ARGUS SA

CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR CONCLUDED ON THE 31st OF DECEMBER 2017

Drawn-up according to the Order of the Minister of Public Finance no. 1802/2014, and the ulterior modifications

ARGUS SA GROUP

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31st, 2017

TABLE OF CONTENTS **PAGE**

ARGUS SA GROUP

CONSOLIDATED BALANCE SHEET

	Row	Note	December 31, 2016 (lei)	December 31, 2017 (lei)
A. FIXED ASSETS				
I. INTANGIBLE ASSETS				
3. Concessions, patents, licenses,trademarks, rights and similar assets and other intangible assets	03		35.389	45.493
4. Goodwill	04		87.785	27.431
6. Advances	06		0	0
TOTAL	07	2(a)	123.174	72.924
II. TANGIBLE ASSETS				
1. Land and construction	08		58.191.643	56.396.710
2. Equipment and machinery	09		7.780.502	7.644.012
3. Other installations,equipment and furniture	10		183.858	432.486
4. Real estate investments	11		6.150.303	5.916.983
5. Tangible assets in the process of execution	12		215.871	452.886
9. Advances	16		7.719	3.193
TOTAL	17	2(b)	72.529.896	70.846.270
III. FINANCIAL ASSETS				
3. The shares owned in the associated entities and joint controlled entities	20	2 (c)	6.592	6.592
6. Other loans	23	6	2.585	11.296
TOTAL	24		9.177	17.888
FIXED ASSETS - TOTAL	25		72.662.237	70.937.082
B. CURRENT ASSETS				
I. STOCKS		3		
1. Raw materials and consumables	26		35.410.844	64.950.349
2. Production in progress	27		17.551.187	30.098.911
3. Finished goods and merchandise	28		6.025.767	11.629.479
4. Advances	29		5.702.746	5.864.534
TOTAL	30		64.690.544	112.543.273
II. RECEIVABLES		4		
1. Trade receivables	31		16.863.974	31.554.096
4. Other receivables	34		1.847.069	1.658.204
TOTAL	36		18.711.043	33.212.300
III. SHORT TERM INVESTMENTS				
2. Other short terms investments	38		0	0
TOTAL	39		0	0
IV. CASH AND BANK ACCOUNTS	40		30.546.878	11.098.463
CURRENT ASSETS - TOTAL	41		113.948.465	156.854.036

Notes from 1 to 13 forman integral part of the financial statements.

CONSOLIDATED BALANCE SHEET

	Row	Note	December 31, 2016 (lei)	December 31, 2017 (lei)
C. PREPAYMENTS	42		171.021	111.776
Amounts of resumed in a period of up to one year	43		163.730	108.597
Amounts of resumed over a period of more than one year	44		7.291	3.179
D. DEBTS: AMOUNTS TO BE PAID IN A PERIOD OF UP TO ONE YEAR				
2. Amounts owed to credit institutions	46	6	64.529.866	111.718.811
3. Advances collected for orders	47	6	51.807	50.752
4. Commercial debts - suppliers	48	6	3.833.644	6.312.045
8. Other liabilities, including tax debts and debts regarding social insurances	52	6	2.735.211	2.971.987
TOTAL	53		71.150.528	121.053.595
E. NET CURRENT ASSETS/NET CURRENT LIABILITIES	54		42.749.381	35.693.127
F. TOTAL ASSETS MINUS CURRENT LIABILITIES	55		115.418.919	106.633.388
G. DEBTS: AMOUNTS TO BE PAID OVER A PERIOD OF MORE THAN ONE YEAR				
2. Amounts owed to credit institutions	57	6	76.953	0
8. Other liabilities, including tax debts and debts regarding social insurances	63		173.667	151.858
TOTAL	64		250.620	151.858
H. PROVISIONS				
2. Provisions for taxes	66		323.677	317.317
3. Other provisions	67		444.599	467.229
TOTAL	68	7	768.276	784.546
I. DEFERRED INCOME				
1. Investment grants	69		308.866	302.019
Amounts of resumed within a period of up to one year	70		168	168
Amounts of resumed in a period longer than one year	71		308.698	301.851
2. Deferrend income	72		212.118	215.743
Amounts of resumed within a period of up to one year	73		212.118	215.743
Amounts of resumed in a period longer than one year	74		0	0
TOTAL	79		520.984	517.762

Notes from 1 to 13 forman integral part of the financial statements.

ARGUS SA GROUP

CONSOLIDATED BALANCE SHEET

	Row	Note	December 31, 2016 (lei)	December 31, 2017 (lei)
J. CAPITAL AND RESERVES				
I. CAPITAL				
1. Subscribed paid capital	80	8	53.670.699	53.670.699
TOTAL	85		53.670.699	53.670.699
II. SHARE PREMIUM	86		97.248	97.248
III. REVALUATION RESERVE	87		46.810.076	46.546.169
IV. RESERVES				
1. Statutory reserves	88		6.806.595	6.806.594
3. Other reserves	90		9.430.206	9.881.742
TOTAL:	91		16.236.801	16.688.337
Losses related to equitycapital instruments	94		(578.989)	(578.989)
VI. PROFIT OR LOSS CARRIED FORWARD Balance C	95			
Balance D	96		3.822.114	9.298.972
VII. PROFIT OF LOSS FOR THE FISCAL YEAR pertaining to the mother company				
Balance C	97			
Balance D	98		3.853.160	7.352.566
Profit distribution	99		37.956	74.135
EQUITY CAPITAL shareholders to the mother-company	100		108.522.605	99.697.791
VIII. NON-CONTROLLING INTEREST				
1. Profit/(Loss) of the fiscal year related to the non-controlling interests	104		755.582	787.018
2. Other equity	105		4.813.138	4.910.324
TOTAL	106		5.568.720	5.697.342
TOTAL EQUITY CAPITAL	107		114.091.325	105.395.133

Approved and signed on behalf of the Board of Directors on 17.07.2018 by:

ADMINISTRATOR,
Name and surname Busu Cristian
Signature______________________
Stamp of the institution

DRAFTED,
Name and surname Trandafir Valentina
As Chief Accountant
Signature_____________
Registration No. in professional body

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Row	Note	Financial year ended December 31, 2016 (lei)	Financial year ended December 31, 2017 (lei)
1. Net turnover	01	9.1	283.845.020	229.820.166
Sold production	02		194.236.306	173.124.057
Revenue from the sale of goods	03		91.759.377	62.531.744
Trade discounts granted	04		2.809.431	6.427.097
Revenue from operating grants related to turnover	06		658.768	591.462
2. Revenue related to the cost of work in progress				
Balance C	07		438.496	17.171.316
Balance D	08		-	-
3. Income from production of tangible and intangible assets	09		4.956	28.562
6. Revenue from operating grants	12		29.548	66.919
7. Other operating revenue	13		881.662	630.116
-of which,income from negative goodwill	14		-	-
-of which,income from investments subsidies	15		154	168
OPERATING INCOME – TOTAL	16		285.199.684	247.717.079
8. a) Expenses with raw materials and consumables	17		163.752.925	160.758.846
Other material expenses	18		282.787	408.830
b) Other external expenses (with energy and water)	19		4.858.484	5.329.451
c) Expenses regarding goods	20		85.574.362	57.303.903
Commercial discounts received	21		232	0
9. Personnel expenses,of which:	22		11.545.889	11.659.315
a) Salaries and allowances	23		9.328.185	9.504.517
b) Social security contributions	24		2.217.704	2.154.798
10. a) Value adjustments for tangible and intangible assets	25	2a),b)	3.625.137	4.208.987
a.1) Expenses	26		3.625.137	4.208.987
a.2)Revenue	27		0	0
b) Value adjustments of current assets	28		248.660	(81.684)
b.1) Expenses	29		706.313	393.392
b.2) Revenue	26		457.653	475.076

Notes from 1 to 13 forman integral part of the financial statements.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Row	Note	Financial year ended December 31, 2016 (lei)	Financial year ended December 31, 2017 (lei)
11. Other operating expenses	31		15.510.183	14.002.732
11.1 Expenditure on external services	32		14.029.129	12.506.566
11.2 Other taxes, fees and similar liabilities	33		1.274.723	1.096.009
11.6 Other expenses	37		206.331	400.157
Adjustments for provisions	39		(8.155)	16.271
Expenses	40		84.760	107.390
Revenue	41		92.915	91.119
OPERATING EXPENSES – TOTAL	42		285.390.040	253.606.651
OPERATING PROFIT OR LOSS				
- Profit	43		0	0
-Loss	44		190.356	5.889.572
12. Income from participation interests	45		1.107.799	830.400
13. Interest income	47		26.344	12.458
15. Other financial income	50		234.026	547.819
FINANCIAL INCOME – TOTAL	52		1.368.169	1.390.677
16. Value adjustments of financial assets and investments held as current assets	53		196.984	0
-Expenses	54		0	0
- Revenue	55		196.984	0
17. Interest expenses	56		1.739.765	2.046.343
Other financial expenses	58		1.085.157	380.425
FINANCIAL EXPENSES – TOTAL	59		2.627.938	2.426.768
FINANCIAL PROFIT OR LOSS				
- Loss	61		1.259.769	1.036.091
TOTAL INCOME	62		286.567.853	249.107.756
TOTAL EXPENDITURE	63		288.017.978	256.033.419

Notes from 1 to 13 forman integral part of the financial statements.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Row	Note	Financial year ended December 31, 2016 (lei)	Financial year ended December 31, 2017 (lei)
18. GROSS PROFIT OR LOSS				
- Profit	64		0	0
-Loss	65		1.450.125	6.925.663
19. Income taxes	66	12 d)	539.466	449.614
20. Other taxes not shown at the above items	67	12	0	14.837
21. NET PROFIT OR LOSS OF THE REPORTING PERIOD related to the integrated entities				
- Profit	68			
-Loss	69		1.989.591	7.390.114
22. NET PROFIT OR LOSS OF THE REPORTING PERIOD – TOTAL, of the			(1.989.591)	(7.390.114)
- Mother company	70		(2.745.173)	(8.177.132)
- Non-controlling interest	71		755.582	787.018

Approved and signed on behalf of the Board of Directors on 17.07.2018 by:

ADMINISTRATOR,
Name and surname Busu Cristian
Signature____________________

Stamp of the institution

DRAFTED,
Name and surname Trandafir Valentina
As Chief Accountant
Signature____________
Registration No. in professional body

Notes from 1 to 13 forman integral part of the financial statements.

REPORTING ENTITY

These consolidated financial statements are presented by Argus ("Company") and incorporates the results of operations of the Company and its subsidiaries Argus Trans SRL Constanta, Comcereal SA Tulcea and Cereal Prest SRL Tulcea (subsidiary of Comcereal SA Tulcea), Aliment Murfatlar SRL, which are presented in the Note 12).

As of December 31, 2012, the Company owns 55.04% of the shares of Aliment Murfatlar SRL, a jointly controlled entity with another entity not included in the consolidation. According to the provisions of the articles of incorporation of Aliment Murfatlar SRL, the Company does not hold the power to govern financial and operational policies of the latter, although it holds more than half the voting rights. The net assets of this entity are included in the consolidated financial statements using the proportionate consolidation method. Since June 2013, the Company has two representatives on the Board of Directors of Aliment Murfatlar SRL and as of 2013 it is considered a subsidiary and is included in consolidation through the Global Integration Method.

As from September 1, 2012 the Company acquired the power to govern the financial and operating policies of Rex Agra SRL, this entity was classified as a subsidiary and included in the consolidated financial statements as at 31 December 2012 using the full consolidation method.

In 2013, a total of 1,191,973 shares were issued by Comcereal SA Tulcea, amounting to a value of 8,206,838.85 lei, increasing the holding percentage by ARGUS SA to the issuing company from 66.75% to 95.14%. Starting with 14.02.2014 until 06.02.2014 it was conducted a public offer for the takeover by Argus SA Constanta of all the shares issued by Comcereal SA Tulcea on the market according to Law 297/2004. After the completion of the offer ARGUS SA Constanta owns at COMCEREAL SA Tulcea, a number of 3.119.210 shares representing 95,36% of the share capital of the issuer.
During 2015, Argus SA shareholders and Rex Agra associates decided the merger by absorption, between Argus SA absorbing company and Rex Agra absorbed company.
The merger of the two companies was registered at the Trade Register Office on 21.01.2016, after which Rex Agra was radiated from the Trade Register
The merger took place through the takeover of assets and liabilities from Rex Agra by Argus SA, without the issue of new shares.

The main accounting policies adopted in the preparation of these consolidated financial statements are set out below.

1. PRINCIPLES, POLICIES AND ACCOUNTING METHODS

A Basis of preparation of the financial statements

(1) General information

These consolidated financial statements have been prepared in accordance with:

(i) Accounting Law 82/1991 republished in June 2015)
(ii) Accounting regulations compliant with European directives approved by the Minister of Public Finance of Romania Order 1802/2014 as amended („OMF 1802”).

These regulations transpose partially the provisions of Directive 2013/34/ EU of the European Parliament and Council on the annual financial statements, consolidated financial statements and related reports of certain types of companies amending Directive 2006/43/ EC of the European Parliament and Council and repealing Directives 78/660/EEC and 83/349/EEC, published in the official Journal of the European Union no. L 182 of 29 june 2013 .

These financial statements have been drawn up based on the historical cost convention, with the exceptions set out below in the accounting policies.

(2) Use of estimates

Preparation of financial statements in accordance with OMF 1802 requires management to make estimates and assumptions that affect the reported values of assets and liabilities. Although these estimates are made by management based on the best available informations at the date of the financial statements, actual results may differ from these estimates.

1. PRINCIPLES, POLICIES AND ACCOUNTING METHODS (CONTINUED)

(3) Business Continuity

These financial statements have been drawn up based on the principle of continuity of the activity which implies that the companies within a Group will continue their activity in the foreseeable future. To evaluate the applicability of this presumtive, leadership examines estimates related to the future cash inflows.

Based on these analyses, the management belives that the companies will be able to continue their activity in the foreseeable future and therefore is justified to apply the principle of continuity in preparing the financial statement.

(4) Currency for presentation of the financial statements

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

B Conversion of foreign currency transactions

The company's transactions in foreign currency are recorded at the exchange rates communicated by the National Bank of Romania ("NBR") for the date of the transactions. At the end of each month, the balances in foreign currency are converted into "Lei" at the conversion rates communicated by the National Bank of Romania on the last banking day of the month. Gains and losses resulting from the settlement of transactions in a foreign currency and from the conversion of monetary assets and debts denominated in foreign currencies are recognised in the profit and loss account, within the framework of the financial results.

C Group accounting

(1) Subsidiaries

Subsidiaries are those entities in which the Group holds more than half of the voting rights or has otherwise power to govern the financial and operating policies. In order to assess whether the Group controls or not another entity are taken into account the existence and effect of potential voting rights that can be exercised or can be converted. Subsidiaries are consolidated from the date on which control over them was transferred to the Group and are no longer consolidated from the date on which control ceases.

The acquisition of a subsidiary is registered base on the acquisition method. The cost of an acquisition is measured at the fair value of the asset given, shares issued or liabilities recorded or taken at the date of acquisition plus costs directly attributable to the acquisition. The assets and liabilities acquired and the contingent liabilities taken over in a business combination are considered at their book value at the acquisition date, irrespective of the share of non-controlling interests.

1. PRINCIPLES, POLICIES AND ACCOUNTING METHODS (CONTINUED)

The difference between the acquisition cost and the accounting value of the net assets acquired by Comcereal Tulcea and Aliment Murfatlar was recorded as a goodwill (see note 6 D relating to goodwill policy). Given that Argus Trans subsidiary was created by the Company, there was no need to record goodwill for this subsidiary. Also, because the Cereal Prest subsidiary was created by the Comcereal Tulcea, there was no need to register goodwill for this subsidiary. In the case of acquisition of shares in Rex Agra, in view of the fact that the difference between the cost of the acquisition cost and the accounting value of the net assets acquired was not significant, the Company has not recorded goodwill.

Removal of balances and transactions between Group companies

For the acquisition method, transactions between Group companies, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated only if the transaction provides indications of impairment of the transferred asset.

Unrealized gains on transactions between the Company and its subsidiaries are eliminated to the extent of the Subsidiary Company's share; unrealised losses are eliminated in a similar way except in cases where there are indications of impairment of the asset traded.

(2) Jointly controlled entities

Jointly controlled entities are those entities in which a company from the Group has the power to govern financial and operating policies together with one or more entities not included in the consolidation. Jointly controlled entities are included in the consolidated annual financial statements, the consolidation being proportionate to the rights in its capital held by the entity included in the consolidation. Proportional consolidation application involves inclusion of the related party for the Group in the consolidated balance sheet from assets that are controled jointly and of debts for which are solidarly responsible. Also, the consolidated profit and loss account includes the Group's revenues and related expenses of the jointly controlled entity. The inclusion of the Group's related party for each of its assets, debts or costs for the jointly controlled entity is done by adding together similar elements from the other entities that are included in the consolidation.

The Company owns 55.04% of the shares of Aliment Murfatlar SRL. However, by analyzing the power to govern the financial and operating policies of that entity, management has concluded that although the Company holds more than half of the voting rights, it can only control that entity in common with another entity not included in the consolidation,

1. PRINCIPII, POLITICI ŞI METODE CONTABILE (CONTINUARE)

thus that as of January 1 st 2009, the net assets of Aliment Murfatlar SRL are included in the consolidated financial statements using the proportionate consolidation method described above. Since June 2013 the Company has two members in the Board of Directors of the SC Aliment Murfatlar and has the power to govern the financial and operating policies of this entity and therefore the Company took the decision to include its net assets by the method of global consolidation.

(3) Equity titles

Equity titles are titles held in entities in which the Company holds significant weight but does not exercise control (associate). Significant weight is determined by holding, directly or indirectly, by the Company of a percentage between 20% and 50% of the voting rights.

Titles in associated companies are accounted for using the equity method. Therefore, the Company's profit or loss from post-purchase is recognised in the profit and loss account, and the post acquisition reserves variations of the associated companies are recognized in reserves. The cost of the investment is adjusted with the Company's share of cumulative post-acquisition reserve changes.

As described in Note 2 c), from December 31,2011 the Company has accounted for the investment in the Rex Agra SRL using the equity method and from September 1,2012, as a result of acquiring the power to govern the financial and operating policies, this investment was consolidated by the global consolidation method.

Unrealised gains from transactions between the Company and its associated undertakings are eliminated up to the limit of the shareholding of the Company in these entities; unrealized losses are also eliminated, except where there is evidence of impairment of the transferred asset.

D Intangible assets

(1) Cost/valuation

Goodwill
Goodwill represents the difference between the cost of an acquisition and the book value of the net assets held by the Company in subsidiary/associated undertaking acquired, at the acquisition date.

Other intangible assets
Licenses and other intangible assets are recognized at the acquisition cost. Intangible assets are not revalued.

1. PRINCIPLES, POLICIES AND ACCOUNTING METHODS (CONTINUED)

(2) Depreciation

Goodwill

Goodwill is amortized on the basis of the linear method, over a useful life not exceeding 5 years.

Other intangible assets

Licenses and other intangible assets are amortized using the straight-line method over their useful life, but not more then 3 years.

E. Tangible assets

(1) Cost/valuation

Tangible assets are originally valued at acquisition cost and then subjected to periodically re-evaluation, as follows:

Until 31 December 2003 tangible assets were revalued based on government decisions ("GD") providing for indexing the historical cost indices prescribed in government decisions and those indexed value were adjusted compared to the value in use and market value.

At 31 December 2003, tangible assets were revalued under Government Decision 1553/2003. GD 1553/2003 provides that the revaluation of tangible assets is made to determine thei fair value, taking into account inflation, value goods, their condition and market value. The increase in book value resulting from such revaluation was credited to revaluation reserve.

From January 1st 2004, land and buildings are subjected periodiccally to reassessment and other tangible assets acquired after that date are recorded at acquisition cost.

Fair values of land and buildings revalued in accordance with the order 1802 are updated with sufficient regularity, in such a way that the book should not differ substantially from the one that would be determined using fair value at the date of the balance sheet. If there is no information from the market relating to the fair value, the fair value is estimated on the basis of net cash flows or depreciated replacement cost.

1. PRINCIPLES, POLICIES AND ACCOUNTING METHODS (CONTINUED)

At 31 December 2007 land and buildings of the Company, as well as of the entity Aliment Murfatlar SRL have been revalued by independent experts, and the lands and buildings of the subsidiary Comcereal SA were revalued by internal specialists.

At 31 December 2009 land and buildings were revalued by an independent external evaluator. Accumulated depreciation at the valuation date was adjusted in proportion to the change recorded the gross carrying amount of revalued assets.

Also, at 31 December 2009, the tangible assets of the Aliment Murfatlar were revalued as follows: land by means of the comparison of market values, and other tangible assets by the indexation method with inflation indices as of the date of the previous revaluation, respectively 31 December 2007.

The land and buildings of the subsidiary Comcereal SA had not been revalued at 31 December 2009.

At 31 December 2010 and 31 December 2011 land and buildings had not been revalued because the company’s management considered that their carrying amount is not significantly different from their fair value at that date.

At 31 December 2011 land and buildings of the subsidiary Comcereal SA were revalued, the accumulated depreciation is eliminated from the gross value. Land and constructions of the other entities in the group have not been revalued at 31 December 2011.

On December 31, 2012, the Company's land and buildings as well as Murfatlar Aliment were reassessed by independent external evaluators based on order 3055, which provides that the revaluation of tangible assets are carried at fair value determined by an appraisal normally undertaken by professionally qualified appraisers. Accumulated depreciation at the valuation date was adjusted in proportion to the change recorded the gross carrying amount of revalued assets for the Company buildings, while in the case of Aliment Murfatlar the accumulated depreciation was eliminated from the gross value. Land and constructions of the other entities in the group have not been revalued at 31 December 2012.
At 31 December 2013 land and buildings belonging to Aliment Murfatlar were reassessed by independent external evaluators.

At 31 December 2015 land and buildings belonging to Argus Sa were revalued by an independent external evaluator based on order 1802, which provides that the revaluation of tangible assets are carried at fair value determined by an appraisal normally undertaken by professionally qualified appraisers.

1. PRINCIPLES, POLICIES AND ACCOUNTING METHODS (CONTINUED)

At 31 December 2016 land and buildings belonging to Argus SA were revalued by an independent external evaluator based on order 1802, for the work points Amzacea and Dor Marunt which were taken un-revalued as a result of the merger with Rex Agra SRL.
The revaluation surplus was credited to the revaluation reserve account within equity. The decrease in net book value resulting from revaluation was recorded as a decrease in revaluation reserve, within its credit balance and uncovered difference was recorded in the profit and loss account as adjustment value.

When the Group sells or assigns revalued assets, revaluation differences are transferred to the "Reserves representing surplus from revaluation reserve”.
If a fully depreciated tangible asset can still be used, with the occasion of the re-evaluation a new value and economic use are set, proper to the estimated period of use.
Maintenance and repairs of tangible assets are put on expenses when they occur and the significant improvements made to tangible assets that grow value or the duration of their lifetime, or which significantly increase the capacity to generate economic benefit, are capitalized.

(2) Depreciation
Depreciation is calculated at entry value, using the straight- line method over the estimated useful life of the assets as follows:

Assets	**Years**
Constructions	20 - 50
Equipment and machinery	6 - 14
Other installations,equipment and furniture	3 - 15

Depreciation is calculated from the month following commissioning and until full recovery of their input.
Land is not depreciated as it is deemed to have an indefinite life.

(3) Sale/scrapping tangible assets

Tangible assets which are scrapped or sold are removed from the balance sheet together with the accumulated depreciation. Any profit or loss resulted as difference between the revenue generated by removing from the register and its undepreciated value, including expenditure incurred on such operation, is included in the profit and loss account in "Other operating revenue" or "Other operating expenses". When the Group recognizes in the accounting value of the tangible assets (in general those constituted in installations) the cost of a partial replacement (replacing a component), the accounting value of the replaced section with corresponding depreciation, is removed from the register.

1. PRINCIPLES, POLICIES AND ACCOUNTING METHODS (CONTINUED)

(4) Borrowing costs

Interest expenses related to all loans are put on expenses when they are carried out.

F. Impairment of assets

Tangible and other long term assets shall be reviewed for the identification of the loss of impairment whenever events or changes in the circumstances indicate that the accounting value can no longer be recovered. An impairment loss is the difference between the accounting value and inventory value.

G. Financial assets

Financial assets include shares in affliated entities, loans granted to affliated entities, interest of participation, loans to entities with which the company is linked by virtue of participating interest and other investments held as fixed assets.

Titles in associated companies are accounted for using the equity method as described in Note 1 C (3).

Other financial assets are recognized in the balance sheet at the cost of acquisition or at the amount determined in the acquisition contract. Purchase costs also include transaction costs. Financial assets are assessed subsequently at the input value less the adjustments cumulated loss of value.

H. Stocks

Stocks are recorded at the lowest value between the cost and the net realizable value. Cost is generally determined based on the weighted average cost method and monthly calculated after each reception. The cost of finished good and work in progress goods include materials, labor and indirect related cost of production.
When necesarry, provisions are made for slow-moving stocks that are worn out physically or morally. Net realizable value is estimated based on selling price reduced by the cost of completion and selling expenses.

I. Trade receivables

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

1. PRINCIPLES, POLICIES AND ACCOUNTING METHODS (CONTINUED)

J. Short-term financial investments

These include short-term deposits at banks and other short-bank investments with high liquidity and treasury bills.

K. Cash and cash equivalents

Cash and cash equivalents are shown in the balance sheet at cost.

L. Share capital

Joint stocks are classified in the capital and reserves. Expenditure relating to the issued of equity instruments are reflected directly in capital and reserves in the losses related to equity instruments.

The amount paid to repurchase the company's shares will decrease equity. When these shares are subsequently re-issued, the amount received (net of transaction costs) is recognised in equity.

M. Dividends

Dividends are recognised in equity in the period in which they are declared.

N. Loans

Short and long term loans are initially recorded at the amount received.

The short-term portion of long-term loans is classified as "debts: amounts to be paid over a period of up to one year" and included in the "Amounts owed to credit institutions" under current liabilities.

O. Leasing contracts in which the Group is the lessee

(1) Finance lease

Leasing contracts for tangible assets in which the Group shall bear all risk and benefits of the property are to be classified as financial leasing. Finance leases are capitalized at the estimated present value of the payments. Each payment is divided between the capital and interest in order to obtain a constant interest rate for the duration of the refund. The amount due are included in the short or long term debt. The element of interest is passed in the profit and loss acount for the dutation of the contracts. Assets held under finance leases are capitalised and amortised over their useful life.

1. PRINCIPII, POLITICI ŞI METODE CONTABILE (CONTINUARE)

(2) Operating leases

Leases in which a significant portion of the risks and benefits associated with property are retained by lessor, are classified as operating leases. Payments made under such contract (net of any facilities granted by the locator) are recognized in the profit and loss accounts on a straight-line basis over the duration of the contract.

P. Commercial debts

Commercial debts are recorded at the amount to be paid for goods and services received.

Q. Provisions

The provision for decommissioning, restructuring, litigation, as well as other provisions for risk and expenses are recognized at the time when the Group has a legal obligation generated by an earlier event, when for the settlement of the obligation is likely to be an output of resources and it can be made a reliable estimate in terms of the amount of the obligation.

Provisions for taxed are constructed for obligations as deferred tax, based on the Company's management estimates.

R. Employee benefits

Pensions and other benefits after retirement

In the normal course of activity, the Group makes payments to pension, health and unemployment funds on behalf of its employees at statutory rates. All employees of the Group are members of the pension plan of the Romanian state. These cost can be found in the profit and loss account together with the related salary.

According to the employment agreement in effect at the balance sheet date, the Group is obliged to pay upon retirement of Company and Comcereal SA employees, equivalent to 1-2 monthly gross wages. These obligations of the company are applicable to the employees which will retire during the period of the collective employment agreement. The company considered that these expenses are not significant enough to record a provision related to these obligations.

1. PRINCIPLES, POLICIES AND ACCOUNTING METHODS (CONTINUED)

S. Grants

(1) Grants related to assets

Grants received for acquisition of assets such as tangible assets are recorded as investment grants in the balance sheet and recognised in the profit and loss account as depreciation expenses, scrapping or disposal of assets acquired from the grant.

(2) Grants for revenue

Grants for revenue are shown as income in the profit and loss account.

T. Taxation

Income tax

The Group recorded current income tax based on the taxable profit of the fiscal statements of the individual consolidated companies, in accordance with the legislation of the relevant tax.

U. Revenue recognition

Incomes relate to the sold goods and provided services.

Revenue from sales of goods are recognized at the time at which the Group has transferred to the buyer the main risks and benefits associated with the ownership of the goods.

Related services revenues are recognized on the basis of services rendered up to the date of balance sheet.

Revenues from royalties are recognized on the basis of accounting pronciples in accordance with economic contracts.

Interest income is recognized periodically and proportionally as the income in question is generated on an accrual basis.

Dividends are recognized as income when legal right to receive such amounts is established.

1. PRINCIPLES, POLICIES AND ACCOUNTING METHODS (CONTINUED)

In these financial statements, the income and expenses are presented at the gross amount. In the balance sheet, liabilities and receivables from the same parteners are presented at net value when there is a right to compensation.

V. Turnover

Turnover represents amounts invoiced and being invoiced for goods delivered and services rendered to third parties, net of VAT and rebates, with the exception of commercial discounts and volume bonuses granted to special customers, that are invoiced by them and listed in "Other operating expenses".

W. Operating expenses

Operating expenses are recognized in the period to which they relate.

2. FIXED ASSETS

a) Intangible assets

	Licenses and other intangible assets (lei)	Goodwill (lei)	Total (lei)
Gross value			
Balance at January 01, 2017	347.510	1.210.957	1.558.467
Increases	40.643	0	40.643
Disposals, transfers and other discounts	0	0	0
Balance at December 31, 2017	388.153	1.210.957	1.599.110
Cumulative depreciation			
Balance at January 01, 2017	312.121	1.123.172	1.435.293
Depreciation recorded during the year	30.539	60.354	90.893
Discounts or reversals	0	0	0
Balance at December 31, 2017	342.660	1.183.526	1.526.186
Net book value at January 01, 2017	35.389	87.785	123.174
Net book value at December 31, 2017	45.493	27.431	72.924

2. FIXED ASSETS (CONTINUED)

b) Tangible assets

	Land and construction (lei)	Equipment and machinery (lei)	Other installations, equipment and furniture (lei)	Real estate investments (lei)	Advances and tangible assets in progress (lei)	Financial assets (lei)	Total (lei)
Gross value							
Balance at January 01, 2017	**77.888.552**	**60.615.810**	**791.205**	**7.053.629**	**223.590**	**9.177**	**146.581.963**
Increases	238.694	1.722.980	281.506	64.120	945.725	8.711	3.261.736
Revaluation differences	0	0	0	0	0	0	0
Disposal, transfers and other discounts	98.000	85.102	60.225	0	713.236	0	956.563
Balance at December 31, 2017	**78.029.246**	**62.253.688**	**1.012.486**	**7.117.749**	**456.079**	**17.888**	**148.887.136**
Accumulated amortization and provisions							
Balance at January 01, 2017	**19.696.909**	**52.835.308**	**607.347**	**903.326**	**0**	**0**	**74.042.890**
Depreciation recorded during the year	1.935.627	1.852.150	32.878	297.441	0	0	4.118.096
Revaluation differences	0	0	0	0	0	0	0
Reductions or reversals	0	77.782	60.225	0	0	0	138.007
Balance at December 31, 2017	**21.632.536**	**54.609.676**	**580.000**	**1.200.767**	**0**	**0**	**78.022.979**
Net book value at January 01, 2017	58.191.643	7.780.502	183.858	6.150.303	223.590	9.177	72.539.073
Net book value at December 31, 2017	56.396.710	7.644.012	432.486	5.916.982	456.079	17.888	70.864.157

2. FIXED ASSETS (CONTINUED)

Revaluation of tangible assets

At 31 December 2014 land and buildings belonging to Comcereal SA were revalued by an independent external evaluators. The revaluation discounts were recorded as a decrease in the revaluation reserve to the extent that they did not exceed the increases registered as a result of past revaluations.

At 31 December 2015 land and buildings belonging to Argus SA were revalued by an independent external evaluators. The increase in the carrying amounts resulting from the revaluation was credited to the revaluation reserve and the revaluation reductions were recorded as a decrease in the revaluation reserve.

Land and buildings have been revalued at Amzacea and Dor Marunt work poins at December 31, 2016, taken un-revalued as a result of the merger with Rex Agra SRL by an independent valuer Ing. Boteanu Magdalena, an authorized evaluator by ANEVAR, identity card no. 10905, technical expert license no 4862-12518/1999, reauthorized in 2013 by Central Office of the Technical Expertise, Minister of Justice. Increasing the book values resulting from reassessment has been credited to the reserve of the revaluation reserve, and reductions of the revaluation reserve has beed recorded as a decrease of the reserve of the revaluation.

The land and buildings of the entities entered into consolidation were not revalued at December 31, 2017.

Changes from revaluation reserve during the financial year are as follows:

	2016 (lei)	2017 (lei)
Revaluation reserve at the beginning of the financial year	39.060.215	46.810.076
Amounts transferred to the revaluation reserve (*)	7.906.011	
Amounts transferred from the revaluation reserve to reserves representing surplus from revaluation reserves	(156.150)	(263.907)
Revaluation reserve at the end of financial year	46.810.076	46.546.169

(*) Amounts transferred to revaluation reserve at December 31, 2016.

As described in Note 1 D, tangible assets were revalued until December 31, 2003 and December 31 2007, December 31, 2009, December 31, 2012, December 31, 2015 and December 31, 2016 for Amzacea and Dor Marunt work points. As a result of these successive revaluations, as well as the manner in which have been recorded in the accounts of the Group, presenting information on historical cost and accumulative depreciation has not been feasible.

2. FIXED ASSETS (CONTINUED)

Treatment for tax purposes of the revaluation reserve

According to tax legislation in Romania, until May 1, 2009 revaluation reserves of tangible assets became taxable only when the destination was changed. Following the amendment of the tax code, as of May 1, 2009 revaluation reserves of fixed assets made after January 1, 2004, which are deducted from taxable income through depreciation or expenditure on assets transferred and/or scrapped, shall be taxed simultaneously with the deduction of tax depreciation at the moment of the decrease in management of these assets.

Pledged and restricted tangible assets

The Group has guaranteed bank loans with tangible assets with a net book of 42.117.078 lei December 31, 2016: 43.770.416 lei) related to the Company.

Fully depreciated tangible assets

At December 31, 2017 the cost for fully depreciated tangible assets was 37.974.818 lei (December 31, 2016: 38.352.875 lei).

c) Financial assets

In January 21, 2016 has recorded the merger at the Trade Register between Argus and Rex Agra SRL, the latter being the company absorbed, as a result starting 01 January 2016, Rex Agra will no longer be part of the consolidation, the assets and liabilities being taken over by Argus SA Constanta.

Titles in the form of interest of participation

On December 31, 2016, the Company held titles under the form of participating interests in ECO ROM Ambalaje Bucharest (entity which is not listed on the stock Exchange), in the value of 6.592 lei (valued at historical cost) accounting 7,6923 % of its share capital. The Company did not assumed any obligation and does not make any payments on behalf of companies in which it holds equity interests.

3. STOCKS

	December 31, 2016 (lei)	December 31, 2017 (lei)
Raw materials and consumables	35.410.844	64.950.349
Production in the course of execution	17.551.187	30.098.911
Finished goods and merchandise	6.025.767	11.629.479
Advances	5.702.746	5.864.534
TOTAL	64.690.544	112.543.273

4. RECEIVABLES

Receivables	Balance at December 31, 2017 (lei)	Liquidity Under 1 year (lei)	Over 1 year (lei)
	1=2+3	2	3
Trade receivables	31.554.096	31.554.096	0
Other receivables	1.666.684	1.658.204	8.480
Other long-terms receivables	10.409	0	10.409
Amounts to be received from affiliated entities	0		
Total	**33.231.189**	**33.212.300**	**18.889**

Amounts receivable from related parties are disclosed in Note 12 i).

5. CASH AND BANK ACCOUNTS

	December 31, 2016 (lei)	December 31, 2017 (lei)
Cash:		
- RON	40.891	56.033
- foreign currency	0	0
Conturi curente la banci:		
- Ron	28.842.377	7.056.674
- foreign currency	1.663.610	3.985.756
Total	**30.546.878**	**11.098.463**

6. DEBTS

Debts	Balance at December 31, 2017 (lei)	Maturities Under 1 year (lei)	1 - 5 years (lei)	Over 5 years (lei)
	1=2+3+4	2	3	4
Amounts owed to credit institutions	111.718.811	111.718.811	0	0
Advances collected for orders	50.752	50.752	0	0
Commercial debts - suppliers	6.312.045	6.312.045	0	0
Other liabilities, including tax payable and debts relating to social security	3.123.845	2.971.987	151.858	0
Total	**121.205.453**	**121.053.595**	**151.858**	0

Amounts payable to related parties are disclosed in Note 12 i).

6.1 AMOUNTS OWED TO CREDIT INSTITUTIONS

	December 31, 2016 (lei)	December 31, 2017 (lei)
The current portion		
Short-term loans	64.450.776	111.638.422
The current portion of long-term loans	79.090	80.389
	64.529.866	111.718.811
The long-term portion		
Long- term loans	76.953	0
Total loans	64.606.819	111.718.811

Listed below are short-term loans:

Lender	Currency	Maturity	December 31, 2016 (lei)	December 31, 2017 (lei)
Working capital loans				
Transilvania Bank	Lei		64.529.866	101.200.000
Credit line for working capital and letters of guarantee				*10.438.422*
Transilvania Bank	Lei			
			64.529.866	111.638.422

Interest rate to supplement working capital is calculated as:
- Transilvania Bank add the bank margin ROBOR 3M;
- Unicredit add the preferential interest rate

Below are analyzed the long-term and medium-term loans:

Lender	Currency	Maturity	December 31, 2016 (lei)	December 31, 2017 (lei)
Unicredit	Lei		156.043	80.389
Minus current portion			79.090	80.389
Long-term portion			76.953	0

6.2 Pledged assets

Group loans are secured by mortgages on fixed assets presented in Note 2 b).

Unused loan facilities

On 31 december 2017 the company has the following credit facilities contracted and unused:

Bank	Currency	Approved amount in loan currency	Unused amount in loan currency	Unused amount in lei
Transilvania Bank	Lei	27.500.000	17.061.578	17.061.578

7. PROVISIONS

Provision	Balance at January 1, 2017 (lei)	Transfers into account (lei)	Transfers from account (lei)	Balance at Decembre 31, 2017 (lei)
	1	2	3	4=1+2-3
Provisions for taxes	323.677	136	6.495	317.317
Other provisions	444.599	107.254	84.624	467.229
Total	**768.276**	**107.390**	**91.120**	**784.546**

8. EQUITY

a) Share capital

The value of the authorized share capital on 31 December 2016 and 31 December 2017 is 53.670.699 lei representing 35.780.466 shares. All the shares are common, were subscribed and integrally paid on 31 December 2017. All the shares have the same right to vote and have a nominal value of 1,5 lei/acţiune.

B) Structure of the shareholding

The structure of the shareholding on 31 December 2017 este:

	Number of shares	**Total nominal value (lei)**	**Percentage owned (%)**
Legal persons, from which:	32.717.910	49.076.865	91,4407
SIF OLTENIA	30.891.705	46.337.558	86,3367
SIF BANAT-CRISANA	1.790.432	2.685.648	5,00
Other legal persons	35.773	53.659	0,0999
Natural persons	3.062.556	4.593.834	8,5593
Total	35.780.466	53.670.699	100,00

On 31 December 2016 the structure of the shareholding was as fallowing:

	Number of shares	**Total nominal value (lei)**	**Percentage owned (%)**
Legal persons, from which:	32.671.173	49.006.760	91,306
SIF OLTENIA	30.844.568	42.266.852	86,205
SIF BANAT-CRISANA	1.790.432	2.685.648	5,00
Other legal persons	36.173	54.260	0,101
Natural persons	3.109.293	4.663.940	8,694
Total	35.780.466	53.670.699	100,00

8 EQUITY (CONTINUED)

In 2017, SIF Oltenia continued to purchase shares from Argus, thus on 31.12.2017, SIF Oltenia owns 30.891.705 shares, representing 86,3367% from the share capital of Argus SA.

c) Distribution of result

The individual financial statements of the company for the financial exercise concluded on 31 December 2017 were approved by the General Assembly of Shareholdes in the meeting from 26.02.2018. In 2017, the Company recorded a loss of 9.217.962 lei (2017: loss 2.439.058 lei) .
The branches of the Company recorded in 2017 the following results:

- Comcereal recorded a net profit of 1.104.831 lei (2016: net profit of 233.201 lei) from which 60.123 lei was constituted in legal reserve and the difference was included in other reserves.

- Cereal Prest recorded a net profit of 352.388 lei (2016: net profit of 365.821 lei) from which 17.619 lei s was constituted in legal reserve and the difference was included in other reserves.

- Argus Trans recorded a loss of 129.962 lei (2016: loss of 96.945 lei), which was included in the result reported, following to be recovered from the future profits.

The entity Aliment Murfatlar recorded in 2017 a net profita of 1.642.908 lei (2016: net profit of 1.658.248 lei), the amount of 1.634.425 lei following to be appropriated for gross dividends and the difference included in other reserves.

9. OPERATING RESULTS AND TURNOVER

a) Analysis of the result from the operating result

Name of indicator	**Financial exercise ended on 31 december 2016 (lei)**	**Financial exercise ended on 31 december 2017 (lei)**
1. Net turnover	283.845.020	229.820.166
2. Cost of goods and services performed (3+4)	273.336.597	225.769.315
3. Expenses of the basic activity	264.080.491	218.337.858
4. Expenses of the similar activities	9.256.106	7.431.457
6. Gross result related to net turnover (1-2)	10.508.423	4.050.851
7. Sales costs	4.706.532	2.505.727
8. General expenses of management	6.908.411	8.070.682
9. Other operating revenues	916.166	635.986
10. Operating result (6-7-8+9)	(190.356)	(5.889.572)

b) Turnover

	Financial exercise ended on 31 december 2016 (lei)	Financial exercise ended on 31 december 2017 (lei)
Sale of ended products	187.010.411	162.106.027
- on internal market	178.466.860	146.725.146
- on external market	8.543.551	15.380.881
Sales of goods	91.759.377	62.531.744
Sale of services	1.188.799	1.060.079
Sale of residual products	46.866	138.580
Others	3.839.567	3.983.736
	283.845.020	229.820.166

The turnover for 2016 is presented without the trade discounts granted to the resellers and without trade discounts and volume bonuses granted to the customers – key accounts related to the period July – December 2016, but not by the trade discounts and volume bonuses invoiced by the for the period January – June 2016, being presented in „Other operating expenses” in amount 2.635.373 lei. The turnover for 2017 is presented without the trade discounts granted to the resellers and without trade discounts and volume bonuses granted to the customers – key accounts.

10. INFORMATION ABOUT EMPLOYEES AND THE MEMBERS OF THE ADMINISTRATION AND MANAGEMENT

On December 31, 2017 the Board of Directors was :

- BUSU CRISTIAN– Chairman of the Board of Directors
- RADU ANINA – administrator
- PAUNA IOAN – administrator

In 2017, as per decision no. 30/22.06.2017 of the Board of Directors, following the resignation of Mrs Anina Radu from the position of Chairman of the Board of Argus SA, it’s called Mr. Busu Cristian in this function. Based on the decision no. 31/22.06.2017 of the Board of Directors, all work relationships with the Commercial Director Mr. Maricel Nicusor Haret will be ceased. On 01.09.2017, by decision no. 38/01.09.2017 of the Board of Directors, the mandate contract of Mr. Robu Sabin Marcu for the position of General Manager is terminated and in his term Mr. Verdes Paul is appointed on the basis of a mandate contract until 24.01.2018, therefore at December 31, 2017 the company’s executive management is exercised by Mr. Paul Verdes as General Manager, Mrs. Trandafir Valentina as Chief Accountant and Mr. Robu Sabin Marcu as Technical Director.

10. INFORMATION ABOUT EMPLOYEES AND THE MEMBERS OF THE ADMINISTRATION AND MANAGEMENT (CONTINUED)

a) Allowances granted to Board of Directors and management

	Financial year ended December 31, 2016 (lei)	Financial year ended December 31, 2017 (lei)
Salaries and allowance expenses		
Administrators	308.349	318.048
Directors	841.954	639.631
	1.150.303	957.679

	31 decembrie 2016 (lei)	31 decembrie 2017 (lei)
Salaries and allowances to be paid at the end of the year :		
Administrators	1.386	680
Directors	12.021	13.801
	13.407	14.481

b) Advances and loans granted to Board of Director and management

The company has not granted any loans or advances to members of the Board of Directors or management in the course of the financial year ended on December 31, 2017.

c) Employees

Average number of employees during the year was as follows:

	Financial year ended December 31, 2016	Financial year ended December 31, 2017
Administrators and directors	18	17
Administrativ personnel	61	63
Personnel in production	259	246
	338	326

	Financial year ended December 31, 2016 (lei)	Financial year ended December 31, 2017 (lei)
Employee salaries expense (excluding directors and administrators)	8.085.537	8.532.634

	December 31, 2016 (lei)	December 31, 2017 (lei)
Salaries to be paid at the end of the year	223.334	265.417

11. ANALYSIS OF MAIN ECONOMIC AND FINANCIAL INDICATORS

1. Liquidity indicators

a) Current liquidity	December 31, 2016	December 31, 2017
$\frac{\text{Current assets}}{\text{Current liabilities}} =$	1,60	1,30

b) Immediate liquidity indicator	December 31, 2016	December 31, 2017
$\frac{\text{Current assets - stocks}}{\text{Current liabilities}} =$	0,69	0,37

2. Risk indicators

a) Indebtedness indicator	December 31, 2016 (%)	December 31, 2017 (%)
$\frac{\text{Long-term loans}}{\text{Equity}} \times 100$	0,23	0,15

Where:

- Long term loans = loans over a year

11 ANALYSIS OF MAIN ECONOMIC AND FINANCIAL INDICATORS (CONTINUED)

b) Indicator regarding the covering of interest

	December 31, 2016	December 31, 2017
Earnings before interest and tax / Interest expenses	0,00	0,00

3. Activity indicators (management indicators)

a) Inventory turnover

	Financial year ended December 31, 2016	Financial year ended December 31, 2017
Sales cost / Average age of inventory = Number of times	3,28	2,59

b) Debit speed rotation -customers

	Financial year ended December 31, 2016 (zile)	Financial year ended December 31, 2017 (zile)
Average customer balance / Turnover x 365 =	21,39	38,45

c) Rate movement of credits – suppliers

	Financial year ended December 31, 2016 (zile)	Financial year ended December 31, 2017 (zile)
Average supplier balance / Purchase of goods (withour services) x 365 =	5,37	8,48

d) Rotation speed – tangible assets

	Financial year ended December 31, 2016	Financial year ended December 31, 2017
Turnover / Tangible assets =	3,91	3,24

e) Rate movement of total assets

	Financial year ended December 31, 2016	Financial year ended December 31, 2017
Turnover / Total assets =	1,52	1,01

11 ANALYSIS OF MAIN ECONOMIC AND FINANCIAL INDICATORS (CONTINUED)

4. Profitability indicators

The Group did not present these indicators as it recorded losses in the reporting period.

a) Return on capital employed

	Financial year ended December 31, 2016 (%)	Financial year ended December 31, 2017 (%)
Profit before the financial result and tax profit = Employed capital	0,00	0,00

b) Gross margin from sales

	Financial year ended December 31, 2016 (%)	Financial year ended December 31, 2017 (%)
Gross Profit from sales / Turnover	0,00	0,00

12 OTHER INFORMATION

a) Informations regarding the presentation of the Group

The Group Argus SA include Argus SA Company („Company") and its branches, Argus Trans SRL Constanţa, Aliment Murfatlar SRL, Comcereal SA Tulcea şi Cereal Prest SRL Tulcea (branch of Comcereal SA Tulcea), collectively named „Group".

ARGUS SA

Argus SA Constanta was created as a joint stock company as Law 15/1990, based on HG 1353/1990, by taking over the assets of „Oil Company Constanta", located in Industrial Street no. 1.

In 1990, the company was organised as joint stock company under the name SC ARGUS SA.

12 OTHER INFORMATION (CONTINUED)

At August 31st 1994, the company became a private limited company in a proportion of 100%, in conformity with Law 58/1991.

The company operates in the production of oils and vegetable and animal fats, its main activity being the manufacturing and commercialization of crude and refined oils and fats, and also animal meal feeds.

Starting with November 15th 2002, the company was listed on the RASDAQ market and starting September 2004, the company was transcribed on the technical system of BVB.
Starting with September 16th 2011, CNVM ordered the suspension of trading the company's shares, considering the illegal conditions which were carried by the General Meeting of the Shareholders of SC ARGUS S.A. from September 16th 2011.
As described in Note 12 j, starting with 13.06.2013 it was retaken the transactions of the shares of the Company.

The address of the registered office of the Company is 1 Industrial Street, Constanta, Romania.

ARGUS TRANS SRL - CONSTANTA

Argus Trans SRL was incorporated by Argus SA in 2003 and has as object of activity „Performances of transportation services". On 31 December 2017 Argus SA held 99,95% from the share capital of Argus Trans SRL.

The persons that had the management de facto of the Company until 24.07.2012 concluded a sale agreement for 100 social parts held by Argus SA in Argus Trans SRL to Biscol Group, for the amount of 100.000 lei. This modification was not recorded at the Trade Registry Office. The present management decided the court action for the cancellation of the respective agreement.

COMCEREAL SA - TULCEA

Comcereal SA Company became a branch of Argus SA in 2000 and is rated on RASDAQ market. On 31 December 2015 Argus SA held 95,36% from the share capital of Comcereal SA.

Comcereal SA develops its activity in the domain of agriculture and food industry. The basic activity is represented by the conditioning, storage and trading of agriculture products.

Comcereal SA was incorporated by the Governmental Decision 1054/1995 as a result of reorganization of the former company Romcereal RA Tulcea into two economic agents, respectively Comcereal SA (Tulcea) and the National Agency of Agricultural RA Tulcea.

12 OTHER INFORMATION (CONTINUED)

In October 2006, Comcereal SA was reorganized by the incorporation of Cereal Prest SRL, integrally owned by Comcereal SA.

REX AGRA SRL - CONSTANŢA

Rex Agra SRL Company became a branch of Argus SA in 2012, as presented in Note 2 c). On 31 December 2015 Argus SA held 100% from the share capital of Rex Agra SRL. Rex Agra SRL develops its activity in the domain of wholesale trading of agricultural products.
In 2015 the shareholders of ARGUS SA and the associates of REX AGRA SRL decided the merger by absorption between ARGUS SA , as acquiring company and REX AGRA SRL ,as acquired campany.
On 21.01.2016 it was registered at the Trade Registry Office near Constanta Court the merger between the two companies and as a result REX AGRA SRL Constanta was erased from the Trade Registry.
The merger took place by taking over by ARGUS SA Constanta of the assets and liabilities of REX AGRA SRL Constanta , without issuing new shares.

ALIMENT MURFATLAR SRL - CONSTANŢA

The Company owned participating titles in a jointly controlled entity, Aliment Murfatlar SRL. The Company Aliment Murfatlar SRL was incorporated in 1991 and has as main object of activity „Retail trade". On 31 Decembrie 2015 Argus SA held 55,04% from the share capital of Aliment Murfatlar SRL.

b) Informations regarding the relationships of the entity with subsidiaries, affiliated entities or other entities that own strategic equity investments

Informations regarding subsidiaries, associate enterprises and companies where strategic equity investments are owned are presented in Note 2 (c).

Details regarding transactions with affiliated parties and the nature of relations with these are presented in Note 12 i).

c) Conversion bases used for expression in national currency of the active and passive elements, incomes and expenses highlighted initially in a foreign currency

The modality used for expressing in the national currency of the patrimonial elements, revenue and expenses recorded in a foreign currency is presented in Note 2 b.
The main exchange rates used for the conversion in lei of balances expressed in a foreign currency are:

12 OTHER INFORMATION (CONTINUED)

Foreign currency	Abbreviation	Exchange rate (lei for 1 unit from the foreign currency) December 31, 2016	December 31, 2017
US Dollar	USD	4,3033	3,8915
Euro	EUR	4,5411	4,6597

d) Information regarding the current income tax

The company recorded a fiscal loss after the reporting of 16.058.000 lei at 31 December 2017 (2016: fiscal loss of 7.505.702 lei), while the branches which enter into consolidation recorded the following fiscal results after reporting on 31 December 2017:
- Argus Trans SRL recorded a fiscal loss of 922.544 lei (2016: fiscal loss of 794.562 lei),
- Comcereal SA recorded a fiscal profit of 544.650 lei (2016: fiscal profit of 662.787 lei),
- Cereal Prest SRL recorded a fiscal profit of 334.769 lei (2016: fiscal profit of 436.579 lei). Starting with 01.02.2017, Cereal Prest SRL has passed the income tax;
- Aliment Murfatlar SRL recorded a fiscal profit of 2.319.255 lei (2016: fiscal profit of 2.322.295 lei).

The expenses with tax on profit presented in consolidated financial statements for the year 2017 is related to Argus SA: 0 lei (2016: 0 lei), Comcereal SA: 87.144 lei (2016: 106.046 lei), Cereal Prest SRL: 15.181 lei (2016: 69.853 lei), Argus Trans SRL: 0 lei (2016: 0 lei) and Aliment Murfatlar SRL: 362.126 lei (2016: 363.567 lei).

e) Expenses with hires and installments paid within the operational leasing agreements

The group recorded the following expenses:

	Financial year ended on December 31, 2016 (lei)	Financial year ended on December 31, 2017 (lei)
Hires	491.442	807.740

f) Fees paid to the auditors

The Group paid in 2017 fees to auditors related to the financial audit according to the agreements concluded with them.

g) Presumptive debts and undertakings granted

12 OTHER INFORMATION (CONTINUED)

On 31 December 2017 the Group has undertakings granted under the form of guaranteed promissory notes in amount of 528.533.

h) Undertakings received

The Group has undertakings received on 31 December 2017 under the form of promissory notes and guarantee letters from customers in amount of 10.480.520 lei (2016: 6.591.774 lei). Aliment Murfatlar concluded on 26.07.2012 agreements in which it hired commercial locations to Artima SA for a period of 20 years, the monthly hire being of approximately 43.000 euro. The lessee has the right of unilateral cancellation of the agreements after the first 4 years of agreement without the liability to pay penalties, indemnities or damages.

i) Transactions with affiliated / related paries

The related parties are those described in Note 2 c) in which the Company exercises a significant influence, as well as the entities from the Group of companies presumed to act as established described in Note 8; other related parties are represented by the companies in which the members of the management or the members of their families excercise a significant influence.
The following transactions with affiliated parties and related parties took place during the financial exercises concluded on 31 december 2016 şi 31 december 2017 and the following balances resulted from these transactions:

	Financial year ended on December 31, 2016 (lei)	**Financial year ended on December 31, 2017 (lei)**
Sales of goods and services		
Sale of goods	-	-

	Financial year ended on December 31, 2016 (lei)	**Financial year ended on December 31, 2017 (lei)**
Purchases of goods and services		
Purchase of services	106.569	360.550
Purchase of goods	-	-
	106.569	360.550

12 OTHER INFORMATION (CONTINUED)

Balances resulted from saelling/buying goods/services

	December 31, 2016 (lei)	December 31, 2017 (lei)
Balances due with affiliated/related parties		
Customers	-	-
Adjustment for depreciation	-	-
	-	-
Credit balances with affiliated/related parties		
Suppliers	-	42.144

j) Events ulterior to the date of the balance sheet

On 20.12.2017 the General Meeting of Shareholders has elected a new Board of Directors starting with 24.01.2018 composed from:

* Cristian Busu – president
* Patrascu Doru Dorel – administrator
* Pauna Ioan – administrator

As a result of decision no. 3/23.01.2018 of the Board of Directors, shall revoke Mr. Paul Verdes from the position of General Manager, as a result of the termination of the mandate on 24.01.2018.

By decision no. 5/01.02.2018, the Board of Directors approves the appointment of Mr. Robu Sabin-Marcu as General Manager of Argus SA with a mandate contract, starting with 05.02.2018 until 30.06.2018. Also, was appointed as Commercial Director, Mr. Culetu Stefan for a period of 3 months starting with the date of 05.02.2018, at the end of the 3 months, the contract was extended until the date of 05.08.2018.

Starting with April 1, 2018, Mr. Ioan Pauna resign as administrator of Argus SA, his resignation was registered at the Trade Registry Office and approves by decision no. 13/25.05.2018 of the Board of Directors, Ms Anina Radu as interimar administrator.

On 01.06.2018, following the decision no.14/25.05.2018, stop the mandate contract of Mr. Robu Sabin-Marcu for the position of General Manager of Argus SA Constanta and is called Mr. Niculescu Emilian-Mihai in the function of General Manager on the basis of a contract of mandate starting with the date of 01.06.2018 until 01.06.2019.

By decision no. 15/25.05.2018 of the Board of Directors, is appointed Mr. Robu Sabin-Marcu as Tehnical Director with individual contract of work, starting with 01.06.2018.

13 CONTINGENCIES

(a) Court actions

The Group is the object of a number of court actions resulted after the normal course of the development of activity. The management of the Group considers that this actions shall not have an adverse effect on the economic results and the financial position of the Group.

(b) Taxation

The taxation system from Romania suffered multiple modifications in the latest years and it is in an adjustment stage at the jurisprudence of European Union. Therefore there are still different interpretations of fiscal legislation. In some situations, the fiscal authorities may differently treat some aspects, proceeding at the calculation of some taxes and additional fees and interests and related delay penalties (at present penalties determined by the duration of the delay, plus 0.02% per day interest for delay). In Romania, the fiscal exercise remains opened for fiscal verification for 5 years. The management of the company considers that the fiscal liabilities included in these fiscal situations are proper.

(c) Transfer price

The fiscal legislation from Romania includes the principle of „market value", according to which the transactions among the affiliated parties must be developed at the market value. The local taxpayers who develop transactions with the affiliated parties must draw up and put at the disposal of fiscal authorities from Romania, at their written request, the documentation file of the transfer price. Failure to present the documentation file of the transfer price or presenting an incomplete file may lead at the application of penaltiesfor the lack of conformity; besides the content of documentation file of the transfer prices, fiscal authorities may interpret the transactions and circumstances differently from the interpretation of the management, therefore they can impose additional fiscal liabilities resulted from the adjustment of the transfer prices. The management of the company considers that Group shall not suffer losses in case of a fiscal control for checking the transfer prices. Nevertheless, the impact of different interpretations of fiscal authorities cannot be credibly estimated. It may be significant for the financial position and/or operations of the Group.

ADMINISTRATOR,	DRAFTED,
Name and surname Busu Cristian	Name and surname Trandafir Valentina
Signature_____________________	As Chief Accountant
	Signature_____________
Stamp of the institution	Registration No. in professional body

ARGUS S.A. Str. Industriala nr. 1, 900147 Constanta, Romania
Tel: 40/241/676840 Fax: 40/241/634367; Cod LEI (Legal Entity Identifier): 315700M31ZOTBZMMBE46
R.C.:J13/550/1991; C.U.I.: RO 1872644; Capital social: 53.670.699 lei
IBAN : RO70 BTRL 0140 1202 F767 76XX – Banca Transilvania Suc.Constanta

Excerpt

Ordinary General Shareholders Meetings
Decision no. 2 from 20.08.2018

The Ordinary General Shareholders Meeting took place on 20.08.2018, in the first day of the convocation, at the company's headquarters from Industriala Street, no. 1, Constanta, under publicity conditions, quorum and vote as per applicable Romanian legislation and the company's Constitutive Act dispositions.

At the meeting were present also representative shareholders that own a number of 30.891.905 shares, representing 86,34 % of the total social capital, with voting rights.

Following the debates regarding the items subscribed on the agenda and recorded in the meeting minutes, **with unanimity of votes**, the present and represented shareholders have adopted:

DECISION

1. Approval of the Consolidated Financial Statements at 31.12.2017 for ARGUS Group, based on the Board of Directors Report and Financial Auditors Report.

AGOA Chairman
Board of Directors Chiarman
Cristian Busu

MEETING SECRETARY,
Robu Sabin Marcu

ARGUS S.A., 1 Industriala Street., 900147 Constanta, Romania
Tel: 40/241/676840 Fax: 40/241/634367;
Trade Registry no.:J13/550/1991; Sole Registration number: RO 1872644; Share capital: *lei 53.670.699*
IBAN : RO70 BTRL 0140 1202 F767 76XX –Transilvania Bank, Constanta Branch

Directors' Report

on the Consolidated Financial Statements of SC Argus SA on 31.12.2017

Argus SA Constanta proceeded to the consolidation of the financial statements on 31.12.2017 of the companies from the group, according to the Order of the Minister of Finances 1802/2014, for approving the Accounting Regulations in conformity with the European Directives.

These consolidated financial statements include the results of the operations of the mother Company and its branches, Argus Trans SRL Constanta, Cormcereal SA Tulcea, Cereal Prest SRL Tulcea (branch of Comcereal SA Tulcea), Aliment Murfatlar SRL.

*After these procedures resulted the **financial position of Argus Group** of companies, presented in the consolidated Balance sheet as it follows:*

	2016	*2017*
1. Total Non-current Assets (ron)	*72.662.237*	*70.846.270*

The decrease in the value of non-current assets took place due to the depreciation recorded in 2017.

	2016	*2017*
2. Total current assets (ron)	*113.948.465*	*156.854.036*

The increase of the value of current assets was due to the increase of the stocks and receivables both from the mother company and from Comcereal Tulcea. In 2017, the same level of credit was maintained at both Argus SA and Comcereal Tulcea, but unlike 2016, this year, on 31.12.2017 they were used almost entirely.

	2016	2017
3. Debts that must be paid within one year	*71.150.528*	*121.053.595*

The financing of the banking institutions in 2017 remained the same, but at the end of the year it was used almost entirely.

4. Debts that must be paid in a period exceeding one year

2016	2017
250.620	*151.858*

These debts recorded a decrease due to the fact that the long term loan accessed by Comcereal Tulcea will be due in due in 2018, so he no longer has a portion of more than one year.

5. Equity capitals of the group	*2016*	*2017*
	108.522.605	*99.697.791*

The decrease recorded was due mainly to the loss recorded by the mother company.

The performances of the group are recorded in the Consolidated Profit and Loss Account:

Turnover of the group	*2016*	*2017*
	283.845.020	*229.820.166*

The decrease of turnover from 2017 regarding the turnover from 2016 was approximately 19 %.

Profit or (loss) of the financial exercise

	2016	2017
Total attributable	*(1.989.591)*	*(7.390.114)*
from which:		
-Mother company	*(2.745.173)*	*(8.177.132)*
-Minority Interests	*755.582*	*787.018*

Financial Instruments:

Neither the mother company nor the companies from the group used such instruments that could influence the position or performance of the Group.

***Predictable development of the group**:*

The Board of Administration appreciates a consolidation of the group both on the cereals market and on the oil market.

Remarkable events in 2017

There were no significant events in 2017.

PRESIDENT

OF THE BOARD OF DIRECTORS,	***GENERAL MANAGER,***	***CHIEF ACCOUNTANT,***
Cristian Busu	***Emilian Mihai Niculescu***	***Valentina Trandafir***

JPA Romania
12 IUL. 2018
Nr. ~~INTRARE~~ IESIRE 2099

ARGUS S.A.
1 Industriala Street,
Constanta

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ARGUS S.A.

Report on the Audit of the Consolidated Financial Statements

Opinion on the Consolidated Financial Statements

We have audited the consolidated financial statements of the ARGUS S.A. (Argus or the "Company"), which comprise the statement of financial position as at December 31, 2017, and the statement of comprehensive income, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects the financial position of the Company as at December 31, 2017 and its financial performance for the year then ended in accordance with Accounting Law, no. 82/1991 and the Order No. 1802/2014 of the Ministry of Public Finances for the approval of the accounting regulations on the individual and consolidated annual financial statements, along with subsequent changes.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA), EU Regulation no. 537 of the European Parliament and the European Council (hereafter "the Regulation") and the Law no. 162/2017 ("the Law"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company within the meaning of the Ethics Code for Professional Accountants (IESBA Code) issued by the International Ethics Standards Board for Accountants, according to ethical requirements relevant to the audit of the financial statements in Romania and have fulfilled our other responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information – Administrators' Report

The administrators are responsible for the preparation and presentation of the consolidated directors' report in accordance with the Order no. 1802/2014 of the Ministry of Public Finances on the approval of the accounting regulations of the individual and consolidated annual financial statements, as such as this report is free from material misstatements and for such internal control as management determines is necessary to enable the preparation of the consolidated directors' report that is free from material misstatement, whether due to fraud or error.

Our opinion on the consolidated financial statements does not cover these other information, and unless is expressly stated in our report, we do not express any assurance conclusion about them.

Regarding the audit of the consolidated financial statements for the financial year ended December 31, 2017, it is our responsibility to read that other information and to assess whether that other information is materially inconsistent with the consolidated financial statements or knowledge, we obtain during the audit, or if they appear to be material misstatement.

As respects of the consolidated Administrators' Report, we have read it and we report on whether it was prepared, in all material aspects, in accordance with OMFP no. 1802/2014 for the approval of the accounting regulations on the individual and consolidated annual financial statements.

On the sole basis of the activities which shall be performed during the audit of the financial statements, in our opinion:

a) Nothing was identified by us that make us believe that the information presented in the consolidated Administrators' Report, in material respects, is not in accordance with the consolidated financial statements.
b) The consolidated Administrators' Report mentioned above includes, in all material respects, the information requested by the OMFP no. 1802/2014 (accounting regulations on the individual and consolidated annual financial statements).

In addition, based on our knowledge and understanding of the Company and its environment, acquired during the audit of the financial statements for the year ended December 31, 2017, we are required to report whether we have identified significant misstatements in the consolidated Administrators' Report. We have nothing to report on this issue.

Responsibilities of Management and Those Charged with Governance for the consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Order no. 1802/2014 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory provisions

We were appointed by the General Meeting of Sharehoders on December 20, 2017 to audit the consolidated financial statements of Argus S.A. for the financial year ended December 31, 2017. The total uninterrupted period of our commitment is 2 years, covering the financial years ended December 31, 2017 and December 31, 2018.

We confirm that:

- In conducting our audit, we have retained our independence with the audited entity.

We have not provided for the Company non-audit services prohibited under Article 5 (1) of the EU Regulation no. 537/2014.

July 12, 2018

In the name of
JPA Audit și Consultanta S.R.L.
Registered Auditor C.A.F.R. no. 319

Florin Toma
Registered Auditor C.A.F.R. no. 1747

SOCIETATEA COMERCIALĂ JPA AUDIT & CONSULTANTA S.R.L. 1 BUCUREȘTI · ROMÂNIA

Camera Auditorilor Financiari din România Toma Florin Nr.1747

STATEMENT

according to the provisions of art. 31
from Accounting Law no. 82/1991

The consolidated financial statements at 31.12.2017 were drafted for:

Legal entity: S.C. ARGUS S.A.
County : 13-Constanta
Address: INDUSTRIALA street no.1, Phone. 0241/676840
Trade Register number: J13/550/1991
Form of ownership: 34 – Joint-Stock company
Main activity (CAEN code and class name): 1041 – Manufacture of oils and fats
Fiscal code : 1872644

The undersigned, CRISTIAN BUSU – as Chairman of the Board of Directors of the Mother Company, I take responsibility for the drafting of the consolidated financial statements at 31.12.2017 and confirm the following:

a) The accounting policies used for the drafting of consolidated financial statements at 31.12.2017 are in compliance with the applicable accounting regulations.

b) The consolidated financial statements offer an accurate image of the financial position and performance and of other information related to the activity of the group.

Chairman
of the Board of Directors,
Cristian Busu