REPORT

of the

Supervisory Board

**for the fiscal year that ended on December 31st, 2017**

*in compliance with provisions of Rule,1/2006 the C,N,V,M,- (National Council of Movables)*

 *concerning the issuers and operations with real*

1. Analysis of the commercial activity of the trade company
	1. **Description of the basic activity of the company and date of foundation:**

 TRANSILVANIA BROKER DE ASIGURARE S,A, is a broking company in the field of insurances that started its activity in November 2006. The company was founded by two shareholders: Mr, Gabriel LOGIN and Mr. Tiberiu Gonczi; the latter withdrew from the company in 2007. In 2008 Mr. Dan NICULAE was brought on board,

**The company** became a legal entity of private law in compliance with Act 31/1990 as amended from time to time, of Act 32/2000 (activity and surveillance of brokers as amended from time to time) and Act 136/1995 (insurance and re-assurance in Romania) as amended from time to time.

**The company** carriesout specific activitiesin the field of insurance brokerage and is authorized by the Authority of Financial Surveillance in its capacity of an insurance broker. According to the Memorandum its main object is: Auxiliary insurance activities and pension funds (code CAEN 662) the main subfield of activity refers to “Activities of insurance agents and brokers; negotiations on behalf of clients either private of legal entities, insured or potentially insured, conclusion of insurance agreements and assistance prior the conclusion of a contract or during its carrying out or in connection with the claim of damages, as the case could be (code 6622)”,

* + 1. **Description of any fusion or significant re-organization of the trade company during a fiscal year;**

In the period this report is valid there were no fusions, divisions, purchase or other changes in the assets of the company.

* + 1. **Description of purchases and/or sale of assets;**

During 2017 we did not remark any significant purchases of assets. Taking into account the specific activity of the company, it is not going to purchase real assets such as land or buildings as they are going to use rented rooms for which they made warranties for which they made warranties like claims.

* + 1. **Description of the main results of the valuation of the company,**

TRANSILVANIA BROKER DE ASIGURARE S,A, is one of the first three insurance brokers of Romania with an experience of more than 10 years in the field and that is represented all over Romania in a net of over 1,500 staff members by the help of whom the company carries out its activity in 38 districts in the country. It holds a portfolio of 900 thousand unique clients, physical persons or legal entities.

For the insurance brokers in Romania, 2017 was a year characterised mainly by the provisions offered by brokers when concluding automobile third person insurance (RCA), as this is the most important business line of insurance brokers. This decrease meant a significant decline of their incomes.

In order to diminish the effects, the company undertook measures to restructure the portfolio, that meant that most classes of insurance (insurance: health, life, warrants, financial, agricultural, travel, fire, third party), thus:

* Health insurance: +402%
* Life insurance: +124%
* Warranty insurance: +84%
* Financial insurance +59%
* Agricultural: +50%
* Travel insurance: +19%
* Fire insurance: +14%
* Third party insurance: +8%

This re-structuring of the portfolio led to the fact that the average provision (ratio between the incomes from the brokerage and the whole mediated premiums) of 15,8%, over the market average although the turnover diminished with 13.85% compared with the year 2016, the profit of the company rose with 11.6%,

* 1. **Elements of general evaluation**

TRANSILVANIA BROKER DE ASIGURARE S,A, issued the financial situations according to the laws if bookkeeping 82/1991 and of Rule 36/2015 to approve the rules concerning the individual financial situations and the consolidated financial situation that are valid for insurance brokers and/or re-assurance valid on December 31st, 2017. The results are:

**a)** **net profit of the current financial year**: 3,405,622 lei

**b)** **net turnover**: 53,835,203 lei

**e) market share:** 5,59% at Q3, according to the report published by ASF

**f)** **liquidity**:

|  |  |  |  |
| --- | --- | --- | --- |
| **Indicator**  | **Calculation formula** | **01.01.2017** | **31.12.2017** |
| General liquidity (Lg) | AC/Current debts  | 1.99 | 1.35 |
| Immediate liquidity(Li) | Available/Current debts | 1.09 | 0.83 |

The liquidity indicators Lg și Li had a negative evolution as it diminished the capacity of the entity to cover its current debts with the help of circulating assets (Lg) and available (Li),

All economical and financial operations and transactions that are carried out by the company were registered in the base of economic and financial documents that were carried out by the company and highlighted in the accounting registers in compliance with valid legal provisions. The fiscal procedures were applied according to Act 227/2015 (fiscal code) as amended from time to time.

When processing the financial effects of the transactions the Company was involved in from the accounting point of view the company always complied with the principles and rules of accountancy concerning the recognition and valuation of assets. At the date of report and afterwards we could not identify causes that could be the source of endangering the normal course of activity for a reasonable time, thus the hypothesis is confirmed that continuity is granted. One also can state coherence in the use of accounting methods and rules and also in the way asset elements, debts and own capital, respectively the results, in order to assure the possibility to compare the accountancy information during the time. During the report period there could not be found situtations of accommodation of assets elements with liabilities, i.e. recognized incomes and operated expenses.

**Evaluation of the technical level of the company**

**Description of the main products and/or services by mentioning:**

1. The main business market for each product or service and distribution methods

TRANSILVANIA BROKER DE ASIGURARE S,A, carries out its activities and professional services on the commercial insurance market in Romania.

The main insurance products brokered by the company are concerned with:

■ Life insurance;

■ Health insurance;

■ Accident insurance;

■ Road-vehicle insurance;

■ Rail-road vehicle insurance;

■ Air vehicle transport insurance;

■ Insurance of vessels;

■ Insurance of goods in transit;

■ Home insurance;

■ Insurance of buildings and goods that are in the property of legal entities;

■ Vehicle insurance;

Professional services offered by the company to clients or potential insurance clients are:

■ to identify the risks that can be insured, to analyse, evaluate and manage them;

■ recommendations to mitigate or transfer insurable risks;

■ analysis of insurance policies that might be in term;

■ conceive of an adequate insurance programme;

■ negotiation of the insurance conditions and terms, analyses of opportunities of the market from the point of view of the ration quality/price and the choice of the best insurance solution according to the client’s interests;

■ management of the insurance contracts for the whole period they are valid and their customizing to the business dynamic of the clients;

■ assistance to solve the damages and to get the insurance compensation;

■ information about the insurance market in Romania.

1. New products planned for which a substantial volume of assets is to be allocated in the next financial year as well as the development stage these products are in

In 2017 the company launched a new product on the Romanian market ***[TransAsist.](https://www.transasist.ro/)*** [This is the first insurance product of road assistance](https://www.transasist.ro/)  that offers assistance of damages, car repair, recovery services and car exchange. The services of ***TransAsist*** are in an emergency regime and are available 24/7 by the assistance company.

* 1. **Evaluation of the sales activity**
		1. **Description of the sequential evolution on the internal and/or external market and sales medium or long term**

TRANSILVANIA BROKER DE ASIGURARE S,A, works and ensures professional services on commercial markets in Romania only. The evolution of sale of the company is as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Indicators** | **On** **31.12.2016** | **On 31.12.2017** | **Evolution****(+/-) (lei)** | **Evolution****(+/-) (%)** |
| **Turnover** | **62,492,184** | **53,835,203** | (8,656,981) | (13.85) |

Concerning the future sales perspectives (on medium and long term) they depend both on the governmental policy what the risks concern that are going to be insured and the internal policy of the partner insurance companies.

**1.4.2 Description of competition situation in the subject of the company, its importance on the market of products or services and its main competitors**

In 2017 the company sold its products on the internal market only and covered the whole country minus the districts Caraş-Severin, Vaslui and Teleorman,

The main competitors of the company are:

* SAFETY BROKER DE ASIGURARE S,R,L, who is the number 1 on the market with a quota of 7.34%;
* MARSH-BROKER DE ASIGURARE-REASIGURARE S,R,L, who is number 2 on the market with a quota of 7.15%,
* At the end of term three 2017 the company held place 3 on the market with a quota of 5.59%.

**1.4.3 Description of any significant dependencies of the company on any of the trade companies on a single client or a group of clients and the loss of said clients would have a negative impact on the incomes of the company.**

Taking into account that the portfolio of the company comprises very diverse clients there is no dependency on a certain client.

* 1. **Evaluation of aspects connected with employees’ of the company as well as their organization in trade unions**
		1. **Notes about the number of employees and their professional training**

You find relevant information concerning the evolution of the relevante evolution of the number of employees between 2016 – 2017 in the following:

|  |  |  |
| --- | --- | --- |
| **Number of employees (end of the year)**  | **2016** | **2017** |
| **Economists** | **19** | **16** |
| **Computer scientists** | **1** | **1** |
| **Lawyers** | **3** | **3** |
| **Other professions – university graduates out of which** | **3** | **6** |
|  (International relations and European Studies) | 0 | 0 |
|  (bachelor’s in journalism) | 1 | 1 |
|  (Engineer) | 1 | 1 |
|  (Engineer - technologic profile) | 1 | 1 |
| **Other professions – short term university studies out of which:** | 2 | 2 |
|  (clerk in public administration) | 2 | 2 |
| **Intermediate studies (technical profile)** | **0** | **0** |
| **TOTAL** | **28** | **28** |

* + 1. **b) Description of the relationship manager and employees as well as any other conflict elements that characterize these relations**

Within the company there are no conflict elements in the relationship between the managers and employees

* 1. **Evaluation of aspects connected with the impact of the basic activities of the issuer connected with environmental aspects**

On December 31st, 2017 the company fulfils all working conditions foreseen by valid legislation concerning environment protection; it has all environment authorizations.

* 1. **Valuation of the research and development activity**
		1. **Indication of expenses in the fiscal year as well as expenses expected in the following financial year for research and development activities:**

In the reported period and according to the date taken from the balance sheet of the company there were no intangible assets to represent expenses that could be associated with expenses for research-development.

**1.8 Valuation of the activity of the company concerning the risk management**

**Description of the company related to the risks of: price, credit, liquidation and cash flow:**

All companies, irrespective of their size, structure, nature or activity branch meet certain risks coming from internal or external sources; said risks need to be managed. As for the economic and operational changes the management has to answer the face the challenge and to create mechanisms that are necessary to identify and to manage the risks associated with said changes. The identification and analysis of risks is a continuous process and a critical component of an efficient internal control.

Clearly to know the threatening allow to rank them according to the probability they could occur, the impact they may have on the objectives or the costs the measures to reduce the possibility to appear or to restrict undesirable consequences. To establish a ranking is a measure by means of which one can establish a prioritisation in allotting of resources, in most cases limited following “cost-benefit” analyses or, more general “effort-effect”. It is essential that the organisation concentrates its efforts towards the really important issues and not to disperse resources on zones irrelevant for it. To periodically revise risks leads to allot resources according to the change of ranks and in the same time priorities. Or, otherwise risk management means to concentrate resources in zones of actual interest.

Following a risk analysis, the management is to define and to apply adequate control mechanisms so that it can be sure to use efficiently the resources of the entity, inclusive human resources and to ensure that the assets are safe. The same applies to accounting where accounting rules and regulations have to be obeyed.

Risk management with TBK is carried out by the staff at different levels and is supervised by the management of the company and a port of the staff that is implied in the establishing of the strategy of the whole company.

The process is built up in a way that allows potential events to be identified if they affect the organization and to manage future risks in order to ensure a corresponding level of insurance concerning the desired objectives.

The internal control systems and risk management are implemented and generally designed to operate thus to realize steadily the goals of the company.

The fact that the operational control procedures are put down in writing and that the control is carried out by the executive management is a guarantee that risks that the company might encounter are managed und monitored.

Procedures were issued starting from the legal and norm frame and aimed to embrace the specific activities as a whole, including internal control activities (self-control, rank control) and on the operational flow in key points there are fixed responsibilities on executional levels within the process levels that is carried out (issue, elaborate, endorse, approve).

**Market risk (currency risk, interest rate risk, price risk)**

The market risk is an actual or future risk for negative influence on profits determined by the fluctuation of prices, interest as well as the fluctuation of currency. As for the currency risk the company is not much affected as its assets are in the national currency.

The interest rate risk is but a small problem for the financial results as expenses linked to the amount but 0.002% of the total expenses,

The price risk may appear as the cause of the discrepancy of price for a tine between a contract is concluded and the moment of payment, i.e. when the sum of the contract is cashed. This risk is actual especially with long term contracts.

As for the price risk: the price level we use is correlated with the reality of costs implied in services and the contracts are finished in a relative short time to affect the company.

**Credit risk**

The credit risk is the risk of the company to register losses as a consequence of the insolvability of debtors The credit risk means the possibility that debtors won’t pay in time following the negative development of the financial situation or of the general economic situation.

The company tries to limit this credit risk towards its clients by establishing credit limits and by monitoring overdue claims.

We established a valuation procedure of the quality of the credit in order to identify possible changes in the solvency of clients, including by a periodic analysis of the claim. The maturity date are attentively monitored and we follow due claims after they become mature.

Another possibility the company manages credit risks is to transfer the risk (a positive choice in case of financial risks); it is made by a fiducial clause.

**Liquidity risk**

The company manages the liquidity risk by holding funds and continuously monitoring estimated cash flows and reserves and by the reconciliation of maturity dates between the assets and the liabilities.

Financial risks are significant risk that are in the permanent attention of the management and may be failures in the financial planning, in the budget control, in the fund management or monitoring or the in the incorrect or inadequate reporting.

Policies and goals of the company concerning financial risk:

* Maintain at a low-level risk of cashing claims by obeying internal procedures implemented to realize this task;
* To ensure an equilibrium between the recovery period of claims and the payment period of debts;
* Follow up and cashing claims, to insure payments by cooperating of the different departments of the company;
* Procedures and key-mechanisms of control that enables to detect financial risk operations.

**Strategic risks**

These risks influence the medium-term and long-term goals of the company, they are in direct connection with the development strategy of the entity and are associated with its strategic objects.

Due to the attitude of the management of the company, the firm is always ready to react to the effects of political, economic, social changes and in favour of its clients (capacity to identify the needs of change of clients) All these are specific categories of strategic risks.

**General risks**

General risks are those risks that are in direct connection with the object of a company. The object of a company is a specific one with all its particularities (own accountancy, specific reporting demands),

As the company passed from a statute of an entity with a restraint structure of capital to a listed corporation (with public capital) it is confronted with the transaction particularities on the corporation, with the problems of listing and the alteration of its organization form.

In the company legal changes are monitored at the level of each department together with the law department. Changes in legislation and accountancy rules are monitored by the department of by the financial and accountancy department and changes are then realized through accountancy procedures applied in the department level.

1. Tangible assets of the company
	* 1. **Location and main characteristics of the important production capacities owned by the company.**

Not applicable

* + 1. **Description of the wear of the assets of the company.**

The wear of the properties of the company are of no significance for its activity.

* + 1. **Presentation of potential problems in connection with the right of property over tangible assets of the company**

There is no problem referring to the right of property on tangible assets owned by the company.

1. The market of movable values issued by the company
	* 1. **Presentation of markets in Romania and other countries where they negotiate movable assets issued by the company.**

Shares of the company are transacted on the stock exchange BURSA DE VALORI BUCUREȘTI S,A,. It is an organized Standard stock market in the company has the symbol TBK. The graph (*source www,bvb,ro*) below presents the evolution of the stocks of the company in the last 12 months:

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* + 1. **Description of the policy of the company concerning the dividends, Notice: due/paid/aggregated dividends in the last 3 years, and, if applicable the motives for a possible mitigation of dividends in the last 3 years.**

The company undertakes to unconditioned obey the principles of Corporate Governance applicable to issuer the movable assets of which are transacted on the organized stock market.

The company adopted o dividend policy as a set of directions referring to the division of the net profit which the company states it will observe and issues the following relevant principles referring to the dividend policy:

* 1. The company recognizes the right of the shareholders to be paid in the form of dividends as a form of participation with the net aggregate profits coming from exploitation as well as a payment form of the capital invested in the company;
	2. When motivating the proposal concerning the distribution of the net profit gained in a financial year the Executive Board of the company shall make a fair distribution of the net profit between the part belonging to the shareholders in the form of dividends and the part withheld for the company to be invested in compliance with the principles of prudent management and in order to ensure a medium and long-term development of the company;
	3. Dividends shareholders of the company are entitled will be distributed from the net profit of a financial year only as they are identified on accountancy documents and audited in compliance with law and with other legal documents and by obeying relevant legal provisions.
	4. Dividends can be distributed by cash payment or by issuing free shares following the capitalization of aggregated net profits of the company. In any situation the proposal to distribute dividends is to be made by the executive board of the company by issue of financial notes sent to the investors. The General Meeting of the Shareholders decides if the dividends are to be paid, as this decision is adopted in compliance with law.

The dividend policy is published on the official internet-site of the company ([www,transilvaniabroker,ro](http://www.transilvaniabroker.ro)),

* + 1. **Description of any activities of the company concerning the purchase of own shares**

The company was listed on the stock market through IPO at the end of 2017, so that for the time being and for the reported period there is no way to buy back own shares.

* + 1. **If the company has subsidiaries give their number and value of shares issued by the corporate parent existing in the subsidiary**

The company is not part of a group and does not have any subsidiaries. The company has offices without juridical entity in:

Sibiu, 10 Justiției street, district Sibiu,

Bucharest, 59 Buzești, building A5, stair 4, 1st floor, apt, 66, 1st Sector,

Pitești, I,C, Bratianu street, building 35, stair A, apt,1, district Argeș;

 Cluj Napoca, 22 Sarmizegetusa, street, 1st floor, district Cluj,

**Should the company have issued shares and/or other claims, state the way the company pays for its obligations towards the holders of such movables**.

In the reporting period the company did not issue bonds and/or other claims.

The management of the trade company

 **Presentation of the list of the managers of the trade company:**

The management of the company consists of an executive board of three managers, namely:

* Mr. Niculae Dan, ***president, executive member***;
* Mr. Tuica Gabriel-Alexandru, ***non***-***executive member***;
* Mrs. Deneș Tasia Daniela, ***non***-***executive independent member***;

There is no family relation among the members of the executive board of the company,

**List of the members of the executive management of the company**

The executive and operational management of the company is ensured by:

* Manager general (Mr, Niculae Dan who is in the same time the president of the managing board); and
* Executive manager (Mr. Login Gabriel),

There are no agreements or arrangements between the executive management and the persons who appointed them in the management function.

1. Financial and accounting situation
	1. **Situation of financial position**

The analysis of the economic and financial situation of the company compared with the former period and with the existing situation at the beginning of the fiscal year has the following aspects in mind:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Indicators of the financial position** **(Values are quoted in lei)** | **January 1st**  **2017** | **December 31st 2017** | **Variation** **(+/-)(lei)** | **Variation****(+/-)(%)** |
| **Fixed assets** |  **230,738**  | **129,879** | **(100,859)**  | **(43,71)**  |
|  Untangible assets  | 21,928 | 15,954 | (5,974)  | (27,24)  |
|  Tangible assets | 183,018 | 98,850 | (84,168)  | (45,99)  |
|  Financial assets | 25,792 | 15,075 | (10,717) | (41,55) |
| **Circulating assets** | **6,574,889** | **11,821,715** | **5,246,826** | **79,80** |
|  Claims | 2,986,827 | 4,554,909 | 1,568,082 | 52,50 |
|  Checkout and accounts with banks  | 3,588,062 | 7,265,864 | 3,677,802 | 102,50 |
| **Initial cost** | **36,489** | **6,656** | **(29,833)** | **(81,76)** |
| **Total assets** | **6,842,116** | **11,958,250** | **5,116,134** | **74,77** |

* Compared to the beginning of the reported period one can state that the value of the assets increased with 74.77% as they had a growth of 5,116,134 lei,
* The decline with 43.71% of the fixed assets is due to the decline with 45,99%, of the tangible assets following the registration of the of the current year and the wear following the the disposal of assets the maitigation of the values of financial assets with 41,55%; this is to explain by the repayment of the loan that was due at the end of the previous period.
* The decline of the values of intangible assets with 27.24% comes from the registration of wear in the current year and their deletion following the fact that its using period expired.
* The increase of the circulating assets with 90.41% was influenced both by the availability of money of the company with 102.5%, i.e. 3,677,802 lei, and by the growth of claims with 75,20%,

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Indicators if financial position**  | **January 1st**  **2017** | **December 31st 2017** | **Variation** **(+/-)(lei)** | **Variation****(+/-)(%)** |
| **(Values in lei)** |
| **Current debts** | **3,295,439** | **8,723,850** | **5,367,031** | **162,86** |
|  Debts connected with the brokerage activity  | 2,355,489 | 5,044,351 | 2,688,862 | 114,15 |
|  Commercial debts and other debts  | 837,989 | 561,376 | (276,613) | (33,01) |
|  Dividends to pay  | (0,12) | 2,875,861 |  n,a | n,a |
| Debt with current profit tax  | 101,961 | 180,882 | 78,921 | 77,40 |
| **Noncurrent debts**  | **52,127** | **-** | n/a | n/a |
| Long-term loans  | 52,127 | - | n/a | n/a |
| **Own capitals**  | **3,494,550** | **3,234,399** | **(260,151)** | **(7,44)** |
| Signed and paid capital  | 150,000 | 500,000 | 350,000 | 233,33 |
| Signed and not paid capital  | 350,000 | - | n/a | n/a |
|  Funds | 30,000 | 100,000 | 70,000 | 233,33 |
|  Reported result out of which: | (62,131) | (701,223) | n/a | n/a |
| * From the correction of accountancy errors
 | 62,131) | (701,223) | n/a | n/a |
|  Result of the period e  | 3,051,681 | 3,405,622 | n/a | n/a |
|  Distribution from the profit  | (25,000) | (70,000) | n/a | n/a |
| **Total capitals and debts** | **6,842,116** | **11,958,250** | **5,116,134** | **74,77** |

* The increase of current debts with 162.86% compared with the beginning of the repored period is to explain with the brokerage activity (+114,15%) and debts from current tax (+77,40%), compared with the decrease of commercial and other debts (-33,01%),
* At the end of the period the company has real dividends to pay of 2,875,861 lei.
* The main cause of the decrease of noncurrent debts is the fact that the company fully repaid leasing contracts.
* Changes registered both at the level of current debts as well as noncurrent debts influenced the increase of the total debts of the company (+158,76%) that means an unfavorable influence on the solvabiliy.
* During the reporting period the company regisstered a decrease of 7.44% of its own capitals.

The indicator of the **gearing** shows the limit up to where the company is financed from other sources and not from own funds. It is determined as a ratio between the total debts and the value of the own capital. At the end of the period the indicator was 72.95%, compared to 48.92% as it was at the end of the previous reporting period. The increase of the global gearing with 24.03 percent shows the increase of the financial risk the company runs.

* 1. **Situation of financial performance**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Indicators** | **January 1st**  **2017** | **December 31st 2017** | **Variation** **(+/-)(lei)** | **Variation****(+/-)(%)** |
| **Turnover**  | **62,492,184** | **53,835,203** | (8,656,981) | (13,85) |
| Operating income | 62,497,215 | 53,906,286 | (8,590,929) | (13,75) |
| Operating expenses | 58,884,504 | 49,931,129 | (8,953,375) | (15,20) |
| **OPERATING RESULT**  | **3,612,711** | **3,975,157** | **362,446** | **10,03** |
| Financial incomes  | 2,659 | 2,692 | 33 | 1,24 |
| Financial expenses  | 14,549 | 2,539 | (12,010) | (82,55) |
| **FINANCIAL RESULT**  | **(11,890)** | **153** | **n,a** | **n,a** |
| **GROSS RESULT**  | **3,600,821** | **3,975,310** | **374,489** | **10,40** |
| Profit tax | 549,140 | 569,688 | 20,548 | 3,74 |
| **NET RESULT**  | **3,051,681** | **3,405,622** | **353,941** | **11,60** |
| **Gross marge (PB/CA\*100)** | **5,76%** | **7,38%** | n/a | n/a |

Compared to the situation at the end of the year previous to the reporting year on December 31st 2017 the analysis of the main indicators of financial performance looks like this:

* The decrease of financial expenses (-82,55%), respectively increase of financial incomes (+1,24%) favourably influenced the financial result on December 31st, 2017, i.e. a profit of 153 lei,
* The increase of the operating result with 362,446 lei had direct consequences on the gross result of the period.
* The gross result at the end o f the current period is reflected in a profit of 3,975,310 lei, an increase of 10,40% compared to the registered value in the reference period (3,600,821 lei),
* After profit tax (569,688 lei) in the current period the entity had a net profit of 3,405,622 lei, an increase of în creştere cu 11.60% compared to the reference period.



|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Financial performance indicators**  | **On December 31st,2016** | **On December 31st 2017** | **Evolution** **2017/2016 (lei)** | **Evolution 2017/2016(%)** |
|
| **Operating incomes** | **62,497,215** | **53,906,286** | **(8,590,929)** | **(13,75)** |
|  Incomes from brokerage | 62,492,184 | 53,835,203 | (8,656,981) | (13,85) |
|  Incomes from subvention and other operating incomes  | 5,031 | 71,083 | 66,052 | 1,312,90 |
| **Operating expenses** | **58,884,504** | **49,931,129** | **(8,953,375)** | **(15,20)** |
|  | 53,991,987 | 45,544,380 | (8,447,607) | (15,65) |
|  Expenses with provisions for brokerage assistants  |
| Expenses for services made by third persons  | 1,705,856 | 1,273,723 | (432,133) | (25,33) |
| Expenses with consumables and inventory materials  | 151,313 | 131,427 | (19,886) | (13,14) |
| Expenses with other taxes and fees and similar payments  | 188,271 | 173,037 | (15,234) | (8,09) |
| Expenses with employees  | 2,044,433 | 2,270,043 | 225,610 | 11,04 |
|  Expenses with wear and tear  | 174,076 | 262,605 | (88,529) | (50,86) |
|  Other operating expenses  | 628,568 | 275,915 | (352,653) | (56,10) |
| **Operational result– Profit** | **3,612,711** | **3,975,157** | **362,446** | **10,03** |

* Incomes from brokerage, that is the net turnover, decreased with 8,656,981 lei, with 13,85% respectively and that is explained with the decrease of incomes from the negotiations of insurance contracts (-14,03%),
* During the analysed period we registered a decrease of incomes from operating subventions (-77,45%), respectively an increase of other operating incomes of 66,052 lei,
* In this context the incomes from exploitation decreased with 13,75%, compared with the previous period.
* What the total exploitation expenses concerns we registered a falling trend as the decreased with 15.20%,
* In the reported period we registered growth at the level of staff expenses (+11,04%), as the company increased the salary of its employees.
* The dynamic of incomes and expenses from exploitation can be seen in the exploitation profit of 3,975,157 lei, 10,03% higher compared with the previous period.

* 1. **Cash flow: all changes that occurred with the cash during the basic activity, investment, financial activity concerning cash at the beginning and end of the period**

|  |  |
| --- | --- |
| **Indicators**  | **Achievements during the reported period**  |
|  **December 31st 2016** |  **December 31st 2017** |
| NET CASH FROM OPERATING ACTIVITIES  | -4,922,661 | 3,819,149 |
| NET CASH FROM INVESTMENT ACTIVITIES  | -25,980 | -46,220 |
| NET CASH FROM FINANCIAL ACTIVITIES E  | 187,770 | -95,127 |
| CASH AND EQUIVALENT IN CASH ON THE 1ST OF JANUARY  | 8,348,933 | 3,588,062 |
| NET INCREASE OF DECREASE OF CASH AND EQUIVALENTS OF CASH  | -4,760,871 | 3,677,802 |
| CASH AND EQUIVALENTS OF CASH ON DECEMBER 31st  | **3,588,062** | **7,265,864** |

Money availability of the company was on December 12th, 2017 that means an increase of 3,677,802 lei compared with the previous year and as percentage it is 102, 50%.

At the end of the reporting period (31,12,2017) the company had a positive cash flow from exploitation of 3,819,149 lei, The volume of movements in the treasury show how the company released through its activity enough treasury cash flows to maintain it exploitation capacity, to distribute dividends, to pay back loans without using external financing sources.

Cash flow from investment activity made available by the company during the current year is a negative one; it amounts -46,220 lei. This is to explain by the fact that acquisitions of tangible and intangible assets were paid. The treasury flow gained is a result of investments made and that was higher in 2017 compared to 2016.This situation was determined by the maintaining of the payments for asset acquisitions during the analyzed period compared to the previous one and taking into account that in the previous period they register incomes from the sale of assets.

In the current period the financial activity of the company initiated a negative cash flow amounting -95,127 lei and that can be explained by the alteration of the loan structure. The negative treasury flow from the financing activity that was registered in 2017 was determined by the fact that the company did not take up further loans in compliance with the payback of loans from the previous years, amounting 43,000 lei,

1. Litigations

Litigations in which the company is involved on the date of financial situations do not have a significant negative impact on the operations and the financial position of the company. The sums claimed in the two files, in which the company is involved, i.e. 2, 312,582 lei were discussed in the explanatory notes of the financial situations as contingent debts,

 Signatures

**President of the Supervisory Board**

Niculae Dan