granted to entities the Company is related to by participating interests, as well as other investments owned as fixed assets.

Financial assets are recognized in the balance sheet at the acquisition cost or at the value set up by their acquisition contract. The acquisition cost also includes the trading costs. The financial assets are evaluated later at their entry value, less the cumulated value loss adjustments.

G Inventories

Inventories are registered at the lowest value between the cost and the net achievable value. The cost is established by the method first in – first out (FIFO). The cost of finite products and in progress includes materials, labor force and the related indirect production expenses. Where required, provisions are made for stocks with slow movement, physically or morally worn out. The net achievable value is estimated based on the selling price diminished by the finalization costs and the sale expenses.
The Company does not have pledged inventories.

Commercial discounts granted by suppliers reduce the cost of inventories if they are still in the balance.

H Trade receivables

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables.

I Short term financial investments

These include the short-term deposits at banks and other short-term investments (bonds, shares and other securities acquired for the purpose of making a short-term profit). Short-term investments admitted to trading on a regulated market are valued at the balance sheet date at the bid value on the last day of trading, and those not marketed at historical cost less any possible adjustments for loss in value.

J Cash and cash equivalents

Cash and cash equivalents are shown in the balance sheet at their cost. In the cash flows statement, the cash and its equivalents include the petty cash, accounts with banks, short term financial investments, treasury advance payments, net of overdraft. The overdraft is shown in the balance sheet in the debts to be paid within a one-year period – amounts due to credit institutions.

K Share capital

Ordinary shares are classified as own equity.

The expenses related to own capital instruments issuance are directly reflected in own capitals, on the line Losses related to own capital instruments.

When redeeming the shares of the Company, the amount paid will diminish the own equity. When such shares are later re-issued, the received amount (net of transaction costs) is recognized in own equity.

The differences of foreign exchange rate between the shares subscription moment and the transfer moment of their counter value do not represent gains or losses related to the issuance, redemption, sale, free assignment or annulment of the instruments of own equity of the entity, as they are recognized in financial income or expenses, as the case may be.

L Dividends

The dividends on ordinary shares are recognised in the shareholders' equity when declared.

M Borrowings

Short and long term borrowings are recognised initially at the proceeds received. Any difference between proceeds and the redemption value is recognised in the statement of profit and loss over the period of the borrowing contract.
Fees and bank comisssions related to long term loans are recognized as prepaid expenses. Prepayments are to be released as current expenditure in installments over the repayment period of the loans.

If the Company has an unconditional right to defer the settlement of loans for at least twelve months after the end of the reporting period, the debts in question will be classified as long term liabilities. The other loans will be disclosed as short term liabilities.
The short-term portion of long-term borrowings is classified as "Debts: amounts to be paid in less than a year" and included together with interest accumulated at the balance sheet date in "Amounts due to credit institutions", from the Current liabilities.

N Accounting for leases where the Company is the lessee

1. Financial leasing agreements

The leasing contracts for the tangible assets where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the estimated present value of the lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate during the reimbursement period. The corresponding rental obligations are included either in current or non-current liabilities. The interest element of the finance cost is charged to the profit and loss statement over the lease period. The assets acquired under finance leases are capitalized and depreciated over their useful life.

2. Operating lease agreements

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit and loss statement on a straight-line basis over the period of the lease.

O Trade payables

Trade payables are recorded at the value of the amounts payable for the goods or services received.

P Provisions

Provisions for environmental restoration, restructuring costs and legal claims, as well as other provisions for risks and expenses are recognised when the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Restructuring provisions comprise direct costs generated by restructuring, namely those necessarily generated by the restructuring process and not related to the entity's going concern.

No provisions are recognised for future operating losses. The value of pension provisions is set up by specialists in the field (actuaries).

Regarding onerous contracts (contracts in which unavoidable costs of meeting the contractual obligations exceed the economic benefits expected to be obtained), the present contractual obligation under the contract is recognized and measured as a provision. Before setting up a separate provision for an onerous contract, any loss is recognized from the depreciation of the assets allocated to the respective contract.

Q Employee benefits

Pensions and other post retirement benefits

The Company, in the normal course of business, makes payments to health funds, pensions and state unemployment relief on behalf of its employees, at statutory rates. All employees of the Company are members of the Romanian State pension plan. These costs are recognised in the profit and loss statement together with the related salary costs.

The Company does not operate any other pension scheme or post retirement benefit plan and, consequently, has no obligation in respect of pensions.

R Capital subsidies

(1) Subsidies related to assets

Goverment subsidies, including non-monetary subsidies at fair value, are recognized when there is sufficient certainty that the entity will comply with the granting conditions and that the subsidies will be received.

Subsidies received for the purchase of assets like tangible assets are recorded as subsidies for investments and recognised in the balance sheet as deferred income.Deferred income is recognised in the profit and loss statement in the periods of recording expenses with depreciation or cassation or cease of assets purchased by the respective subsidy.

(2) Subsidies related to expenses

Subsidies related to current expenses are disclosed as income in the profit and loss statement in the period appropriate to the related expenses which these subsidies are to compensate for.
If in a period subsidies are cashed related to expenses not yet incurred, subsidies received do not represent revenues of that period.

S Taxation

Current income tax

The Company records current income tax based upon taxable income from the financial statements, in accordance with the relevant tax legislation.

For the profit invested in technological equipment, electronic computers and peripheral equipment, machines and household appliances, control and billing, in computer programs, as well as for the right to use computer programs, products and / or purchased, including under contracts financial leasing, and put into operation, used for the purpose of carrying out the economic activity, the tax exemption may be applied, in accordance with art. 22 paragraph (1) of Law no. 227/2015 on the Fiscal Code, with subsequent amendments.
The amount of the profit for which he benefited from the income tax exemption is distributed at the end of the financial year when the reserves are set up:

- Legal reserve;
- Other reserves.

T Revenue recognition

Revenues comprise the sold goods and provided services.

Revenues from goods sales are recognised when the Company has transferred the main risks and benefits related to the goods possession to the purchaser.
Revenue from rendering of services is recognised as the services are rendered.
Revenue arising from royalties is recognised on an accrual basis in accordance with the substance of the relevant agreements.
Revenues from interests are recognised periodically and proportionally as the respective revenue is generated on an accountancy engagement basis.

Commercial discounts granted after invoicing are recorded in the profit and loss statement as part of operating income, in the position “commercial discounts granted”.

Dividends are recognised as revenue when the legal right to receive payment is established, namely at the date they are approved.
In these financial statements, income and expenses are shown at gross value.
Income from provisions writing back, respectively of depreciation or value loss adjustments are recorded separately, depending on their nature, at the moment the risk achievement or the expense becomes eligible.

U Turnover

The turnover represents the amounts invoiced and to be invoiced, net of VAT and discounts, in relation to the goods and services provided to third parties.

V Operating expenses

The operating expenses are recognised in the period they refer to.
Operating expenses include also expenses with commercial discounts received after invoicing.
The expenses related to the financial year are registered, irrespective of their payment date. Thus, the debts for which the invoice has not been received yet will be registered in the expenses or goods accounts.

W Financial expenses

Financial expenses include: loss from receivables related to participations; losses on disposal of financial investments; unfavorable differences of foreign currency exchange rates; interests related to the financial year in progress; discounts granted to clients; losses from financial receivables and others.
Financial expenses are recognized in the period to which they reffer.

6. INVESTMENTS AND FINANCING SOURCES

a) Investment certificates, securities and convertible bonds

The Company did not issue other securities except for its own shares.

b) Share capital

The value of subscribed capital on December 31st 2019 amounted to RON 29,139,928 (31 December 2018 RON 29,139,928) representing 11.655.971 shares (December 31st, 2018: 11.655.971 shares). All shares are ordinary, fully subscribed and paid in on December 31st 2019. All shares have the same voting right and a nominal value of RON 2,5 /share (December 31st, 2018: RON 2,5 /share).

The structure of shareholders on December 31st, 2019 is the following:

	Number of shares (thousand)	Amount (RON)	Percentage (%)
Solidmet SRL	3.576.953	8.942.383	30,6877
Expert Placement Services Limited	3.277.526	8.193.815	28,1189
Nicola Ruxandra-Ioana	2.050.040	5.125.100	17,5879
Dragoi Anca Mihaela	2.050.040	5.125.100	17,5879
Alti actionari-persoane fizice	496.058	1.240.145	4 ,2558
Alti actionari-persoane juridice	205.354	513.385	1,7618
Total	11.655.971	29.139.928	100

c) Shares issued during the financial year

During the year 2019 there were no changes in share capital evolution.

7. INFORMATION REGARDING THE EMPLOYEES AND THE MEMBERS OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND OTHER KEY PERSONNEL

a) Remuneration of the members of the administrative, management and supervisory bodies and other key personnel

	Financial year ended on 31 December 2018 (RON)	Financial year ended on 31 December 2019 (RON)
Salaries:		
Administrators (*)	3.624.027	3.678.370
Directors	4.237.371	4.565.711
	7.861.398	8.244.081

(*) also includes the indemnity paid to the administrators as legal persons

	31 December 2018 (RON)	31 December 2019 (RON)
Salaries payable as at the end of the period:	278.085	274.657

b) Employees

The average number of employees during the year was as follows:

	2018	2019
Administrative personnel	60	67
Personnel in production	175	191

Expenses with personnel include the following:

	2018	2019
Expenses for social security	1.431.350	1.921.315
Expenses with salaries and indemnities	23.361.131	27.350.774

8. OTHER INFORMATION

a) Information regarding the Company

COMVEX S.A. was incorporated in 1991, being the biggest specialized terminal in operating solid raw materials in bulk from the Black Sea area, covering a surface of de 700.386 m² South of Constanța Port, Romania.

COMVEX terminal is a market leader, specialized in handling, storing and transshipping sold raw materials in bulk, such as: iron ores, coals, coke, bauxite, having complete and modern operating facilities located in Constanța Port.

COMVEX is the only terminal operating solid raw materials in bulk from the Black Sea area which can board high capacity “cape size” ships (up to 220,000 tdw), as it has an unloading sea quay made of 5 berths of total 1,400 m long and water depths ranging between 10.8 and 18.5 m. At the same time, the terminal enjoys a good geographical position with access to waterways network including the Danube.

In addition to the existing Mineral Terminal, COMVEX has developed a Grain Terminal in Dana 80, covering an area of approximately 60,000 sqm. The location offers important logistic advantages, such as: the deepest berth in the Black Sea, the vicinity with the barge terminal (proximity to the Danube-Black Sea Canal), for river transport from the Danube border, direct and easy access to the railway, direct access to the A2 motorway. Thus, COMVEX will offer grain producers in Romania, Hungary, Serbia, Bulgaria the possibility of delivering the production on high capacity vessels, from 100,000 to 120,000 tdw.

The total storage capacity of the COMVEX Grain Terminal is 200,000 mt. Storage capacity and operating rates are calculated for wheat. The storage area consists of 18 large flat-bottomed silo cells (12 x 10,000 mt and 6 x 10,900 mt), 6 small flat-bottomed silo cells (2,250 mt each) and 6 conical bottom cells.

The company has implemented an integrated management system, certified on the ISO 9001: 2015 quality management standards, the environmental management system according to ISO 14001: 2015 and the occupational health and safety management system according to OHSAS 18001: 2007. It also complies with the requirements of the International Ship and Port Facility Security (ISPS) Code.

b) Information regarding the relationship of the Company with the ubsidiaries, associated undertakings or other enterprises in which the Company holds

Information on subsidiaries, associated undertakings and entities under the common control of the Company is disclosed in Note 1 (c).

In the meaning of the provisions of Art. 7 pct. 26 of Law 227/2015 regarding the Fiscal Code, with further amendments and completions, the affiliated persons to Comvex Company are Solidmet SRL and Expert Placement Services Limited, both owning more than 25% of the equity interests. During the year 2018, there were no transactions with these companies.

c) Financing

On 31 December 2019, the Company has tree bank loan contracts for investments in progress, as shown in the table below:

No	Bank	Credit destination	Currency	Facility approved amount	Signing date	Final maturity	Balance on 31.12.2019
1	Raiffeisen Bank	Long term bank loan for financing the investments "Minerals unloading equipment from wagons" and "Automation of SADTV"	EUR	1.800.000	19.08.2015	30.06.2021	600.000
2	Raiffeisen Bank si Eximbank	Long term bank loan for financing the investment "Grain Terminal "	EUR	36.384.200	16.05.2017	20.12.2026	35.684.200
	TOTAL						**36.284.200**

In order to finance the investment “Grain terminal” on berth 80, the Company contracted in May 2017 a long-term bank loan of EUR 36.4 million. The financing was equally granted by Raiffeisen Bank and EximBank, also benefiting of a guarantee issued by EximBank In the Name and on Account of the Romanian State, amounting EUR 18.144 million. The facility will be reimbursed in quarterly installments, starting from September 2019 (according to the last approval for modification of contract clauses, from

March 13, 2019) and until the end of 2026. The credit facility balance on 31 December 2019 was EUR 35.684.200.

d) Subsequent Events and Covid-19 Impact

Towards the end of 2019, news of COVID-19 (Coronavirus) first appeared in China, with the World Health Organization reporting a limited number of cases of an unknown virus as of December 31, 2019. In the first months of 2020, the virus spread. globally, triggering a pandemic. Although the impact of the pandemic cannot yet be determined at the time of issuing these individual annual financial statements, it appears that the negative effects on global trade and on the Company's business may be more severe than initially expected. Certain currencies in which the Company is exposed have depreciated and stock markets have declined. Management considers that this pandemic is an event after the balance sheet date that does not lead to the adjustment of the individual annual financial statements.

As the pandemic is currently uncontrollable and rapidly evolving, management considers it impossible to estimate the potential impact of this event on the Company's financial position and financial performance until the date of preparation of these financial statements. The impact will be determined and included in any depreciation and impairment of the Company's assets in 2020.

Management is closely monitoring the situation and looking for ways to minimize the impact of the pandemic on the entity. Although we do not currently have such information from our customers, if the supply of raw materials and materials to the plants and industries served by the Company could be interrupted for a longer period, and the Company's revenues could decrease.

Fear of the virus and efforts to prevent its spread have led to significant changes in business and social models. Thus, the Company has adopted a series of measures in order to ensure the health and safety of employees and business partners, such as work from a distance / home, the implementation of procedures for dividing teams in shifts, staff separation and ensuring a program of flexible work, in order to ensure social distance and compliance with hygiene rules as regulated by the instructions of public health authorities, as well as the establishment of specific disinfection protocols within the Company, including in all areas where Comvex staff operate.

Management will continue to monitor the potential impact of the coronavirus pandemic and will take all possible measures to mitigate any adverse effects on the Company's business.

e) Exceptional revenues and expenses

During 2019, exceptional revenues of 13.360.850 lei (USD 3.093.800) were registered, representing the auction award price of a quantity of 159.681,58 tons of iron ore. Thus, in October 2019, the receivable held by the Company against Aria International Gmh (obtained under the Assignment Agreement concluded with Efa) was capitalized.

Dynamic Trade Finance Fund Ltd through which Comvex acquired the quality of assignee creditor) by depositing it on the account of the price of the goods and buying the quantity of 159.681,58 tons of iron ore, quantity sold and subsequently shipped to China.

f) Leasing and leaseback operations

At the end of 2019, the balance of leasing financing was RON 239.953, representing the equivalent of EUR 50.207. Leasing financing was contracted to buy some equipment and automobiles required to business performance.

g) Fees paid to auditors / censors

In 2019, the company paid the financial auditor the fees according to the contract concluded between the parties.

g) Contingent liabilities and commitments undertaken

The Company has the following commitments:

	31 December 2019 (RON)
(i) Capital commitments	
(ii) Commitments related to operational leasing contracts in which the Company is tenant	
(iii) Guarantees granted to third parties	1.348.674
(iv) Contingent debts	
(v) Commitments related to pensions	

h) Commitments received

	31 December 2019 (RON)
Received pledges and guarantees (letters of bank guarantee for paid advances)	129.518
Other received guarantees	2.574.878
Total	**2.704.396**

i) Related party transactions

(1) Aquisitions of good and services

	31 Decembrie 2018 (RON)	31 Decembrie 209 (RON)
Aquisition of services		
g) other jointly controlled parties	669.901	697.432
Total	669.901	697.432

(2) Balances resulted from sales/aquisition of good and services

	31 Decembrie 2018 (RON)	31 Decembrie 2019 (RON)
Receivables		
g) other jointly controlled parties	886.660	675.272
Total	886.660	675.272

	31 Decembrie 2018 (RON)	31 Decembrie 2019 (RON)
Debts		
g) other jointly controlled parties	66.488	-
Total	66.488	-

Receivables relating to other jointly controlled parties represents the capital investment made for the improvement of a equipment rented for current activities of the Company. Debts relating to other jointly controlled parties represents to the rent recorded for that equipment. The capital investment has been transferred by sale to the owner of the equipment and is recovered by deduction it in installments from the monthly rent due.

(3) Borrowings for related parties

	31 December 2018 (RON)	31 December 2019 (RON)
Loans and interests		
e) jointly controlled entities in which the entity is a shareholder	1.124.325	1.152.145
Total	**1.124.325**	**1.152.145**

The amount of 1.152.145 lei represents the balance of the total amount corresponding to the interest receivable, related to the loan granted to CDRV Asssociates SRL, in which the Company has the quality of founder and holds 20% of its share capital. The loan was fully repaid by CDRV Associates SRL, and the interest will be collected as the real estate project developed by this company is capitalized.

9. NET CASH FLOW FROM OPERATING ACTIVITY

	Financial year ended 31 December 2018 (RON)	Financial year ended 31 December 2019 (RON)
Operating activities:		
Net profit	7.612.509	15.293.843
Adjustments for net result reconciliation with the net cash used in operating activities:		
Value adjustment of tangible and intangible assets - net	3.982.636	10.551.221
Adjustments for provisions for current assets - net	816.537	376.973
Adjustments for provisions for financial assets - net	3.472	
Provision adjustments for risks and charges - net		
Profit/(loss) from selling of tangible and intangible assets	5.751	(3.972)
Profit/(loss) from selling of financial assets or short term investments	1.000	
Income tax	1.529.084	1.011.548
Interest income	(89.971)	(4.067)
Interest expense	173.394	89.372
Increase of cash generated from operations before changes in working capital	14.034.412	27.314.918
Changes in working capital:		
(Increase)/decrease in trade receivables Balance and other receivables	(1.807.195)	(6.126.754)
(Increase)/Decrease in inventories balance	(719.908)	(2.068.873)
Increase in trade payables balance and other payables	4.473.216	23.195.236
Net cash flow generated from operations	15.980.525	42.314.527

10. CONTINGENCIES

(a) Litigations

(1) Starting 2015, Comvex refused the payment of invoices related to the use tariff of port area (UDP tariff) issued by Compania Nationala Administratia Porturilor Maritime SA Constanta (CN APM), based on the following considerations:

- Unilateral increase by CN APM of the use tariff of port area in mode, in the context of a pre-existing contract imposing the parties the negotiation obligation;
- CN APM failure/wrong accomplishment of its contractually assumed obligations.

In this sense, starting January 2015, Comvex refused to pay the increased tariff from EUR 0.05 /m2/month to EUR 0.08/ m2/month as the latter tariff had no correspondent in the contractual mechanism and starting April 2015, Comvex invoked the exception for failure to execute the counter services related to the use tariff of port area of EUR 0.05 / m2/month regulated in the contract with CN APM. In its payment refuses of use tariff of port area, COMVEX has consistently detailed the reasons underlying such refuses, attaching in this sense justifying photo boards, showing with no doubt CN APM failure/wrong meeting of its contractually assumed obligations.

The value of refuses related to the tariff of EUR 0.05 /m2 reaches RON 2.813.425,5 without VAT, a provisioned amount, avoiding in this way the impairment of the future financial position of the Company. The total value of refuses related to the tariff of EUR 0.03 /m2 amounts to RON 2.536.826,84 without VAT, an amount which cannot impair the financial position of the Company because, as mentioned above, there is no contractual correspondent for that tariff.

On 31 December 2019 the total value of penalties reached RON 6.772.354 (penalties calculated for all invoices rejected on payment related both to the EUR 0.05 tariff and for the increased one of EUR 0.08 euro).

(2) In April 2019, the Company concluded with Viofeli the service contract no. 719 / 09.04.2019 for the handling of 6,000 tons of coal for the Mintia Deva thermal power plant.

During the storage of the goods, it was found that this coal has a high self-ignition potential, and in July, in the conditions of rising temperatures, the goods began to smoke and ignite themselves, generating smoke and ash. The company notified the client and started specific procedures to limit fire outbreaks. For the steps to limit the effects of coal self-ignition, the Company invoiced the value of the services performed, as agreed with the client Viofeli by additional act to the service contract.

The uncollected balance from the Viofeli client is in the amount of 1.911.095,10 lei. In order to recover this amount, the Company registered at the Commercial and Maritime Arbitration Court attached to CCINA Constanta an action requesting the defendant to pay the amount of 1.619.861,04 lei representing invoices for services and storage of goods issued between June and November 2019, following in the following period to submit a request to increase the claims with the amount of 291.234,06 lei representing invoices issued during November-December 2019.

The situation will be unblocked at the competent court (Court of Arbitration) - following its decision the Company having the possibility to execute the existing goods in the terminal - or by the decision of the coal-fired power plant in the terminal, the payment to be made directly to the Company, possibility which is being investigated in parallel with the action brought before the Court of Arbitration. Management considers that the amounts related to these receivables will be recovered, therefore no impairment adjustment was established on December 31, 2019.

(3) During 2019, the file no. 8671/118/2017 registered by the plaintiff Raimondo de Rubeis against the Company on the role of the Constanta Tribunal regarding his revocation from office, by rejecting the appeal made by the plaintiff against the Sentence pronounced by the court of first instance. However, Raimondo de Rubeis filed an appeal, which has the first trial date set on 13.05.2020.

Regarding the resolution of this appeal, the management of the Company considers that the decision pronounced by the High Court of Cassation and Justice will not have a significant adverse effect on the economic results and financial position of the Company, which, moreover, provided legal assistance and qualified representation. this file and has taken all the necessary legal steps.

Also, during 2019, the plaintiff Raimondo de Rubeis registered in the Bucharest Tribunal an action having as object the cancellation of the acquisition operations of 40 shares of the Company and of the subscription operations of 2.050.000 shares of the Company in the cart the procedure for increasing the share capital by the defendants Dragoi Anca Mihaela and Nicola Ruxandra Ioana, within the file no. 27863/3/2019.

The Bucharest Tribunal admitted the exception of territorial incompetence at the deadline of 17.01.2020, the case being declined to the Constanta Tribunal, which has not yet established a trial term for the continuation of the procedure.

The management of the Company considers that the solution of this file will not have a significant adverse impact on the economic and financial results of the Company, it also providing legal assistance and representation in this case and has taken all necessary legal steps.

(b) Taxation

The Romanian taxation system underwent multiple modifications in the last years and is in a fhase of adaptation to the European Union legislation. As a result, there are still different interpretations of the fiscal legislation. In various circumstances, the tax authorities may have different approaches to certain issues, and assess additional tax liabilities, together with late payment interest and penalties (currently, 0,02% per day of delay). In Romania, tax periods remain open for tax inspection for 5 years. The Company's management considers that the tax liabilities included in these financial statements are fairly stated.

ADMINISTRATOR	DRAWN UP BY,
Name and surname PANAIT VIOREL	Name and surname OPREA IRINA
Signature____________________	Position FINANCIAL MANAGER
	Signature____________

Unit's stamp