

Annual Report: Law 24/2017 on Issuers of Financial Instruments
and market operations
C.N.V.M. Regulation no 1/2006

For the financial year : 2017

Report date :18.04.2018

Company name: **S.C. ARTEGO S.A.;**

Headquarters: **Tg-Jiu, str. Ciocârlău, nr.38, jud. Gorj, cod poștal 210103;**

Phone/fax: 0253/226444; 0253/226045;

Number and date of registration with the Trade Registry Office: **J18/1120/1991;**

Fiscal code **RO 2157428;**

Securities Issued: **shares with a nominal value of 2.5 lei;**

Organized market on which securities are traded: BVB

Subscribed and paid-up share capital: 22.390.412,50 lei

REPORT

regarding the activity carried out in 2017 according to the balance sheet as at 31.12.2017 based on the Order no. 2844/2016 with the subsequent modifications and completions - for the approval of the compliant accounting regulations with International Financial Reporting Standards

SC ARTEGO S.A. Tg. Jiu was established according to the law no. 31/1990, based on the Government Decision no.1224 / 1990 and was registered at the Trade Register under the number J18 / 1120/1991, having the fiscal code RO2157428.Tg. Jiu.

Ownership structure at 31 december 2017

Shareholder	Shares number	Value (lei)	Total weight
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			Social capital (%)
Employees Association PAS ARTEGO	6.968.820	17.422.050,00	70,0428
Legal persons	1.845.675	4.614.187,50	18,5507
Individuals	1.134.880	2.837.200,00	11,4065
The Romanian State through the Authority for the Administration of State Assets	2	5,00	
TOTAL	9.949.377	24.873.442,50	100.00

In 2017, the production activity and the economic and financial activity carried out by the company and reflected in the balance sheet ended on 31 December :

CHAPTER I. PRODUCTION ACTIVITY

In 2017 the production of technical items was 11,644 tons.

In 2017, the output for export was 5,306 tons for export and 1,052 tons for export. Table 1 shows some comparative dates of the years 2013 ,2014 ,2015,2016 si 2017.

Table 1

	2013	2014	2015	2016	2017
Production of goods, lei	165.750.276	139.332.443	147.850.944	133.885.584	133.845.491
Transport belts, to, from which :	10.337	9524	10.437	9.666	9.185
- export	5.847	4805	4.643	5.557	5.306
lei , from which	124.873.664	110.664.730	121.750.224	107.655.722	108.484.056
- export	67.110.469	54.459.055	51.862.428	56.488.381	63.914.243
Technical plate, to, from which:	3.133	2.801	2.245	2.077	1.785
- export	2.056	2.109	1.160	1.384	1.052
lei , from which	17.820.331	17.385.147	14.901.261	13.979.267	14.004.148
- export	10.999.580	11.969.158	8.389.252	8.609.518	8.122.398
Pressed gaskets, to	849	683	622	613	674
lei ,	7.458.842	5.559.572	5.820.250	6.672.293	6.215.133
Total Export lei	82.123.049	70.038.331	63.150.393	69.123.789	75.009.965
Total EURO	18.592.885,85	15.769.424,45	14.218.934,16	15.404.075,45	16.405.915,83

During the year 2017 the value of the export reached 16.405.915,83 EURO, the export representing 56.04% of the production of technical rubber articles. The most stable markets that exported are Italy, England, Spain, Germany, Holland, Finland.

It exported too in France, Poland, Serbia, Belgium. Currently, ARTEGO is the largest producer of technical rubber articles in Romania (95% of the country's transport bands needed) and one of the European manufacturers.

The value of export deliveries expressed in EURO is as follows:

Country	2013	2014	2015	2016	2017
Italy	3.084.794,18	1.914.061,83	1.251.593,46	1.702.252,71	958.131,93
England	4.070.686,56	3.575.025,44	3.196.276,60	3.077.963,60	3.058.162,47
Argentina	-	260.885,10	370.756,40	232.346,48	75.590,56
Austria	-	-	-	2.761,20	11.173,05
Dubai	295.638,22	2.609,31	-	-	-
Finland	1.743.378,63	865.579,68	909.235,02	1.046.368,23	709.050,10
Spain	3.593.139,05	3.316.444,51	2.663.639,18	3.081.510,58	3.782.901,20
Netherlands	816.047,55	1.519.696,65	1.160.199,09	1.210.891,97	1.386.720,03
France	128.782,80	106.245,20	108.774,80	257.710,84	597.426,55
Germany	3.578.409,11	2.782.515,36	2.549.373,29	2.834.420,65	3.889.839,95
Poland	25.329,96	44.029,89	153.260,97	126.531,96	72.657,61
Bulgary	101.048,52	109.662,74	134.355,40	372.737,57	373.236,82
Bosnia &Herzegovina	-	37.561,85	2.529,60	-	32.635,98
Turkey	41.614,80	-	-	3.548,00	8.078,25
Cyprus	-	-	5.109,59	2.293,93	10.338,57
Algeria	359.430,00	-	-	-	156.889,52
Estonia	23.292,94	8.340,97	27.415,46	33.573,65	32.176,86
Russia		20.430,00	-	-	-
Sweden	2.408,00	-	-	-	-
Serbia	193.969,03	168.446,98	137.945,02	171.092,90	246.774,54
Belgium	35.838,64	467.636,54	961.670,85	583.110,03	540.683,01
Hungary	18.261,15	64.506,88	38.443,00	38.431,81	127.633,19
Czech Republic	2.378,70	4.099,68	18.276,85	6.511,56	10.579,84

Irland	306.124,24	394.610,27	386.544,77	342.676,28	96.574,78
Ukraine	85.303,88	-	-	-	2.891,40
Greece	87.009,89	107.035,57	143.534,81	113.903,87	56.381,36
EAU	-	-	-	68.171,36	-
Egypte	-	-	-	90.208,45	83.648,98
Lithuania	-	-	-	5.057,82	12.236,60
Croatia	-	-	-	-	205,98
Moldova	-	-	-	-	61.938,24
Slovakia	-	-	-	-	11.358,46
TOTAL	18.592.885,85	15.769.424,45	14.218.934,16	15.404.075,45	16.405.915,83

It is worth noting that all the achievements of the company were possible thanks to a well-trained professional staff and the management team who under the current conditions managed to find solutions for its maintenance among the competitive manufacturers of technical rubber articles. The technical and engineering staff of the company have a high level of training and are in a permanent competition with a creative role. Thus, it was possible to achieve 65 patents for invention between 1985 -2017. There are also numerous files with technical solutions waiting to be patented at OSIM.

Applying all of these patents led to:

- machine upgrades;
- achievements of new machines;
- improving technologies;
- Reductions in production costs.

The technicians of the company, passionate about the scientific and technological research, with the novelty in their field of activity, succeeded for the world premiere the realization of the first conveyor belt with a face protected with thermoplastic polyurethane. This material has excellent wear resistance in contact with the material transported in conditions where it maintains its elasticity comparable to natural rubber at extreme temperatures, it is resistant to oils and fats, to atmospheric factors and even to microbial attacks. The

realization is the result of a multidisciplinary collaboration with leading companies in Europe and other continents: Bayer Material Science AG, Urban Technics, Quinn, etc.

CHAPTER I I. FINANCIAL - PATRIMONIAL SITUATION

The financial situation is based on the existing internal correlations between the assets of the balance sheet assets in the form of the assets (economic means) available to ARTEGO S.A. for the realization of its production activity and respectively in the balance sheet liability in the form of financial sources of fixed or circulating assets and the financial result of the company.

A. 1. Economic means

Economic assets or direct property assets consist of fixed assets and current assets.

Asset items are organized from the balance sheet into asset items with acyclical use that include the "Fixed Assets" group and the cyclic asset assets that include the "Current Assets" group.

INDICATOR		Beginning of the year 2017 (lei)	End of the year 2017(lei)
Fixed assets – total		51.386.235	49.483.635
a) Intangible assets		13.092.938	12.864.479
b) Tangible assets from which:		38.293.297	36.619.156
-	Lands	12.874.779	12.965.218
-	Fixed assets at inventory value	95.528.854	96.734.010
-	Fixed assets at the remaining amount	25.124.196	23.536.801
-	Corporal immobilizations in course	397.730	223.889
c)	Financial assets	-	-

A.2. CURRENT ASSETS

In order to achieve its goal of S.C. ARTEGO S.A. TG. JIU, must have machines, buildings and other tools. To make this production machine work, the company had to: - buy raw materials;

- provide stocks at different stages of the production process;
- to sell to recover their resources.

Current assets are made up of stocks, short-term achievable values and available values.

The value of the current assets at 31.12.2017 according to the balance sheet is of RON 81,434,182, structured as follows:

Indicator		Total (lei)	%
1. STOCKS from which:		46.697.480	57,34
-	raw materials, materials	31.113.632	
-	finished product	11.842.660	
-	products under execution	56.327	
-	Assets held for sale	2.879.712	
-	advances	805.149	
2. MONEY AVAILABILITY		6.294.132	7,73
3. DEBTS		28.428.173	34,91
-	Comercial debts	24.793.574	
-	Other debts	3.634.599	
4. FINANCIAL INV. ON SHORT TERM		14.397	0,02

B. SITUATION OF PATRIMONIA

During 2017, the management inventory management and fund manager control program was carried out. As a result of the inventories, there were found management surcharges of 83.85 lei.

Net Asset = Fixed Assets + Current Assets - Debts

The net asset reflects the firm's ability to deal with its underwriting liabilities

INDICATOR	U/M	2013	2014	2015	2016	2017
Fixed assets	lei	60.519.903	57.523.045	53.973.486	51.386.235	49.483.635
Current assets	lei	83.218.030	93.149.054	98.092.429	92.075.440	81.434.182
Total assets	lei	143.707.933	150.672.099	152.065.915	143.461.675	130.917.817
Total Debts	lei	52.374.954	58.555.750	74.335.506	61.831.894	53.665.497
Personal capital	lei	89.150.659	90.433.808	76.628.567	80.926.620	76.908.447

ECONOMIC-FINANCIAL RESULTS

Between 2013 -2017, the economic and financial indicators were as follows:

2013 2014 2015
2016 2017

	(lei)				
I Revenues from exploitation	174.799.285	160.149.167	168.489.297	152.671.820	152.597.599
a) Fiscal value	154.953.384	144.763.149	151.689.051	140.380.472	133.796.633
b) Stock change	17.338.851	13.260.392	15.225.097	10.438.987	16.275.950
c) The immobilized production made by the entity	731.465	493.375	434.898	535.858	805.849
d) Other revenues	1.775.585	1.632.251	1.140.251	1.316.503	1.719.167
II Expenses for exploitation	165.780.991	151.839.990	153.095.774	144.839.787	144.514.715
- profit /loss from exploitation (+/-)	9.018.294	8.309.177	15.393.523	7.832.033	8.082.884
III Financial revenues	1.828.287	797.455	940.067	1.091.395	1.095.294
IV Financial expenses	4.716.285	3.104.704	2.557.256	2.676.415	2.059.723
- loss	2.887.998	2.307.249	1.617.189	1.585.020	964.429
VII Total revenues	176.627.572	160.946.622	169.429.364	153.763.215	153.692.893
VIII Total expenses	170.497.276	154.944.694	155.653.030	147.516.202	146.574.438
- the gross result of the exercise	6.130.296	6.001.928	13.776.334	6.247.013	7.118.455
-tax on profit	1.003.693	1.019.057	2.547.610	1.156.174	1.043.181
NET PROFIT	5.185.992	5.042.216	11.287.856	5.149.820	6.134.163

Between 1 January and 31 December 2017, S.C. ARTEGO S.A. TG. JIU, delivered to the State Produces products worth 36,474,720 lei, as follows:

C.E.OLTENIA 35.781.744 lei

CE HUNEDOARA 692.976 lei

The balance of invoices not collected at 31.12.2016 was 27,636,523 lei for the State Regiments, as follows :

C.E.OLTENIA	27.051.016 lei
CE HUNEDOARA	585.507 lei

On December 31, 2017, the amounts to be collected from the State Regimes were 6,719,413 lei, as follows :

C.E.OLTENIA	6.133.906 lei
CE HUNEDOARA	585.507 lei

Of the total amount of 183,619,209 lei due by the State Registry and other clients (the balance as of 31.12.2016 plus the deliveries between 01.01. And 31.12.2017), the following amounts were collected:

a) through liquidity :	153.817.050 lei, meaning 95,01%
b) through compensation:	8.087.601 lei, meaning

4,99%

as follows:

BENEFICIARY	U.M.	COMPENSATION	%	LIQUIDITIES	%	TOTAL
CE OLTENIA	lei	7.580.267	13,48	48.628.317	86,52	56.208.584
CE Hunedoara	lei	-	-	679.788	100,00	679.788
Others	lei	507.334	1,69	29.452.440	98,31	29.959.774
Export	lei	-	-	75.056.505	100,00	75.056.505
T O T A L	lei	8.087.601	4,99	153.817.050	95,01	161.904.651

HUMAN POTENTIAL

The average number of employees in the year 2017 was 939 compared to 964 in 2016, registering a decrease of 3%, and the actual number at the end of 2017 was 917 employees, compared to 966 at the end of 2016.

The total salary fund in 2017 was 25,391,416 lei.

The expenditures on insurance and social protection were of 6,805,669 lei and mass meals were granted in the amount of 2,660,802 lei.

AMORTIZATION OF FIXED MEANS

SC ARTEGO S.A., used as a damping regime - linear damping.

Depreciation of fixed assets was calculated in accordance with Law no. 15/1994 republished and H.G. no. 2139/2004 for the approval of the classification and normal durations of fixed assets.

The depreciation included in the operating expenses amounted to 4,750,383lei.

The balance sheet was prepared on the basis of the balance sheet for checking the synthetic accounts correlated with the balances of the analytical accounts, observing the Methodological Norms.

PROFIT

At 31.12.2017, gross profit was 7,118,455 lei, respectively net profit 6,134,163 lei.

In determining the taxable profit, the provisions of Law no. 227/2015 regarding the Fiscal Code with subsequent amendments.

For determining the taxable profit, all expenses for which deduction is not allowed are considered:

- late payment due for non-payment of debts on time;
- expenses for the protocol, exceeding the limits provided by the Fiscal Code.

SC ARTEGO S.A. Tg-Jiu had total debts as of 31.12.2017 amounting to 53,665,497 lei of which:

1. State Budget	757.115
- tax on profit	387.988
- tax on revenues from salaries	348.452
-tax on dividends	20.675
- VAT on payment	-
-solid. fd. for pers. with disabilities	-
-tax 2% 9for agricultural revenues	-
Interest rates	-
-penalties	-
2. Special Fund Budgets	296.818
-CASS	264.019
-solid fd. for pers. with disabilities	32.118
- average fund	681
3. Social security budgets	685.398
CAS	654.539

0.5% unemployment	11.816
0.75% unemployment	15.044
0.214% accidents fund	3.999
Credits	41.956.398
providers	6.699.622
Customer creditors	118.812

PROVISIONS OF THE CORPORATE GOVERNANCE CODE	RESPECT	DO NOT RESPECT OR PARTIALLY RESPECT	THE REASON FOR NON-CONFORMITY
A.1. All companies must have an internal Council regulation that includes the terms of reference / responsibilities of the Council and the key management functions of the company and which applies, inter alia, the General Principles of Section A.		PARTIALLY RESPECT	The terms of reference / responsibilities of the Board and the key management functions of the company are contained in the Constitutive Act. This requirement is to be reviewed within the Board of Directors.
A.2. Provisions for managing conflicts of interest should be included in the Council Regulation. In any event, Council members must notify the Council of any conflicts of interest that have arisen or may occur and refrain from attending the discussion (including through non-attendance, unless the failure to attend would hamper the formation of the quorum) and to the vote for a decision on the issue giving rise to the conflict of interest concerned.		PARTIALLY RESPECT	There is no provision in the articles of association regarding the management of conflicts of interest. However, the recommendation of the Corporate Governance Code is respected.
A.3. The Board of Directors or the Supervisory Board must be composed of at least five members.	YES		
A.4. Most members of the Board of Directors should not have executive functions. At least one member of the Board of Directors must be independent of Standard Category companies. In the case of Premium Category companies, not less than two non-executive members of the Board of Directors must be independent. Each independent member of the Board of Directors or the Supervisory Board, as the case may be, must file a statement at the time of his nomination for election or re-election, as well as when any change of his status occurs, indicating the elements on the basis of which he is considered is independent in terms of character and judgment.		PARTIALLY RESPECT	Most members of the Board of Directors are non-executive directors. There are currently no independent administrators. Administrators were appointed by the General Meeting of Shareholders.
A.5. Other relatively permanent commitments and obligations of a member of the Board, including executive and non-executive positions in the Board of Non-Profit Societies and Institutions, should be disclosed to potential shareholders and investors prior to nomination and during their term of office.		NO	
A.6. Any member of the Council must report to the		NO	It's not necessary.

Council on any report with a shareholder directly or indirectly owning shares representing more than 5% of all voting rights. This obligation refers to any report that may affect the member's position on matters decided by the Council.			
A.7. The company must designate a Council Secretary responsible for supporting the work of the Council.	YES		
A.8. The Corporate Governance Statement will inform whether an evaluation of the Council has taken place under the chairmanship of the President or the nomination committee and, if so, will summarize the key measures and the resulting changes. The company must have a policy / guidance on the Council's assessment of the purpose, criteria and frequency of the evaluation process.		NO	The company will develop a policy / guidance on the Council's assessment of the purpose, criteria and frequency of the evaluation process.
A.9. The corporate governance statement should contain information on the number of Council and committee meetings over the past year, the participation of administrators (in person and in absentia), and a report by the Council and committees on their activities.		NO	It follows that the requirement is respected
A.10. The corporate governance statement should include information on the exact number of independent members of the Board of Directors or the Supervisory Board.		NO	It's not necessary. The Board of Directors of the company consists of 5 members, most of which are non-executive directors.
A.11. The Board of Premium Companies should set up a nomination committee composed of non-executive members to lead the nomination of new members in the Council and make recommendations to the Council. Most of the members of the nomination committee must be independent.		NO	The company is not included in the Premium category.
B.1 The Board should set up an audit committee in which at least one member should be a non-executive non-executive. Most members, including the president, must have demonstrated that they have appropriate qualifications relevant to the functions and responsibilities of the committee. At least one member of the audit committee must have proven and appropriate audit or accounting experience. In the case of Premium Category companies, the audit committee must consist of at least three members and the majority of the members of the audit committee must be independent.		NO	There is no Audit Committee at present. To meet the conditions and the occurrence of necessity, it will be established.
B.2. The chair of the audit committee shall be an independent non-executive member.		NO	It's not necessary. See explanation B.1
B.3. Within its responsibilities, the audit committee must carry out an annual assessment of the internal control system.		NO	It's not necessary. See explanation B.1
B.4. The assessment should take into account the		NO	It's not necessary. See

effectiveness and coverage of the internal audit function, the adequacy of the risk management and internal control reports submitted to the Council's Audit Committee, the promptness and effectiveness with which executive management addresses the deficiencies or weaknesses identified in the audit internal reports and the submission of relevant reports to the Council.			explanation B.1
B.5. The Audit Committee should assess conflicts of interest in relation to the transactions of the company and its subsidiaries with affiliated parties.		NO	It's not necessary. See explanation B.1
B.6. The audit committee should assess the effectiveness of the internal control system and risk management system.		NO	It's not necessary. See explanation B.1
B.7. The Audit Committee should monitor the application of generally accepted legal standards and auditing standards. The audit committee must receive and evaluate internal audit team reports.		NO	It's not necessary. See explanation B.1
B.8. Whenever the Code mentions reports or analyzes initiated by the Audit Committee, they must be followed by periodic reports (at least annually) or ad hoc reports to be submitted to the Council.		NO	It's not necessary. See explanation B.1
B.9. No shareholder may be granted preferential treatment over other shareholders in connection with transactions and agreements entered into by the company with shareholders and their affiliates.	YES		
B.10. The Council must adopt a policy to ensure that any company transaction with any of the companies with which it has close relationships with a value equal to or greater than 5% of the net assets of the company (according to the latest financial report) is approved by the Council following a binding opinion of the Board's audit committee and properly disclosed to shareholders and potential investors, to the extent that such transactions fall under the category events subject to reporting requirements.		NO	This requirement is to be reviewed at the level of the Board of Directors.
B.11. Internal audits should be performed by a separate structural division (internal audit department) within the company or by hiring an independent third party.	YES		
B.12. In order to ensure the main functions of the internal audit department, it must report functionally to the Council through the audit committee. For administrative purposes and within the management's responsibility to monitor and reduce risks, it must report directly to the Director General.		PARTIALLY RESPECT	The internal auditor reports directly to the Board of Directors and to the General Director as no audit committee is established.
C.1. The company must publish a remuneration policy on its website and include a statement on the implementation of the remuneration policy in the annual report during the annual period under review.		NO	It's going to be implemented

D.1. The company must organize an Investor Relations Service - indicating to the general public the responsible person (s) or organizational unit. In addition to the information required by the legal provisions, the company must include on its website a section dedicated to Investor Relations, in Romanian and English, with all relevant information of interest to investors, including:	YES		
D.1.1. The main corporate regulations: the constitutive act, the procedures regarding the general meetings of the shareholders;	YES		
D.1.2. Professional CVs of members of the governing bodies of the company, other professional commitments of Council members, including executive and non-executive positions in boards of directors in companies or non-profit institutions;		PARTIALLY RESPECT	The recommendation is not implemented with regard to other professional commitments of Council members, including executive and non-executive positions in boards of directors in companies or non-profit institutions. This is going to be implemented.
D.1.3. Current reports and periodic reports (quarterly, semester and annual) - at least those under D.8 - including current reports with detailed information on non-compliance with this Code;	YES		
D.1.4. Informations on general shareholders' meetings: agenda and informative materials; the procedure for electing the members of the Council; the arguments that support candidates' proposals for election to the Council, together with their professional CVs; shareholders' questions about the items on the agenda and the company's replies, including the decisions taken;	YES		
D.1.5. Informations on corporate events, such as the payment of dividends and other distributions to shareholders, or other events that lead to the acquisition or limitation of the rights of a shareholder, including deadlines and principles applied to such operations. Such information will be published within a timeframe that will allow investors to make investment decisions;	YES		
D.1.6. Name and contact details of a person who can provide on request relevant information;	YES		
D.1.7. Company presentations (e.g., investor presentations, quarterly results, etc.), financial statements (quarterly, semestrial, annual), audit reports and reports year.		PARTIALLY RESPECT	
D.2. The Company will have a policy on the annual distribution of dividends or other benefits to shareholders proposed by the Director General or the Board of Directors and adopted by the Council in the form of a set of guidelines that the company intends to follow regarding the distribution of net		NO	It's going to be implemented

profit. The principles of the annual distribution policy to shareholders will be published on the company's website.			
D.3. The company will adopt a policy regarding the forecasts, whether they are made public or not. The forecasts refer to quantified conclusions of studies aimed at determining the overall impact of a number of factors over a future period (the so-called assumptions): by its nature, this projection has a high level of uncertainty, the actual results may differ materially from forecasts originally presented. The forecasting policy will determine the frequency, timing and content of the forecasts. If published, the forecasts can only be included in the annual, half-yearly or quarterly reports. The forecasting policy will be published on the company's website.		NO	It's going to be implemented
D.4. The rules of general shareholders' meetings must not limit the participation of shareholders to general meetings and the exercise of their rights. Changes to the rules will take effect at the earliest, starting with the next shareholders meeting.	YES		
D.5. External auditors will be present at the general shareholders' meeting when their reports are presented at these meetings.		NO	
D.6. The Board will give a brief assessment to the Annual General Meeting of Shareholders on the internal control and risk management systems as well as opinions on matters subject to the decision of the general meeting.		PARTIALLY RESPECT	
D.7. Any specialist, consultant, expert, or financial analyst may attend the shareholders' meeting on the basis of a prior invitation from the Board. Accredited journalists may also participate in the general meeting of shareholders, unless the President of the Council decides otherwise.		NO	
D.8. The quarterly and half-yearly financial reports will include both Romanian and English information on the key factors that affect changes in sales, operating profit, net profit and other relevant financial ratios from quarter to quarter, and from one year to another.	YES		
D.9. A company will hold at least two meetings / teleconferences with analysts and investors each year. The information presented on these occasions will be published in the Investor Relations section of the company's website at the dates of the meetings / teleconferences.		NO	The possibility of organizing such events will be evaluated against investor demand.
D.10. If a society supports different forms of artistic and cultural expression, sporting activities, educational or scientific activities, and considers that their impact on the innovation and competitiveness of society is part of its mission and development strategy, it will publish its		NO	Such a policy is not required at this time. To the extent that these activities will be considered to have an impact on the innovative nature and

activity policy in this area.			competitiveness of society and are part of its mission and development strategy, policy will be developed.
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**SITUATION OF THE GLOBAL RESULT
at 31 december 2017**

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Crt. No.	NAME OF INDICATORS	31.12.2016	31.12.2017
1.	Net turnover of which	140.380.472	133.796.633
	Revenues from the sold production	137.176.485	130.522.531
	Revenues from the sale of goods	3.255.030	3.614.313
	Commercial discounts granted	51.043	340.211
2.	Revenues from stored production	10.438.987	16.275.950
3.	Revenues from the production of fixed assets	535.858	805.849
4.	Revenues from fixed assets intended for sale	574.660	514.536
5.	Revenues from operating grants	-	11.753
6.	Other revenues from exploitation	741.843	1.192.878
I.	REVENUES FROM EXPLOITATION	152.671.820	152.597.599
7.	Expenditures on goods	2.947.085	3.126.081
8.	Material expenditures	91.905.014	94.458.854
9.	Expenditures on works and services performed by third parties	5.778.942	4.843.082
10.	Expenses with taxes and fees	1.849.061	1.319.915
11.	Staff costs	36.943.236	34.857.887
12.	Other expenses with exploitation	466.096	1.158.513
13.	Expenses with depreciation and provisions	4.950.353	4.750.383
II.	EXPLOITATION EXPENSES	144.839.787	144.514.715
A.	RESULT FROM EXPLOITATION		
	- PROFIT	7.832.033	8.082.884
	-LOSS		
III.	FINANCIAL REVENUES	1.091.395	1.095.294
IV.	FINANCIAL EXPENSES	2.676.415	2.059.723
B.	FINANCIAL RESULT	-1.585.020	-964.429
V.	EXCEPTIONAL REVENUES		
VI.	EXCEPTIONAL EXPENSES		
C.	EXCEPTIONAL RESULT (LOSS)		
VII.	TOTAL REVENUES	153.763.215	153.692.893
VIII.	TOTAL EXPENSES	147.516.202	146.574.438
D.	GROSS RESULT		
	- PROFIT	6.247.013	7.118.455
	- LOSS		
	TAX	1.156.174	1.043.181
E.	REVENUES FROM BENEFIT FROM PROFIT	58.981	58.889
F.	NET RESULT		
	- PROFIT	5.149.820	6.134.163

	- LOSS		
G.	Number of shares	9.949.377	9.949.377
H.	Output per share	0,52	0,62

SC ARTEGO SA Tg-Jiu

Individual Financial Statements

SITUATION OF THE FINANCIAL POSITION AT 31.12.2017

(Amounts are expressed in RON unless otherwise stated)

Name of indicators	<u>31/12/2016</u>	<u>31/12/2017</u>
	-	
ASSETS		
Fixed assets	51,386,235	49,483,635
<i>Tangible assets</i>	38,293,297	36,619,156
<i>Intangible assets</i>	13,092,938	12,864,479
<i>Financial assets</i>		
Current assets	92,390,436	81,755,630
<i>Stocks</i>	41,527,415	46,697,480
<i>Commercial receivables</i>	44,426,848	28,428,173
<i>Financial assets of which available for sale</i>	14,397	14,397
<i>Cash and cash equivalents</i>	6,106,780	6,294,132
<i>Prepayments</i>	314,996	321,448
TOTAL ASSETS	143,776,671	131,239,265
OWN CAPITAL AND LIABILITIES		
Own capitals		
<i>Subscribed and paid-up share capital</i>	24,873,443	24,873,443
<i>Other equity items</i>	89,052,449	89,052,449
<i>Reserves from reevaluation</i>	29,285,945	29,250,789
<i>Legal reserves</i>	995,481	936,592
<i>Other reserves</i>	4,974,689	4,974,689
<i>Own actions</i>	10,041,455	16,492,991
<i>Social Capital Adjustment</i>	-1,515	-6,952,949
<i>Reported result (without IAS 29)</i>	5,607,302	1,198,729
<i>Reported result (with IAS 29)</i>	-89,052,449	-89,052,449
<i>Current profit</i>	5,149,820	6,134,163
<i>Profit Distribution</i>		-
Total own capitals	80,926,620	76,908,447
Long-term debt		
<i>Investment grants</i>	661,823	310,594
<i>Other long-term debts</i>	7,606	7,639

<i>Long-term provisions</i>		
Total long-term debts	669,429	318,233
Current debts		
<i>Investment grants</i>	356,334	354,727
<i>Commercial and other debts</i>	11,766,487	6,818,434
<i>Short-term loans</i>	44,215,941	41,956,398
<i>Tax and current tax liabilities</i>	5,841,860	4,883,026
<i>Short-term provisions</i>		
Total current debts	62,180,622	54,012,585
Total debts	62,850,051	54,330,818
TOTAL OWN CAPITALS AND DEBTS	143,776,671	131,239,265

SITUATION OF TREASURY FLOWS AT 31 DECEMBER 2017

INDICATORS LEI (RON)	ACCOMPLISHED 2016	ACCOMPLISHED 2017
A. LIQUIDITY AT THE BEGINNING OF THE PERIOD	6.182.672	6.106.780
<i>In accounts</i>	6.092.072	6.010.229
Cash	11.461	4.864
Other Values	77.413	90.017
Treasury advances		
Values to receive	1.726	1.670

Encashments from the exploitation activity	196.054.922	206.905.915
Customer encashments	158.912.846	161.420.842
Other encashments	37.142.076	45.485.073
PAYMENT FOR THE EXPLOITATION ACTIVITY	194.148.541	204.365.493
Provider payments	128.573.097	154.046.722
Payments for staff	27.793.499	25.389.742
Payments on taxes and fees	31.905.937	16.217.247
Tax / Advantage	1.678.288	1.288.968
Interest payments	1.295.343	1.073.181
Other payments	2.902.377	6.349.633
CASH FLOW FROM THE EXPLOITATION ACTIVITY	1.906.381	2.540.422
PROCEEDS FROM THE INVESTMENTS ACTIVITY	247.915	668.647
Proceeds from the sale of land, fixed assets and intangible assets	247.915	668.647
Proceeds from the sale of equity instruments and receivables from other enterprises	-	-
Proceeds from repayment of advances and loans to other parties	-	-
PAYMENT FROM THE INVESTMENTS ACTIVITY	2.230.188	3.021.717
Payments for the acquisition of land, fixed assets and intangible assets	2.230.188	3.021.717
Proceeds for the acquisition of equity instruments and receivables of other enterprises	-	-
Advances and loans made to other parties	-	-
CASH FLOW FROM THE INVESTMENT ACTIVITY	-1.982.273	-2.353.070
PROCEEDS FROM THE FINANCING ACTIVITY	-	-
PAYMENTS FOR THE FINANCING ACTIVITY	-	-
CASH FLOW FROM THE FINANCING ACTIVITY	-	-
CASH FLOW - TOTAL	-75.892	187.352
B. LIQUIDITIES AT THE END OF THE PERIOD	6.106.780	6.294.132
In accounts	6.010.229	6.061.228
Cash	4.864	1.656
Other Values	90.017	231.248
Treasury advances	-	-
Values to receive	1670	-

THE BUDGET OF REVENUES AND EXPENDITURES
General Activity

RON

SPECIFICATION	N R. R D.	Predicted 2017	Realised 2017	PREDICTED 2018				
				TOTAL	TRIM I	TRIM II	TRIM III	TRIM IV
I. TOTAL REVENUES	01	161.300.000	153.692.893	160.000.000	40.000.000	40.000.000	40.000.000	40.000.000
1.Revenues from exploitation	02	160.300.000	152.597.599	159.000.000	39.750.000	39.750.000	39.750.000	39.750.000
2.Financial revenues	03	1.000.000	1.095.294	1.000.000	250.000	250.000	250.000	250.000
3.Exceptional revenues	04	-	-					
II. TOTAL EXPENSES From which:	05	157.800.000	146.574.438	156.800.000	39.200.000	39.200.000	39.200.000	39.200.000
1. expenses for exploitation from which:	06	155.200.000	144.514.715	154.300.000	38.575.000	38.575.000	38.575.000	38.575.000
a) material expenses	07	89.400.000	88.882.061	88.900.000	22.225.000	22.225.000	22.225.000	22.225.000
b) staff expenses from which	08	40.100.000	32.197.085	33.000.000	8.250.000	8.250.000	8.250.000	8.250.000
- gross salaries	09	32.000.000	25.391.416	33.000.000	8.250.000	8.250.000	8.250.000	8.250.000
- Social asig. and soc. prot.	10	8.100.000	6.805.669	-	-	-	-	-
c) exploit. expenses reg. the amortization, provis.	11	5.000.000	4.750.383	4.850.000	1.212.500	1.212.500	1.212.500	1.212.500
d) protocol, advertisement, public, other	12	400.000	487.080	500.000	125.000	125.000	125.000	125.000
e) expens with lunch and gift vouchers	13	3.100.000	2.660.802	3.150.000	787.500	787.500	787.500	787.500
f) expen. with sponsorship	14	200.000	339.761	100.000	25.000	25.000	25.000	25.000
g) other expens with exp.	12	17.000.000	15.197.543	23.800.000	5.950.000	5.950.000	5.950.000	5.950.000
2. Financial expenses	13	2.600.000	2.059.723	2.500.000	625.000	625.000	625.000	625.000
3. Exceptional expenses	14	-	-	-	-	-	-	-
4. Covering the losses of the previous year	15	-	-	-	-	-	-	-
III .GROSS RESULT OF EXERCISE	16	3.500.000	7.118.455	3.200.000	800.000	800.000	800.000	800.000
IV. Profit tax	17	560.000	1.043.181	512.000	128.000	128.000	128.000	128.000
V.NET RESULT OF THE EXERCISE	18	2.940.000	6.134.163	2.688.000	672.000	672.000	672.000	672.000
VI. Legal reserves	19	-	-	-	-	-	-	-

The statement of changes in equity for the year ended at 31 DECEMBER 2016 and 31 December 2017

(All amounts are expressed in RON, unless otherwise specified)

Individual Financial Statements

	Social capital	Social capital adjustments	Profit or Loss	Legal reserve	Revaluation reserve	Other reserves	Reported result	Result IAS29	Profit Distribution	Other elements of own capitals	Own actions	TOTAL
Balance at 01 January 2017	24,873,443	89,052,449	11,287,856	4,974,689	29,320,294	23,700,987	-17,956,219	-89,052,449	-625,430	1,054,462	-1,515	76,628,567
Global result of the period												
The profit of the exercise			5,149,820									0
Other elements of the global result of which:												
Surplus from revaluation of tangible assets												
Decrease of the reserve from revaluation-deferred tax recording										-58,981		-93,330
Total other										-58,981		-93,330

elements of the overall result													
Total global result of the period			5,149,820		-34,349					-58,981			-58,981
Other elements													
Resume of revaluation reserve to retained earnings							34,349						34,349
Increase legal reserve													
Other elements			-11,287,856			-	13,659,532	28,765,686		625,430			4,443,728
Total other elements			-11,287,856			-	13,659,532	28,800,035		625,430			4,478,077
Transactions with shareholders recognized directly in own capital													
Distribution of dividends								-5,236,514					-5,236,514
Total transactions with owners								-5,236,514					-5,236,514
Balance at 31 DECEMBER 2016	24,873,443	89,052,449	5,149,820	4,974,689	29,285,945	10,041,455	5,607,302	-89,052,449	0	995,481	-1,515		80,926,620

earnings												
Increase legal reserve												
Other elements			-5,149,820			6,451,536	-1,301,716				-	-6,951,434
Total other elements			-5,149,820			6,451,536	-1,266,560				-	-6,916,278
Transactions with shareholders recognized directly in own capital												
Distribution of dividends							-3,142,013					-3,142,013
Total transactions with owners							-3,142,013					-3,142,013
Balance at 30 SEPTEMBER 2017	24,873,443	89,052,449	3,797,355	4,974,689	29,250,789	16,492,991	1,198,729	-89,052,449	0	936,592	-	76,908,447

Notes to the financial statements

For the financial year ended 31 December 2017

1. The reporting entity

SC ARTEGO SA TG-JIU, (Society) is established in 1991 and operates in Romania in accordance with the provisions of Law 31/1990 on the commercial companies and Law 297/2004 on the capital market.

The company is based in Ciocarlau Street, no. 38 , Tg-Jiu, Gorj county.

According to the statute, the main activity of the company has the CAEN code 2219 - "Manufacture of other rubber products".

The record of the shares and the shareholders is kept under the conditions of the law by the Central Depository.

2. Basics of drawing up

(a) Declaration of conformity

The separate financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") adopted by the European Union and in accordance with the provisions of OMFP 2844/2016 with subsequent amendments and completions.

The Company applies International Financial Reporting Standards as approved by the European Union at the preparation of the separate financial statements ended 31 December 2017, in accordance with OMF no. 881/2012. This order states that starting with the 2012 financial year, the annual financial statements will be drawn up in accordance with the IFRS, this order being applicable to the companies whose securities are admitted to trading on a regulated market.

The Company's accounting records are maintained in RON in accordance with the Romanian Accounting Regulations ("RCR"). These accounts have been restated to reflect the differences between RCR and IFRS accounts. Accordingly, RCR accounts were adjusted, if necessary, to harmonize these separate financial statements in all material respects, with IFRS.

(b) Presentation of the financial statements

The separate financial statements are presented in accordance with the requirements of IAS 1 "Presentation of Financial Statements".

(c) The basics of evaluation

The separate financial statements are carried at historical cost, except for certain classes of property, plant and equipment that are revalued.

The share capital is adjusted according to the International Accounting Standard ("SIC") 29 ("Financial Reporting in Hyperinflationary Economies") until 31 December 2003.

The management believes that the Company will operate in the predictable future and, in the long run, the application of the business continuity principle in the preparation of the financial statements is considered appropriate. The separate financial statements are presented in accordance with the requirements of IAS 1 "Presentation of Financial Statements". The Company has adopted a liquidity-based presentation in the balance sheet and a presentation of income and expenses by nature in the profit and loss account, considering that these disclosures provide informations that is more credible and relevant than those that would be presented.

(d) Functional and presentation currency

The company's management considers that the functional currency, as defined by IAS 21 "Effects of Foreign Exchange Rates", is LEI or RON. The separate financial statements are presented in RON, rounded to the nearest leu, the currency that the company's management chose as the presentation currency.

(e) Using estimates and judgments

The preparation of the financial statements in accordance with IFRS adopted by the European Union involves the management's use of estimates, judgments and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. The estimates and assumptions associated with these estimates are based on historical experience as well as on other factors considered reasonable in the context of these estimates. The results of these estimates form the basis of judgments relating to the carrying amounts of assets and liabilities that can not be obtained from other sources of information. The obtained results may differ from the values of the estimates.

The estimates and assumptions underlying them are periodically reviewed. The revisions of the accounting estimates are recognized in the period in which the estimate is reviewed if the review affects only that period or the period in which the estimate is reviewed and the future periods if the review affects both the current period and future periods.

The judgments made by management in the application of IFRS have a material effect on the financial statements and estimates that involve a significant risk.

3. Significant accounting policies

The accounting policies presented below have been applied consistently over all periods presented in these separate financial statements.

(a) Branches and associated entities

The subsidiaries are entities under the control of the company. The control exists when the company has the power to direct, directly or indirectly, the financial and operating policies of an entity to obtain benefits from its business. The associated entities are those companies in which the company may exert a significant influence, but not control over financial and operational policies.

The company does not have associated companies.

(b) Transactions in foreign currency

The operations denominated in foreign currency are recorded in RON at the official exchange rate at the settlement date of the transactions. The monetary assets and liabilities recorded in foreign currency at the balance sheet date are translated into the functional currency at the exchange

rate on that day. The interests or losses from their settlement and from conversion using the exchange rate at the end of the month or at the end of the financial year, of monetary assets and liabilities denominated in foreign currency are recognized in the income and loss statement.

The exchange rates of the main foreign currencies were:

Currency	31 dec. 2013	31 dec.2014	31 dec.2015	31 dec.2016	31 dec.2017
Euro (EUR)	4,4847	4,4821	4,5245	4,5411	4,6597
American Dollar (USD)	3,2551	3,6868	4,1477	4,3033	3,8915
Pound (GBR)	5,3812	5,7430	6,1466	5,2961	5,2530

c) Financial Instruments

Financial risk management

The company is exposed to the following risks arising from financial instruments: market risk (interest rate risk and foreign exchange risk), credit risk and liquidity risk. The company's management focuses on the unpredictability of the financial market and seeks to minimize the potential adverse effects of the company's financial performance. The market risk is the risk that causes changes in market prices as well as currency exchange and interest rate that will affect the company's revenues.

The company has no formal commitments to combat financial risks. Despite the absence of formal commitments, the financial risks are monitored by the company's management, focusing on the society's needs to effectively address opportunities and threats.

Interest rate risk

The company's operating cash flows are affected by interest of the rate fluctuations, mainly due to the borrowing in foreign currency contacted by the financing banks.

The cash risk of the interest rate is the risk that the interest, and hence the expense, fluctuates.

Currency risk

The company may be exposed to the exchange rate fluctuations through cash and cash equivalents, trade receivables or trade payables denominated in foreign currency.

The currency used on the domestic market is the Romanian leu. The company is exposed to foreign currency cash and cash equivalents, purchases and borrowings made in a currency other than that used on the domestic market. The currencies that expose the company to this risk are mainly EUR, USD, and GBP. The foreign currency loans are subsequently denominated in RON, at the exchange rate of the banking day of each month, communicated by the National Bank of Romania. The resulting differences are included in the income and loss statement.

The credit risk

The credit risk is the risk that the company will incur a financial loss as a result of non-fulfillment of the contractual obligations by a client or a counterparty to a financial instrument, and this risk arises mainly from trade receivables and cash and cash equivalents.

On 31 December 2017, the company holds cash and cash equivalents in the amount of 6.294.132lei. The cash and cash equivalents are held at banks including: Unicredit Tiriac, Garanti ,Intesa,ING Bank,Credit Europe.

The liquidity risk

The liquidity risk is the risk that the company encounters difficulties in meeting the obligations associated with financial liabilities that are settled in cash or by the transfer of another financial asset.

A prudent liquidity risk management policy involves maintaining sufficient cash and cash equivalents, availability of funding through appropriate credit facilities. The company's liquidity policy is to maintain sufficient liquidity to meet its obligations as they reach maturity.

The fair value of financial instruments

The fair value is the amount at which the financial instrument may change in ordinary transactions other than those determined by liquidation or forced sale. The fair values are obtained from quoted market prices or cash flow models as appropriate. On 31 December 2017, the cash and other cash, the customers and the assimilated accounts, the trade payables and other payables are approaching their real value due to their short maturity. The management considers that the estimated value of these instruments is close to their carrying amount.

The capital risk management

The objectives of the company when managing the capital are to maintain the company's ability to continue operating in order to obtain benefits for shareholders and other stakeholders and to maintain an optimal capital structure in order to reduce the cost of capital.

Accounting for the effect of hyperinflation

In accordance with IAS 29 and IAS 21, the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy shall be presented in the current measurement unit at the balance sheet date (non-monetary items are restated using a general price index from the acquisition date or contribution).

According to IAS 29, an economy is considered to be hyperinflationary if, in addition to other factors, the cumulative inflation rate over a three year period exceeds 100%.

The continued decrease in inflation rate and other factors related to the economic environment in Romania indicate that the economy whose functional currency was adopted by the company has ceased to be hyperinflationary, with effect on the financial periods beginning on 1 January 2004, thus IAS 29 was adopted in the preparation of the separate financial statements until 31 December 2003.

Thus, the amounts expressed in the current measurement unit at 31 December 2003 are treated as the basis for the carrying amounts reported in these separate financial statements and are not valued, replacement cost, or any other measurement of the current value of the assets or prices at which the transactions would happen at this time.

For the purpose of preparing the separate financial statements at 31 December 2012, the company adjusted its share capital (non-monetary item) to be expressed in the current measurement unit at 31 December 2003.

Tangible assets

The tangible assets are assets that: are held by an entity for use in the production of goods or the provision of services to be leased to third parties or to be used for administrative purposes and are used for a period longer than one year .

Purchase costs include purchase price, import taxes and other taxes (except those that the legal entity can recover from the tax authorities), transport, handling and other expenses that can be directly attributable to the acquisition of those goods.

The valuation of property, plant and equipment at the balance sheet date is carried at cost, less depreciation and accumulated impairment adjustments, or revalued, being the fair value at the revaluation date, less any cumulative subsequent depreciation and any accumulated impairment losses.

Damping times are as follows:

Buildings and construction	40-60 years
Equipments	15-40 years
Means of transport	5-8 years
Office furniture and equipment	3-5 years

Intangible assets

An intangible asset is an identifiable, non-cash asset with no material support and held for use in the production or supply of goods or services to be leased to third parties or for administrative purposes.

An intangible asset fulfills the criterion of being identifiable when:

- is separable, it may be segregated or divided by the entity and sold, transferred, authorized, leased or exchanged either individually or together with an appropriate contract, identifiable asset or identifiable debt, or deriving from contractual or other legal rights, whether those rights are transferable or severable by the entity or other rights and obligations.

The intangible assets acquired by the company are stated at cost less cumulative depreciation and provision for depreciation of intangible assets. The amortization is recognized in the income statement on a straight-line basis over the estimated useful lives of intangible assets.

Receivables

The commercial receivables are initially recorded at the invoiced amount and subsequently those in foreign currency are valued at the exchange rate communicated by the National Bank of Romania on the last banking day of the month. A depreciation provision is made when there is a clear evidence that the receivables will not be collected at the set time.

Stocks

The stocks are made up of:

- raw materials, materials, spare parts and other consumables to be used in the course of the company's core business.

These materials are recorded as stocks at the time of purchase and are expensed at the time of consumption.

The stocks are measured at the lowest cost and net realizable value. The cost of inventories is determined based on the FIFO method and includes the expense incurred in purchasing the stocks.

Money availability

The cash and cash equivalents include house, current accounts, bank deposits, meal vouchers, stamps and checks and promissory notes received by the company.

The revaluation reserves

After the recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably, it is accounted for at a revalued amount, that is its fair value at the revaluation date minus any subsequent accumulated depreciation and any accumulated impairment

losses. To be done with sufficient regularity to ensure that the carrying amount does not differ materially from what would have been determined by using the fair value at the balance sheet date.

If the carrying amount of an asset is increased as a result of a revaluation, this increase should be recorded directly in equity in the item "Revaluation reserves". However, the increase is recognized in profit or loss to the extent that it compensates for a decrease in the revaluation of the same asset previously recognized in profit or loss.

If the carrying amount of an asset is impaired as a result of a revaluation, that decrease is recognized in profit or loss. However, the impairment should be debited directly from equity to the item "Revaluation reserves" in so far as there is a credit balance in the revaluation surplus for this asset.

The revaluation surplus included in the equity of an item of property, plant and equipment is transferred directly to the retained earnings as the revalued tangible assets are depreciated and when the asset is recognizable.

Starting from 1 May 2009, the statutory reserves from the revaluation of fixed assets, including land, after 1 January 2004, which are deducted in the calculation of taxable profit through tax amortization or disposal costs and /or tax at the same time as the deduction of tax depreciation, respectively at the time of decrease of these fixed assets.

Statutory reserves from the revaluation of fixed assets, including land, made up to 31 December 2003 plus the portion of revaluation made after 1 January 2004 for the period ending 30 April 2009, will not be taxed at the time of the transfer to the reserves representing the surplus realized of the revaluation reserves.

The reserves made are taxed in the future in the event of a change in the destination of the reserves in any form, in the event of liquidation, merger, including its use to cover the accounting losses, except for the transfer after 1 May 2009, of the reserves for the evaluations made after 1 January 2004 , which are taxed at the same time as deducting tax depreciation.

Social capital

The company recognizes the changes in the share capital under the conditions provided by the legislation in force only after their approval in the General Meeting of Shareholders and their registration with the Trade Registry Office.

Dividends

The dividends are recognized as a liability in the period in which their allocation is approved.

Suppliers and assimilated accounts

The debts to suppliers and other debts include the value of the invoices issued by suppliers of manufactured finished products, executed works and services.

Loans

The loans are initially recognized at fair value, net of transaction costs. Subsequent to initial recognition, the loans are recorded at amortized cost, any difference between cost and reimbursement being recognized in the income statement over the period of the loan.

Profit tax

The profit tax expense comprises current tax and deferred tax. The current and deferred tax is recognized in the income statement unless it is recognized directly in equity or other comprehensive income.

Current tax

The current tax is the tax that is expected to be paid or received for the taxable income or deductible loss incurred in previous years using tax rates adopted or largely adopted at the reporting date and any adjustment to the related tax liability payable of previous years.

Deferred tax

The deferred tax is recognized for the temporary differences that occur between the carrying amount of assets and liabilities used for the purpose of financial reporting and the tax base used for the tax calculation.

The deferred tax assessment reflects the tax consequences that arise from the way the company expects to recover or settle the value of its assets and liabilities at the end of the reporting period. The deferred tax assets are reviewed at each reporting date and are diminished to the extent that they are which is no longer possible to achieve the related tax benefit.

Benefits of the employees

Benefits of short-term employees

The obligations on short-term benefits are assessed without being updated and are recognized as expenses as services are rendered. A provision is recognized at the amount that is expected to be paid for short-term benefits in the form of bonuses or employee participation in profit only if the Company has a present, legal or constructive obligation to pay that amount for past service provided by employees, and this obligation can be estimated at fair value. The benefits of short-term employees are mainly payroll.

In the normal course of business, the company makes payments on behalf of its employees to the pension fund. All the company's employees are members of the Romanian State Pension Plan.

Funding costs

The company does not capitalize the cost of the loans because it does not have long-term loans. The interest income and interest expense are recognized in the income statement when they are paid.

Subsidies

The subsidies are initially recognized as prepaid earnings at fair value when there is reasonable assurance that they will be received and the company will comply with the grant-related conditions and then are recognized in the income statement as other income over the life of the asset to which it refers. The subsidies are related to assets. The non-reimbursable funds are recognized as assets when there is reasonable assurance that they will be received and the related conditions will be met.

Provisions

A provision is recognized at that time and only when the following conditions are met: the company has a current (legal and implicit) obligation as a result of a past event, it is probable (more likely than unlikely) that an outflow of resources representing economic benefits to be required to settle the obligation, when a fair estimate of the amount of the obligation can be made.

Output per share

In accordance with SIC33 "Earnings per share", the earnings per share is calculated by dividing the profit or loss attributable to the company's shareholders to the weighted average of the outstanding ordinary shares of the period.

The weighted average of shares in circulation during the exercise is the number of shares at the beginning of the period, adjusted by the number of shares issued, multiplied by the number of months in which the shares were in circulation during the exercise.

The dilution is a reduction in earnings per share or an increase in share losses resulting from the convertibility of convertible instruments, options or warrants are exercised or ordinary shares are issued subject to certain specified conditions. The diluted earnings per share object is consistent with that of the basic share result, namely, to evaluate the interest of each ordinary share in the performance of an entity.

Contingents

The contingent liabilities are not recognized in the accompanying financial statements. These are presented if the outflow of resources embodying economic benefits becomes possible and not probable.

A contingent asset is not recognized in the accompanying financial statements but is presented when an economic benefit is probable.

Reporting on segments

A segment is a distinct component of the company that provides certain products or services (segment of activity) or provides products or services in a particular geographical environment (geographic segment) and which is subject to risks and benefits different from those of other segments.

The company carries out its operations in a single location in Romania. The company's management considers all of their operations as "one segment".

Operating segments are examined in a consistent manner by the entity's principal operational decision-maker for making decisions about segment allocation and performance appraisal, and for which distinct financial information is available.

An entity must report revenue from external customers for each product and service, or for similar products or services, unless the required information is not available and the cost of developing it would be excessive, in which case it should be disclosed. The reporting must take into account the financial information used to prepare the entity's financial statements.

The deliveries made by the Company during the year 2017 at the domestic level amount to 68.133.304 lei, of which the main clients are:

Energy Complex Oltenia	35.781.744 lei
CET Govora	7.430.644 lei
BVH Rubber Trade Tg-Jiu	2.057.052 lei
Arcelormittal Galati	1.598.449 lei
Apenin Tg Jiu	1.284.197lei
Scorta Comprest Tg Jiu	949.540 lei
CE Hunedoara	692.976lei

Elastimpex Tg Jiu

448.712lei

Between 1 January 2017 and 31 December 2017, the Company recorded exports as follows:

Total Deliveries to Export 16,405,916euro (75,009,965 ron) of which:

Outside the European Union 612,256 euros

Within the European Union 15,793,660 euros

The main products manufactured by the Company are:

General purpose textile insertion strips;

Antistatic and flame resistant textile insertion strips;

Antistatic and Flame Resistant Fasteners for Underground;

General purpose metallic insertion tapes;

Antistatic and Flame-resistant Mouth Stripes;

Reconditioning Used Drums;

Technical Sheets and Carpets;

Car's accesories;

Molded gaskets;

Cloth gaskets;

Elastic couplings;

O rings, etc.

Implications of the new International Financial Reporting Standards (SIRF EU)

New standards and interpretations as approved by the European Union

A number of new standards, amendments to standards and interpretations are applicable to annual periods beginning on or after 1 January 2012 and have not been applied in the preparation of these separate financial statements. None of the new standards expects to have a material effect on the company's financial statements.

New standards not yet applicable on 31 December 2017

International Accounting Standard (SIC) 19 (2011) Employee Benefits (effective for periods beginning on or after 1 January 2013).

3. Securities in the form of participation interests	-	-	-	-	-	-	-	-
4. Interest debts	-	-	-	-	-	-	-	-
5. Titles held as fixed assets	-	-	-	-	-	-	-	-
6. Other debts	-	-	-	-	-	-	-	-
7. Own actions	-	-	-	-	-	-	-	-
TOTAL:	-	-	-	-	-	-	-	-
FIXED ASSETS – TOTAL	137.200.068	4.037.838	1.653.822	139.584.084	85.813.833	4.750.383	463.767	90.100.449

Fixed assets in the Company's assets are amortized using the straight-line method. The last revaluation was carried out at the end of 2012 by the authorized ANEVAR Valuer who changed the gross carrying amount of the asset after revaluation using the proportionate treatment of the cumulative depreciation. On December 31, 2015, the valuation of the buildings for the determination of the taxable value was made.

Provisions for risks and expenses

NOTE 2
- lei -

Provision	Balance at 1 january 2017	Transfers		Balance at 31 december 2017
		In account	from account	
0	1	2	3	4=1+2-3
Provisions for depreciation of receivables - clients	436.136		3.829	432.307
Provisions for depreciation of receivables - various debtors	261.355	-	-	261.355

NOTE 3

Distribution of profit at 31.12.2017

- lei -

Profit destination	Amount
Net profit to be distributed:	6.134.163

- covering the accounting loss resulting from corrections	
- legal reserve	
- dividends	
- other reservations	
- UNDISTRIBUTED PROFIT	

Analysis of operating result

NOTE NO. 4

lei

Indicator	Previous exercise – 2016	Current exercise - 2017
0	2	
1. Net turnover	140.380.472	133.796.633
2. Cost of goods sold and services (3 + 4 + 5 + 6), of which:	128.246.811	122.933.630
3. Expenditure on core business	77.018.496	73.225.881
4. Expenditure on ancillary activities	15.489.250	15.874.457
5. Indirect Production Expenses	32.361.833	30.242.085
6. Expenditure on goods and packaging sold	3.377.232	3.591.207
7. Gross turnover figure (1-2)	12.133.661	10.863.003
8. Expenditure on disposal	2.046.922	2.169.897
9. General administration expenses	3.060.036	2.666.584
10. Other operating income	12.291.348	18.800.966
11. Expenses related to other operating income	11.486.018	16.744.604
12. Total operating income (1 + 10)	152.671.820	152.597.599
13. Total operating expenses (2 + 8 + 9 + 11)	144.839.787	144.514.715
14. Operating result (12-13)	7.832.033	8.082.884

Debt and Debt Situation

NOTE 5

lei -

Debt	Balance at 31 december 2017 (col. 2+3)	Liquidity deadline	
		sub 1 an	peste 1 an
0	1	2	3
Total	28.428.137	28.428.137	-
From which:			
Suppliers - debtors	750.909	750.909	-
Customers	21.591.100	21.591.100	-
Other claims	6.086.128	6.086.128	-

- lei -

Debts	Balance at 31 december 2017 (col. 2+3+4)	Exigible term		
		under 1 year	1-5 years	over 5 years
0	1	2	3	4
Total	53.665.497	53.657.858	7.639	-
From which:				
1. The state budget	757.115	757.115	-	-
- tax	387.988	387.988	-	-
- dividend tax	20.675	20.675	-	-
- income tax on salaries	348.452	348.452	-	-
- VAT on payment	-	-	-	-
-dobanzi	-	-	-	-
-penalties	-	-	-	-
2. Special Fund Budgets	296.818	296.818	-	--
- CASS	264.019	264.019	-	-
- average fund	681	681	-	-
- solidarity fund for people with disabilities	32.118	32.118	-	-
3. Social insurance budgets	685.398	685.398	-	-
- CAS	654.539	654.539	-	-
- 0.5% unemployment	11.816	11.816	-	-
- 0.75% unemployment	15.044	15.044	-	-
- 0,214% fund accidents	3.999	3.999	-	-
4. Other taxes, fees, payments	2.669	2.669	-	-
5. Other assimilated loans and debts - leasing	-	-	-	-

6. Loans related to other assimilated loans and debts - leasing	-		-	-
7. Staff - due wages	34.746	34.746	-	-
8. Personal - Medical leave	-	-	-	-
9. Unmanned personnel rights	951	951	-	-
10. Deductions from wages due to foreigners	767.235	767.235	-	-
11. Managed guarantors	7.639	-	7.639	-
12. Ineligible VAT	7.892	7.892	-	-
13. Various creditors	15.765	15.765	-	-
14. Dividends	2.202.564	2.202.564	-	-
15. Loans	41.956.398	41.956.398	-	-
16 Suppliers	6.699.622	6.699.622	-	-
17. Creditors	118.812	118.812	-	-
18. Interest to pay	111.873	111.873	-	-
19. Long-term credits	-	-	-	-

Stocks

On 31 December 2017, compared to 31 December 2016 stocks are presented as follows:

Elements	31 dec 2016	31 dec. 2017
1. Raw materials and consumables	24.705.360	31.113.632
2. Fixed assets held for sale	3.277.144	2.879.712
3. Production under execution	4.116	56.327
4. Finished goods and commodities	6.643.723	11.842.660
5. Advances	6.897.072	805.149
TOTAL	41.527.415	46.697.480

The Company's method of assessing outputs is the FIFO method.

The Company does not have pledged stocks in the debt account. Stocks are reflected in company records at their acquisition cost, which includes the purchase price, import duties and other non-recoverable taxes, transportation costs, handling and other costs that can be directly attributed.

Clients and assimilated accounts

On 31 December 2017, compared to 31 December 2016, the clients and assimilated accounts are shown as follows:

Elements	31 dec. 2016	31 dec. 2017
1. Commercial receivables	42.719.877	24.793.574
2. Paid advances	738.618	750.909
3. Other debts	968.353	2.883.690
TOTAL	44.426.848	28.428.173

The deliveries made by the Company during the year 2017 at the domestic level amount to 68,133,304 lei, of which the main clients are:

Energy Complex Oltenia	35.781.744 lei;
CET Govora	7.430.644lei;
BVH Rubber Trade Tg-Jiu	2.057.052 lei;
Arcelor mittal Galati	1.598.449 lei;
Apenin Tg Jiu	1.284.197lei;
Scoarta Comprest	949.540 lei;
CE Hunedoara	692.976lei;
Elastimpex Tg Jiu	448.712lei.

Between 1 January 2017 and 31 December 2017, the Company recorded exports as follows:

Total Deliveries to Export 16,405,916euro (75,009,965 ron) of which

Outside the European Union 612,256 euros

Within the European Union 15,793,660 euros

EURO

EURO	
ALGERIA	156.889,52
ENGLAND	3.058.162,47
ARGENTINA	75.590,56
AUSTRIA	11.173,05
BELGIUM	540.683,01
BOSNIA &HERZEGOVINA	32.635,98
BULGARY	373.236,82
CZECH REPUBLIC	10.579,84
CYPRUS	10.338,57
CROATIA	205,98
EGYPT	83.648,98
ESTONIA	32.176,86
FINLAND	709.050,10
FRANCE	597.426,55
GERMANY	3.889.839,95
GREECE	56.381,36
IRELAND	96.574,78
ITALY	958.131,93
LITHUANIA	12.236,60
MOLDOVA	61.938,24
NETHERLANDS	1.386.720,03
POLAND	72.657,61
SERBIA	246.774,54
SPAIN	3.782.901,20
SLOVAKIA	11.358,46
TURKEY	8.078,25
UKRAINE	2.891,40

HUNGARY	127.633,19	
TOTAL	16.405.915,83	

Financial assets available for sale

On 31 September 2017, as compared to 31 December 2016, short-term investments are as follows:

Elements	31 dec. 2016	31 dec. 2017
Short-term investments	14.397	14.397
TOTAL	14.397	14.397

The balance on 31 December 2017 in the amount of 14.397 lei is the equivalent of the shares acquired in previous years from IFB Invest Tg-Jiu, which in the meantime dissolved.

The share of financial assets for sale in the company's capital is insignificant.

The company does not hold interests in other companies. In this respect, the company has not received dividends from other companies.

Prepayments

On 31 December 2017, compared to 31 December 2016 prepayments are as follows:

Elements	31 dec. 2016	31 dec. 2017
Prepayments	314.996	321.448
TOTAL	314.996	321.448

The balance on 31 December 2017 in the amount of 321.448 lei, represents the expenses made in advance for: insurance in favor of the banks for the granted credits, automobile diagrams, vocational training courses, rents paid in advance for renting various equipments.

Cash and cash equivalents

On 31 December 2017, compared to 31 December 2016 cash and cash equivalents are presented in this way:

Elements	31 dec. 2016	31 dec. 2017
Current accounts at banks and deposits	6.010.229	6.061.228
Cash - lei	4.864	1.656
Cash - foreign currency		
Other equivalents in cash	91.687	231.248
TOTAL	6.106.780	6.294.132

Social capital

On 31 December 2017 and 31 December 2016, the share capital includes the effects of the restatements recorded in previous years, according to the application of the "SIC" 29 "Financial Reporting in Hyperinflationary Economies. Reconciliation of social capital is as follows:

Social capital (nominal value) 24.873.443

Differences related to the retration according to SIC 29 89.052.449

The balance of social capital (restated) **113.925.892**

At the end of each reporting period, the subscribed and paid-up share capital of the company in the amount of 24.873.443 is divided into 9.949.377 ordinary shares with a nominal value of 2,5 lei per share and corresponds to the one registered with the Trade Registry Office.

The shareholding structure on 31 December 2017 is as follows:

Shareholders	Nominal value	Number of	Total value	% of the
--------------	---------------	-----------	-------------	----------

	per share	shares held		social capital
ASSOCIATION OF THE EMPLOYEES PAS ARTEGO	2,50	6.968.820	17.422.050,00	70,0428%
Other legal entities	2,50	1.845.675	4.614.188,00	18,5507%
Other individuals	2,50	1.134.880	2.837.200,00	11,4065%
THE ROMANIAN STATE THROUGH THE AUTHORITY FOR THE ADMINISTRATION OF STATE ASSETS	2,50	2	5,00	0.000%
TOTAL	2,50	9.949.377	24.873.443.00	100,000%

According to the decision of AGEA dated 14.08.2014 and the decision of AGEA dated 12.03.2016, SC ARTEGO SA redeemed 993.212 own shares for their cancellation and the share capital reduction from 24.873.442,50 lei to 22.390.412,50 lei.

On 20 November 2017, the Extraordinary General Meeting of Shareholders will be held to approve the change of the registered capital and its registration with the Trade Register.

Pursuant to the Certifying Memorandum no.5568 / 06.03.2018 the subscribed and paid-up share capital is 22,390,412.50 lei, number of shares 8,956,165 with a nominal value of 2.5 lei per share, the structure of the shareholder becoming:

- The Association of Employees "PAS ARTEGO", number of shares 6.968.820, value 17,422,050 lei, share 77.81%
- The Romanian State through the Authority for State Assets Management, number of shares 2, value 5 lei, share 0.00000022%
- Accounting list: Physical persons, number of shares 1,134,880, value 2,837,200 lei, quota12,67%
- Accounting list: Legal persons, number of shares 852.463, value 2.131.157,50 lei, share 9.52%.

Legal reserves

The legal reserves amount to 4.974.689 lei on 31 December 2017. The company transferred to the legal reserve 5% of the annual accounting profit (Law 571/2003) until the cumulative balance reached 20% of the paid up share capital.

Revaluation reserves

The revaluation reserve is in the amount of 29.250.789lei on 31 December 2017.

Other reserves

On 31 December 2017, compared to 31 December 2016, other reserves recorded the following levels:

Elements	31 dec. 2016	30 sept. 2017
Other reserves	10.041.455	16.492.991
Total	10.041.455	16.492.991

Other elements of own capital

On 31 December 2017, the amount of 936.592 lei, is the deferred tax related to revaluations in the balance after 1 January 2004, decreased by deferred tax related to revaluation amortization recorded in the 12 months of year 2017.

Investment grants

The advance receipts are represented by the receipts received for non-reimbursable investments for the project carried out in the previous years through the economic competitiveness growth axis and record the following descending levels to the full depreciation of the commissioned objectives, as follows:

Elements	31 dec. 2016	31 dec 2017
1. Investment grants	1.081.157	665.321
Total	1.081.157	665.321

Short-term loans

The company has credit lines at UNICREDIT ,INTESA, ING BANK , GARANTI and CREDIT EUROPE as follows:

Bank	31.12.2016		31.12.2017	
	Approved	Used	Approved	Used
GARANTI lei	1.000.000	1.000.000	1.000.000	1.000.000
UNICREDIT lei	30.000.000	28.960.950	28.300.000	25.319.139
INTESA lei	12.500.000	12.461.710	11.000.000	9.863.398
ING BANK lei	1.800.000	1.793.281	1.800.000	1.697.659
CREDIT EUROPE lei	-	-	8.900.000	4.076.202

Long-term loans

The company does not have long-term loans with banks or other financial institutions.

Output per share

On 31 December 2017 compared to 31 December 2016, the earnings per share is:

_____	_____
31 dec 2016	31 dec 2017
_____	_____

Profit of the period	5.149.820	6.134.163
Number of ordinary shares at the beginning and the end of the period	9.949.377	9.949.377
The base and diluted earnings per share (lei/share)	0,52	0,62

Dividends

According to the AGM decision dated April 24, 2017, the dividends due to the shareholders for 2016 were distributed in the amount of 3,142,013 lei, returning on share a net dividend of RON 0.30.

Other taxes and obligations for social insurance

Elements	31 dec 2016	31 dec 2017
1. State budget	1.987.981	757.115
- tax on profit	633.775	387.988
- tax on dividends	-	-
- tax on salaries	372.472	348.452
- VAT on payment	21.833	20.675
- increases	-	-
- penalties	-	-
2. Special fund budgets	316.881	296.818
- CASS	293.538	264.019
- average fund	23.343	681
- solidarity fund for people with disabilities	-	32.118

3. Social security budgets	727.861	685.398
- CAS	690.242	654.539
- 0,5% unemployment	13.230	11.816
- 0,75% unemployment	19.840	15.044
- 0,214% accidents fund	4.549	3.999
4. Other taxes, fees, payments	2834	2.669

Profit tax

The Company's current and deferred tax for the years 2017 and 2016 is determined at a statutory 16% rate and is in force in the financial years 2017 and 2016 respectively.

The profit tax expense for 2017 and 2016 is as follows:

	2016	2017
Current income tax	1.156.174	1.043.181
Profit tax deferred		
Total	1.156.174	1.043.181
Reconciliation of the effective tax rate	2016	2017
	6.247.013	7.118.455
Profit before tax on profit	999.522	1.138.953
Profit tax at statutory rate of 16%	361.685	165.024
Effect of Non-deductible Expenses		
Effect of non-taxable income		
Tax revaluation reserve	-	
Legal reserve		
Deferred tax reversal	-205.033	-260.796
Other effects	1.156.174	1.043.181

Revenues from exploitation

Elements	31 dec 2016	31 dec 2017
Sold production	137.176.485	130.522.531
Revenues from sale of goods	3.255.030	3.614.313
Commercial discounts granted	51.043	340.211
Revenues related to the cost of product stocks	10.438.987	16.275.950
Revenues from the production of fixed assets	535.858	805.849
Revenues from fixed assets for sale	574.660	514.536
Revenues from operating grants	-	11.753
Other revenues from exploitation	741.843	1.192.878
Total revenues from exploitation	152.671.820	152.597.599

In accordance with IAS 18 Income, income must:

- valued at the fair value of the consideration received or receivable;
- take into account the value of any commercial cuts and allowances allowed;
- the difference between the fair value and the nominal value of the consideration must be recognized as income from interest;
- the exchange of goods and services is not a revenue-generating transaction, and as such each transaction must be recognized;
- in most cases the transfer of risks and benefits coincides with the transfer of the title or the passing of the property in the possession buyer;
- if the entity retains significant property risks, the transaction is not a sale and the revenue is not recognized;
- if an entity retains only insignificant risk arising from the ownership, then that transaction represents a sale, and income is recognized;
- When an uncertainty arises about collecting a sum that can not be collected, it will be recognized as an expense rather than as an adjustment to the amount of revenue initially recognized;
- Income and expenses that relate to the same transaction or other event are recognized simultaneously, this process being commonly called the correlation between revenue and expenditure.

Expenses from exploitation

Elementes	31 dec 2016	31 dec 2017
Expenses on raw materials and consumables	85.058.997	88.268.161
Other material expenses	684.184	613.900
Other external costs (energy and water)	5.636.187	5.133.524
Expenditure on goods	2.947.085	3.126.081
Trade discounts received	3.445	7.337
Expenses with the staff of which:	36.943.236	34.857.887
- Salaries and allowances	29.671.388	28.052.218
- Insurance and social protection	7.271.848	6.805.669
Adjustment of tangible assets of which:	4.950.353	4.750.383
-Expenses	4.950.353	4.750.383
-Revenues	-	-
Current active adjustments of which:	4.911	9.219
-Expenses	26.769	13.048
-Revenues	21.858	3.829
Other operating expenses of which	8.618.279	7.762.897
Expenses on external benefits	5.778.942	4.843.082
Expenses with other taxes and fees	1.849.061	1.319.915
Expenses on assets immobilized for sale	524.180	441.387
Other expenses	466.096	1.158.513
Total expenses for exploitation	144.839.787	144.514.715

Result from exploitation

Elements	31 dec 2016	31 dec 2017
Result from exploitation (Profit)	7.832.033	8.082.884
Total Profit from exploitation	7.832.033	8.082.884

Rezultat financiar net

Elements	30 September 2016	30 September 2017
Revenues from exchange rate fluctuations	1.080.877	1.076.413
Interest revenues	7.735	17.972
Other financial revenues	2.783	909
Total financial revenues	1.091.395	1.095.294
Interest expenses	1.295.343	1.073.181
Other financial expenses	1.381.072	986.542
Total financial expenses	2.676.415	2.059.723
Net financial result (Loss)	-1.585.020	-964.429

Provisions

During the year 2017, the Company transferred from the provision for customers the amount of 3,829 lei, reaching a balance of 432,307 lei at 31 December 2017.

During 2017 no provisions were made for the impairment of the various debtors, remaining in the balance on December 31, 2017, the amount of 261,355 lei.

Fiscal legislative framework

The legislative and fiscal framework in Romania and its implementation in practice are frequently changing and subject to different interpretations by various control bodies. The business tax returns are the subject of revision and correction of tax authorities, generally for a period of five years after the date of their completion. The management considers that it has properly recorded the tax liabilities in the attached financial statements, however, there is a risk that the tax authorities will adopt different positions regarding the interpretation of these issues. Their impact could not be determined at this time.

Guarantees

The Company, on 31 December 2017, mortgages the following assets in favor of the financing banks to which it has committed credit lines as follows:

INTESA SANPAOLO BANK

- SITUATION OF REAL ESTATE PROPERTIES -

CADASTRAL NO	REAL ESTATE PROPERTY (LAND + CONSTRUCTION) - DESCRIPTION
1315/2/1/1/1/4 CF 41172	- land area of 11.243 sqm + self-metrology platform made up of: 1. storage - 254,62 mp (C15); 2. toilet -6,30 mp (C16); 3. loaded extinguisher station - 56,97 mp (C17); 4. workshop - 619,46 mp (C28); 5. metrology laboratory - 134,59 mp (C29); 6. drinking water station - 99,73 mp (C30); 7. drinking water basin - 146,17 mp (C31); 8. metal storage - 106,87 mp (C60); 9. storage -146,17 mp (C70); 10. auto workshop - 359,24 mp (C73);
1315/2/1/1/1/7 CF 40067	- land area of 18.910 mp + constructions: 1. locker room -199,59 mp (C54); 2. silo raw material - 195,60 mp (C55); 3. mixtures and annexes workshop - 437,91 mp (C58); 4. hot water station and condensate recirculation - 48,88 mp (C57); 5. monobloc hall -10.808,88 mp (C56/2/1); 5. storage - 2.225,98 mp (C69).
1315/2/1/1/1/9 CF 41169	-land area of 4.114 mp + constructions: 1. finished warehouse - 657,25 mp (C56/4).
1315/2/1/1/1/10 CF 41170	-land area of 1.575 mp + constructions: 1. Administrative group gate 3 - 123,44 mp (C63).
1315/2/1/1/1/11 CF41165	-land area of 22.150 mp + constructions: 1. monobloc hall - 4.739,39 mp (C56/3); 2. storage -95,55 mp (C61); 3. rolling bridge - 811,12 mp (C62).

UNICREDIT TIRIAC BANK
SITUATION OF REAL ESTATE PROPERTIES

<i>CADASTRAL NO.</i>	<i>REAL ESTATE PROPERTY (LAND + CONSTRUCTION) - DESCRIPTION</i>
1315/2/1/1/2 CF 40066	-land area of 20.616 mp + constructions: 1.transport bands hall (C56/1).
3003 CF 41266	-land area of 15.446 mp with Jiu Capture Station consisting of: pump room, dosing tower, water settling basins 1 and 2, water treatment plants, filters + annexes, thermal power station, gate cabin, located in Tg Jiu, Vădeni district.
1315/1 CF 41260	-land area of 2.262,39 mp with administrative office P + 4, located in Tg Jiu, Ciocârlău street, no. 38.
1315/2/1/1/5 CF 41270 1315/2/1/1/6 CF 41263	-land area of 996 mp with bread workshop (C11/2) -land area of 1.063 mp with milk workshop (C11/1), located in Tg Jiu, Ciocârlău street, no. 38.
1315/2/1/2 CF 40061	-land area of 13.589 mp with regenerated rubber section (C6);
1315/2/1/3 CF 41264	-land area of 6.361 mp with hall molds and annexes (C9), located in Tg Jiu, Ciocârlău street, no. 38.

UNICREDIT TIRIAC BANK

<i>CADASTRAL NO.</i>	<i>REAL ESTATE PROPERTY (LAND + CONSTRUCTION) - DESCRIPTION</i>
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1315/2/1/1/1/1 CF 47077	-land area of 15.736 mp + constructions: 1. fuel pump station - 114,76 mp (C2); 2. solvent pump station - 37,18 mp (C4); 3. foaming station - 88,30 mp(C5).
1315/2/1/1/1/2 CF 44426	-land area of 14.478 mp + constructions: 1.toilet - 4,13 mp C3 2.storage - 81,27 mp C38 3. industrial hall - 119,85 mp (C39); 4.storage - 484,78 mp (C65); 5. storage - 111,31 mp (C66); 6. storage - 360,73 mp (C67); 7- storage - 44,72 mp (C68).
1315/2/1/1/1/6 CF 47076	-land area of 6.843 mp + constructions: 1.workshop - 651,14 mp (C18) 2. workshop - 626,59 mp (C19) 3. school lab -384,47 mp (C20) 4.toilet - 12,93 mp (C21) 5.basin -88,76 mp (C22) 6.basin - 26,3 mp (C23) 7.storage (C58) 8. auto workshop - 359,245 mp (C73)

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- SITUATION OF REAL ESTATE PROPERTIES-

CADASTRAL NO	REAL ESTATE PROPERTY (LAND + CONSTRUCTION) - DESCRIPTION (REAL ESTATE RANK I AND II)
1315/2/1/1/3 CF 39568	- land area of 1.271 mp with administrative group consisting of two buildings (C1 with ground surface built by 161,32mp and C2 With ground surface built by 151,81mp), located in Tg Jiu, Ciocârlău street, no. 38.
1315/2/1/1/4 CF 37455	-land area of 6.705 mp with Oxygen factory (C1), located in Tg Jiu, Ciocârlău street, no. 38.
1315/2/1/1/7 CF 39567	- land area of 1.859 mp with tailoring section (C1)+gate group, with ground surface built by 667,87mp located in Tg Jiu, Ciocârlău street, no. 38.
1315/2/1/1/9 CF 39579	- land area of 5047 mp with reconditioned drums section (C59), located in Tg Jiu, Ciocârlău street, no. 38.

1315/2/1/1/10 CF 39564	- land area of 3.744 mp, located in Tg Jiu, Ciocârlău street, no. 38.
1315/2/1/1/1/8 CF 39562	- land area of 9.538 mp with construction C1-Industrial hall- Section of gaskets with ground surface of 6.429,15 mp , located in Tg Jiu, Ciocârlău street, no. 38.
1315/2/1/1/1/3 CF 47078	- land area of 9.280 mp + constructions: 1. demineralization station (C1) 2. demineralization station annexes (C2) 3. demineralization station basin (C3) 4.locker room (C4) 5. heating plant (C5) 6.compressor station storage (C6)
1315/2/1/1/1/5 CF 41246	-land area of 17.758 mp + constructions: 1.basin (C1) 2. pump house (C2) 3.basin (C3) 4. heating plant (C4) 5. industrial construction (C5) 6. trafo post (C6) 7. recirculated water basin (C7) 8. cooling tower (C8)_ 9. pump station (C9) 10. cooling tower (C10) 11. industrial and public construction (C11) 12. industrial and public construction (C12) 13. industrial and public construction (C13) 14. industrial and public construction (C14) 15. industrial and public construction (C15) 16. chlorination Station (C16) 17.metal storage (C18)

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- SITUATION OF REAL ESTATE PROPERTIES -

CADASTRAL NO..	REAL ESTATE PROPERTY (LAND + CONSTRUCTION) - DESCRIPTION
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1315/1/1/12 CF 47071	-land area of 3611 mp with a construction of 16,67 mp (weighing cabin)
1315/2/1/1/8 CF 39574	- land area of 531 with a construction of 215,14 mp (commercial space)
4327 CF 47079	- land area of 1000 mp
4296 CF 47074	- land area of 4760 mp with a construction of 12,42 mp (deep well)
3201 CF 39572	- land area of 10073,17 mp
37200 CF 37200	- land area of 1395 mp
37202 CF 37202	- land area of 9632 mp

Affiliated Parties

The company has no affiliated parties.

Situation of disputes in progress

S.C. ARTEGO S.A. - complainant

File no.	Defendant society	Object	Request/ The requested amount	Stage file / Notifications
3319/95/2010	Vectra Impex Targu-Jiu	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 300.000 lei	- ongoing; we were admitted to the credentials table with the sum of 300.000 lei from which we recovered the amount of 38.645 lei during the judicial reorganization; continue the bankruptcy procedure
8207/62/2011	CET Brasov	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 46.887,93 lei	- ongoing; we were admitted to the credentials table with the sum of 46.887,93 lei ; continue the bankruptcy procedure
60833/3/2011	Munplast Bucuresti	Insolvency procedure	- admission to the debtor's creditor' s mass	- ongoing; we were admitted to the credentials table with the sum of

			with the amount of 19.457,81 lei	19.457,81 lei, from which we recovered the amount of 5.000 lei during the judicial reorganization; continue the bankruptcy procedure
4163/95/2012	Gastrom Group Targu -Jiu	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 52.777,37 lei	- ongoing; we were admitted to the credentials table with the sum of 52.777,37 lei; continue the bankruptcy procedure
887/90/2013	Oltchim Ramnicu-Valcea	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 19.946,68 lei	- ongoing; we were admitted to the credentials table with the sum of 19.946,68 lei; continue the bankruptcy procedure
7888/95/2013	Juliette Best Bakery Prod Targu-Jiu	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 6.627,60 lei	- ongoing; we were admitted to the credentials table with the sum of 6.627,60 lei; continue the bankruptcy procedure
9089/101/2013	Autonomous Registry for Severin Nuclear Activities	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 1.439.815,78 lei	- ongoing; we were admitted to the credentials table with the sum of 1.439.815,78 lei; continue the bankruptcy procedure
2570/63/2014	Energy Services Oltenia Craiova	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 2.486,37 lei	- ongoing; we were admitted to the credentials table with the sum of 2.486,37 lei; continue the reorganization procedure
28428/3/2014	CFR IRLU S.A. Maintenance and Repair of Locomotives and Machinery Bucharest	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 41.524,48 lei	- ongoing; we were admitted to the credentials table with the sum of 41.524,48 lei, from which we recovered the amount of 5.120 lei ; continue the reorganization procedure

528/95/2015	Succes Nic Com Targu - Jiu	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 34.155,80 lei	- ongoing; we were admitted to the credentials table with the sum of 34.155,80 lei; continue the bankruptcy procedure
2575/85/2015	Ambient Sibiu	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 1.240 lei	- ongoing; we were admitted to the credentials table with the sum of 1.240 lei; continue the bankruptcy procedure
3520/95/2015	Ignifug Prest Targu-Jiu	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 4.783,92 lei	- ongoing; we were admitted to the credentials table with the sum of 4.783,92 lei; continue the bankruptcy procedure
1396/90/2016	CET Govora Rm. Valcea	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 1.665.256,19 lei	- ongoing; we were admitted to the credentials table with the sum of 1.665.256,19 lei; continue the bankruptcy procedure
5114/95/2016	Installs for Mining Utilities	Insolvency procedure	admission to the debtor's creditor' s mass with the amount of 41.307,71 lei	- ongoing; we were admitted to the credentials table with the sum of 41.307,71 lei; continue the bankruptcy procedure
7603/2/2016	National Agency for Fiscal Administration - General Administration of Large Contributors Bucharest	Cancel administrative act	complainant	- partially admitted the action; annuls, in part, the Decision no. 173 / 13.07.2016; ANAF - DGAMC Bucharest appealed against the judgment

21659/3/2016	National Agency for Fiscal Administration - General Administration of Large Contributors Bucharest	Tax administrative act contest	to pay the amount of 1,256,342 lei	Rejects the petition to appeal - Appeals within 15 days of communication
9637/190/2017	Delhaus MTH Bistrita	Low demand	- obliging the debtor to pay the amount of 1,670.76 lei	- accepts the request; obliges the debtor to pay the creditor the sum of 1,670.76 lei

S.C. ARTEGO S.A. – defendant

File no.	Defendant society	Object	Request/ The requested amount	Stage file / Notifications
15979/233/2016	Dunărea Galați	claims	- ordering the petitioner to pay the sum of 4.267,27 lei	- suspended on the deadline of 06.11.2017; with appeal throughout the suspension
5728/95/2017	Golea Marin	Money rights	Obligation of parties to pay indemnities adm. Special of C.S. Pandurii	ongoing ; - term 15.01.2018
6274/95/2017	Club Sportiv Pandurii Tg-Jiu	claims	order the petitioner to pay the sum of 6.110.000 lei	Ongoing ; term : 06.03.2018

Subsequent events

After the reporting of 31 December 2017, there were no events whose effects were significant and influenced by the current financial statements.

Information on employees and members of management, management and supervisory bodies

SC ARTEGO S.A. operates, is managed and organized according to the provisions of Law 31/1990 republished on commercial companies.

Being a joint stock company, it is headed by the General Assembly of Shareholders and administered by a Board of Directors consisting of 5 members, of which 1 executive member and 4 non-executive members.

In 2017 the company's management supervision was carried out by an audit firm.

Members of the Board of Directors were remunerated in 2017 as follows:

1. An Executive Member with a gross monthly indemnity under the Management Agreement of 15,000 ROL
2. 1 unexecutive member with a gross monthly allowance of 7,500 lei and 3 unexecutive members with a gross monthly indemnity under the Management Contract of 5,000 lei.

SC ARTEGO S.A. Tg Jiu, at the end of 2017, had no contractual obligations regarding the payment of pensions to former directors and administrators.

During the year 2017 S.C. ARTEGO S.A. did not grant advances and credits to directors and administrators.

The average number of employees for 2017 was 939 employees.

During 2017 S.C. ARTEGO S.A. paid salaries in the amount of 25,391,416 lei, and the expenses for social insurance and social protection amounted to 6,805,669 lei.

SC ARTEGO S.A. Tg Jiu paid for its employees during 2017 meal tickets with a total amount of 2,660,802 lei.

ANALYSIS OF THE MAIN ECONOMIC-FINANCIAL INDICATORS IN 2017

Liquidity indicators

The current liquidity indicator

$$\frac{\text{Current assets}}{\text{Current debts}} = \frac{81.434.182}{53.657.858} = 1,52$$

2. Immediate liquidity

$$\frac{\text{Current assets} - \text{Stocks}}{\text{Current debts}} = \frac{81.434.182 - 46.697.480}{53.657.858} * 100 = \frac{34.736.702}{53.657.858} * 100 = 64,74\%$$

Activity indicators

1. Speed of rotation of fixed assets

$$\frac{\text{Fiscal value}}{\text{Fixed assets}} = \frac{133.796.633}{49.483.635} = 2,7$$

2. Speed of rotation of total assets

$$\frac{\text{Fiscal value}}{\text{Total assets}} = \frac{133.796.633}{131.239.265} = 1,02$$

a) Risk indicators

Interest rate indicator

Profit before interest payment
and tax on profits

$$\frac{\text{Profit before interest payment and tax on profits}}{\text{Interest expense}} = \frac{8.191.636}{1.190.000} = 7,63$$

interest charges 1.073.181

Profitability indicators

a) Return on capital employed

Profit before interest payments and

$$\frac{\text{profit tax}}{\text{The committed capital}} = \frac{8.191.636}{77.581.407} = 0,11$$

b) Gross margin on sales

$$\frac{\text{Gross profit on sales}}{\text{Fiscal value}} \times 100 = \frac{8.082.884}{133.796.633} = 6.04\%$$

Other informations

SC ARTEGO S.A. was established according to Law 31/1990, based on GD no.1224 / 1990 and was registered at the Trade Register Office under no. J18 / 1120/1991, having fiscal code RO2157428.

SC ARTEGO S.A. is a wholly private private equity company, the majority shareholder being the Association of Employees "PAS ARTEGO" which on December 31, 2017 holds 70,0428% of the share capital.

In determining the profit tax, the provisions of Law 227/2015 with subsequent amendments and GD 1/2016 for the approval of Methodological Norms for the application of Law 227/2015 regarding the tax code from which:

- late payment increases due for non-payment of debts on time;
- the expenses for the protocol, which exceed the limits stipulated by the Fiscal Code;
- amounts exceeding the limits of the expenditure deemed deductible;
- sponsorship expenses, according to Law 32/1994;

- amounts used for the constitution of reserves according to Law 31/1990 republished.

General Manager,
eng. Viorel David

Economic Manager,
Ec. Mihai Jianu

Statement

According to the stipulations of art.113, item D, paragraph (1), letter c) of the Regulation No. 1/2006 on issuers and securities transactions, we declare that, to our knowledge, the financial statements at 31 December 2017 offers a true and fair view of the assets, liabilities, financial position and profit and loss account. Also, the Report of the Board of Directors, prepared in accordance with the stipulations of Annex no. 31, presents fairly and completely the information about the company.

Signature,

General Manager,
eng. Viorel David

Independent auditor's report

To the shareholders of SC ARTEGO SA TG JIU

Report on the audit of financial statements

Opinion

- 1 We have audited the accompanying separate financial statements of SC ARTEGO SA (the "Company"), with registered office in TG JIU, str. CIOCARLAU, no.38, identified by the unique tax registration number RO 2157428, which includes the balance sheet as at 31 December 2017,

the profit and loss account, the statement of changes in equity and the cash flow statement for the year then ended, as well as a summary of significant accounting policies and explanatory notes.

2 The individual financial statements at 31 December 2017 are identified as follows:

- Net Asset / Total Equity: 76.908.447 lei
- Net profit / Net loss of the financial year: 6.134.163 lei

3 In our opinion, the accompanying separate financial statements provide a true and fair view of the Company's financial position at 31 December 2017 and of its financial performance and cash flows for the year then ended, in accordance with the Order of the Minister of Public Finance no. 2844/2016 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards ("OMFP No. 2844/2016").

The basis for the opinion

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

Audit key issues

5 Key audit issues are those aspects that, based on our professional judgment, have been of the highest importance for the audit of the current period's financial statements. These issues have been addressed in the context of the audit of the financial statements as a whole and in the formation of our opinion on them and we do not provide a separate opinion on these key issues.

Audit key issues	Approach mode of the audit engagement
<p>Incomes comprise mainly revenue from the sales of rubber products to a range of both domestic and foreign clients. Income is recognized on delivery of the goods sold, and sales are adjusted to trade discounts, in accordance with customer contracts.</p> <p>We have identified income recognition as an audit aspect because income is one of the key</p>	<p>Our audit procedures for assessing revenue recognition include:</p> <ul style="list-style-type: none"> • testing the effectiveness of the Company's main controls to prevent and detect fraud and revenue recognition errors. This procedure included testing revenue-checking controls based on deliveries by reference to a sample of transactions; • inspecting customer contracts on a sample basis to understand the terms of the sales transactions, including the ways in which discounts are applied, to assess whether the

performance indicators of the Company and therefore there is an inherent risk associated with their recognition by management to achieve specific objectives or expectations.

Company's revenue recognition criteria were in line with the accounting requirements and standards in force;

- sample evaluation of the recognition in the corresponding financial period of the revenues registered close to the end of the financial year, by comparing the selected transactions with the relevant documentation, including expedited permits;
- obtaining customer confirmations at the end of the year on a sample basis;
- • examining the sales record after the end of the financial year in order to identify significant credit notes issued and inspect the relevant documentation in order to assess whether the related revenues were accounted for in the corresponding financial period.

Other informations - Administrators' Report

6 The administrators are responsible for compiling and presenting other information. That other information includes the Directors' Report, but does not include the auditor's financial statements and report, nor the non-financial statement.

Our opinion on the financial statements does not cover this other information and, unless it is explicitly mentioned in our report, we do not express any assurance of this.

With regard to the audit of the financial statements for the year ended 31 December 2017, it is our responsibility to read that other information and, in this regard, to assess whether that other information is materially inconsistent with the financial statements or with the knowledge we have acquired, we obtained during the audit, or if they appear to be significantly distorted.

Regarding the Administrators' Report, we read and report on whether it was drafted in all material respects in accordance with the requirements of the Order of the Minister of Public Finance no. 2844/2016 for the approval of the Accounting Regulations in line with the International Financial Reporting Standards adopted by the European Union with subsequent amendments, paragraph 20.

On the sole basis of the activities to be carried out during the audit of the financial statements, in our opinion:

a) The informations presented in the Directors' Report for the financial year for which the financial statements have been prepared is consistent, in all material respects, with the financial statements;

b) The Directors' report was drafted in all significant aspects in accordance with the requirements of the Order of the Minister of Public Finance no. 2844/2016 for the approval of the Accounting Regulations in line with the International Financial Reporting Standards adopted by the European Union with subsequent amendments, paragraph 20.

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

Responsibilities of the management and those responsible for governance for the financial statements

7 The Company's management is responsible for preparing its financial statements provide a true image in accordance with the Order of the Minister of Public Finance no. 2844/2016 for the approval of Accounting Standards in accordance with the Standards International Financial Reporting ("OMFP No. 2844/2016") and for that control which management deems necessary to enable situations to be drawn up financial loss without significant distortions, whether caused by fraud or error.

8 In preparing the financial statements, management is responsible for the evaluation of the ability of the Company to continue its business, to present, if necessary, a business continuity and account-based accounting the continuity of the business, unless the management intends to liquidate the Society or stop operations, or have no other realistic alternative outside of them.

9 The persons responsible for governance are responsible for overseeing the financial reporting process of the Company.

Auditor's responsibilities in an audit of financial statements

10 Our goals are to obtain a reasonable assurance of the extent to which the financial statements as a whole are free of significant distortions, caused by either fraud or error, as well as in issuing an auditor's report that includes our opinion. The reasonable insurance is a high level of insurance, but it is not guarantee that an audit conducted in accordance with the ISA will always detect a significant distortion, if it exists. Distortions can be caused either by fraud, either error, and are considered significant if reasonably foreseeable, that they, individually or cumulatively, will influence the economic decisions of users based on these financial statements.

11 As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism during the audit. Also:

- We identify and evaluate the risks of material misstatement of financial statements, whether due to fraud or error, design and execute audit procedures in response to those risks, and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting significant misstatement caused by fraud is higher than the failure to detect a significant misstatement caused by error, as fraud may imply secret, false, deliberate omissions, false statements, and avoidance of internal control.
- We understand the internal audit relevant to the audit in order to design audit procedures that are appropriate to the circumstances, but without the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- We assess the appropriateness of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by management.
- We formulate a conclusion on the appropriateness of management's use of accruals based on the continuity of activity, and determine, based on the audit evidence obtained, whether there is significant uncertainty about events or conditions that could generate significant doubts about the ability Society to continue its activity. If we conclude that there is significant uncertainty, we need to

draw attention to the auditor's report on the accompanying financial statements or, if these presentations are inappropriate, to change our opinion. Our findings are based on audit evidence obtained by the date of the auditor's report. However, future events or conditions may cause the Company not to continue operating on a business continuity basis.

- We evaluate the presentation, structure and content of the financial statements, including disclosures, and the extent to which the financial statements reflect the transactions and events underlying them in a manner that results in a fair presentation.

12 We communicate to those responsible for governance, among other things, the area planned and timely programming of the audit, as well as the main findings of the audit including any significant deficiencies in internal control, that we identify during the audit.

13 We also provide people in charge of governance with a statement with our compliance with ethical requirements on independence and we communicate all relationships and other aspects that can reasonably be considered as could affect our independence and, where appropriate, the related safety measures.

14 Of the issues we have communicated to those charged with governance, we set out those issues that were of greater importance in the audit of the financial statements of the current period and therefore are key aspects of the audit. We describe these issues in our audit report, unless legislation or regulations hinder public disclosure of the issue, or where, in extremely rare circumstances, we consider that an issue should not be communicated in our report because it is anticipated in that the benefits of the public interest are outweighed by the negative consequences of this communication.

Report on other legal and regulatory provisions

15 We were appointed by the General Assembly of the Shareholders on 27.04.2015 to audit the financial statements of SC ARTEGO SA TG-JIU for the financial year which ended on 31 December 2017. The uninterrupted total duration of our commitment is 4 years covering the financial years ended 31 December 2015 through 31 December 2018.

We confirm that:

- In conducting our audit, we have retained our independence from the audited entity.
- We did not provide for the Company the non-audited services referred to in Article 5 (1)

of EU Regulation No.537 / 2014.

In the name of

*SC EXPERT ACNT SRL
Tg-Jiu, Gorj.*

Registered to the Chamber of Financial Auditors

from Romania with the number 658/2006

Giubalca Andrei

**registered with the Chamber of Financial
Auditors from Romania with number 3039/
22.07.2009**

Tg-Jiu, 16 march 2018