



ARGUS S.A. Industrial Street no. 1, 900147 Constanta, Romania
Tel: 40/241/676840 Fax: 40/241/634367; COD LEI (Legal Entity Identifier):
315700M31ZOTBZMMBE46
R.C.:J13/550/1991; C.U.I.: RO 1872644; Share capital: 53.670.699 lei
IBAN : RO70 BTRL 0140 1202 F767 76XX – Transilvania Bank, Constanta Branch

Annual report
According to Financial Supervisory Authority Regulation no. 5/2018
for the financial year 2018

Company name: **ARGUS S.A. CONSTANȚA**
Headquarters: Str. Industriala nr. 1
Phone/Fax 0241/67.68.40; 0241/63.43.67
Fiscal registration code (CIF): RO 1872644
Trade Register number: J 13/550/1991
Cod LEI (Legal Entity Identifier): 315700M31ZOTBZMMBE46
Share capital subscribed and paid: 53.670.699 lei
Regulated market on which the issued securities are traded on: AeRO
Market shares (market symbol **UARG**)

1. Analysis of the company activity:

1.1.

a) Description of main activity of the company:

The object of the company is the production and marketing of: sunflower , rapeseed and soybean crude oil; refined sunflower oil in bulk; refined oil bottled in PET bottles of 1 liter, 2 liter, 5 liters, 10 liters; meal and fatty acids.

b) Specifying the date of establishment of the company

Argus SA was established as a commercial company in accordance with Laws no. 15/1990 , 31/1990 and GD 1353/1991.

c) Description of any significant merger or reorganization of the company, its subsidiaries or its controlled companies during the financial year:

Doesn't apply.

d) Procurement and assets disposal:

In the course of 2018 technological equipment were acquired and upgrades were made to the existing ones in total value of 1.628.054 lei.

e) Business performance result.

In 2018 turnover grew by 17,66% compared to 2017 because of a variety of factors:

- Increasing the volume of bottled oil produced and sold;

- Utilization of raw rapeseed oil and rape seed produced in 2017 and on stock at the end of the year;
- Faster utilization of sunflower meal produced.

The company has recorded losses mainly due to a drop in the price of edible oil on the market compared to 2017. At the beginning of 2018 there was a decrease in the price of crude oil on the oil market. As a result of this, the internal market of bottled oil has begun to show a downward pressure on the purchase price of bottled oil from large retailers. Also, during 2019, there was a galloping increase in the price of electricity, which led to an increase in production cost. At the same time, in the banking market, there was a rapid increase of ROBOR, according to which the interest rate is calculated. Starting with the new campaign, the company's management took steps to rebuild the company and changed the policy of acquiring raw materials, which led to the company making profit in the last quarter of 2018.

1.1.1. Overall assessment of 2018

Criterion	lei
Profit (loss)	(10.825.750)
Turnover	191.791.120
External sales	30.521.523

Total costs at 2018 are in the amount of 189.766.303 lei, of which:

Criterion	2016 %	2017 %	2018 %
Expenses with raw materials and consumables	82,40	83,69	81,38
Amortization	1,27	1,68	1,66
Salaries	4,32	4,56	4,53
Expenditure on external services	12,01	10,07	12,43

In 2018 the bottled oil market has been characterized as a market marked by major turbulence, Argus SA holding an average market share of approximately 10,19% .

Liquidity (available in the account, etc)

Criterion	2016	2017	2018
Available funds (lei)	20.584.344	3.888.528	8.725.698
Currents liabilities indicator	1,39	1,16	1,07
Immediate liabilities indicator	0,52	0,26	0,26

1.1.2 Tehnical level of the company:

a) Description of the main products manufactured and/or services provided with a statement of the main market outlets for each products or service and distribution methods:

In accordance with the object of activity, Argus SA produces and sells refined oil in bulk, bottled and sunflower/rapeseed meal. Sunflower/rapeseed meal is mainly sold on the foreign market. Refined oil in bulk is sold on the domestic market and the main customers are manufacturers of canned meat and fish.

In 2018 bottled refined oil was sold on the domestic market through hypermarket networks, cash & carry and regional distributors. Argus has marketing agreements with major stores nationwide and with local supermarkets.

In 2018 the weighting of hypermarkets and cash & carry stores in total sales on the Romanian market of refined bottled oil is over 95,75%. The difference is sold through regional distributors.

b) the share of each category of products or services in revenue and in total turnover of the company for the last three years:

Situation of comparative sales : % in turnover

Criteria	2016	2017	2018
Refined oil in bulk	0,61	2,82	4,86
Refined bottled oil	54,50	71,05	76,87
Crude oils	22,97	6,26	1,63
Meal	18,01	16,28	14,65
Fatty acids	0,40	0,52	0,69
Others	3,51	3,07	1,30
Total	100,00	100,00	100,00

c) new products taken in consideration for that will affect a substantial volume of assets in the upcoming fiscal year as well as the stage of development of these products :

Argus holds a portofolio of several types of refined bottled sunflower oil, as presented:

- Argus oil– premium brand , bottled in PET bottles of de 1, 2 and 5 liters;
- Tomis oil– addressed to the medium category of consumers, bottled in PET bottles of 1, 2, 5 and 10 liters;
- Sora Soarelui oil– addressed to majority of consumers, having an excellent price-quality ratio bottled in PET bottles of 1 liter and 2 liters;
- Sorica oil– adressed to majority of consumers, having an excellent price-quality ratio bottled in PET bottles of 1 liter.

In 2014 the company has produced and launched Argus refined rapeseed oil, product that curently sells.

The company intends to take action to promote these brands to increase market share and turnover.

1.1.3. Evaluation of material and technical aqcuisition (domestic and import sources).

More accurate information about the safety of supply sources, the price of raw materials and the size of stocks regarding the raw materials and consumables

In 2018 the company, by contracting bank loans, had the necessary financial resources to ensure the raw materials (rapeseed, sunflower seed, crude sunflower oil) for the purpose of production. Argus acquired raw materials both on the domestic and foreign market. In 2018 the company purchased 1.218 tones of rapeseeds and 97.866 tons of sunflower seeds, of which 1.220 tones of sunflower seeds were imported from Moldova. Also, the company purchased a quantity of 3.165 tonnes of bulk crude sunflower oil and 504 tonnes of refined sunflower oil. The prices for raw materials took into account market prices. Also, Argus was force to adjust their price quotations according to Constanta Harbor. Sources of supply are relatively safe and the prices involved do not differ from market prices.

1.1.4. The assessment of the sales activity

a) The description of the evolution of the sequential sales on the domestic market and/or foreign and of the prospects for sales on medium and long term;

Refined edible oils are mainly sold to canned fish producers and biofuel producers.

Refined edible oils bottled under its own brand are sold through distributors as well as nationwide through regional networks of hypermarket and supermarket, based on commercial contract renegotiated annually.

The share of bottled oil sales (Argus and private label brands) through cash&carry chains, hypermarkets and supermarkets is over 95,75%, with the remainder being sold through regional distributors.

b) Description of competitive situation in the field of activity of the company, the market share of products or services and company main competitors.

Vegetable oil market was extremely dynamics in 2018.

The current economic context has forced Argus to a continuous adjustment: we focused to deliver quality products to meet the needs of our clients in all aspects, a price policy adapted to market, attitude towards partners and consumers. Consumer purchasing behavior remained in the same trend as in previous years, namely: in the case of basic foodstuff were edible oil is also included, romanians prefer cheaper products.

Given that own brands belonging to retails continued to be an alternative to established brands, Argus continued collaboration with major commercial networks, for which private brand is produced.

Sales activity is experiencing pressure on prices from customers like supermarkets and hypermarkets, but given that the vast majority of sales in the total market is done through them, Argus has taken the necessary measures so that there is on the shelves of these large customers.

In terms of competition, Argus had to face multinational oil companies based in Romania as well as manufacturing companies in the European area and believe that managed to do that.

With all these pressures, Argus has maintained its market position in relation to the other competitors. In 2018 the average market share was 10,19%

c) Description of any significant dependence of the company to a single client or group of clients whose weight would have a negative impact on company revenues.

We estimate that the company is not dependent on a single client or group of clients whose loss would have a negative impact on revenue of the company.

1.1.5. The assessment of the aspects of the employees/staff of the company.

a) Specifying the number and level of preparation of the company's employees and the degree of unionization of the workforce;

In 2018 the company had 242 employees, of which 13,22% have higher education. The unionisation is about 26,45%, between administration and the Union, and they signed a collective bargaining agreement and during the 2018 no labor conflicts were registered in the company

b) Description of the relationship between managers and employees and any conflicting elements that characterize these relations

In 2018 there were no conflicts between management and employees.

1.1.6. Assessment on the impact of the company's main activity on the environment.

Synthetic description of the impact of the core activities of the issuer on the environment and any disputes existing or planned with regard to the violation of the legislation on the protection of the environment.

The work carried out by the ARGUS is regulated by environmental permit No. 169/10th May 2010, valid for 10 years.

The activity has an impact on the environment factors: air, water, soil, in accordance with the authorization of environmental monitoring, being imposed analyzes - on environmental factors: water, air, soil - every six months.

From analysis conducted in 2018 in accordance with the monitoring program with our own laboratory, of the local authority environment and Rompetrol Quality Control SRL result of classification into the indicators imposed.

The company also through working activity introduces packaged products on the market and has the obligation to recover post-consumer packaging. For the year 2018 the aim for recovery has been of 60% from the quantity entered on the market, objective that has been achieved.

The responsibility of achieving the objective of recovery - recycling was transferred in part to the S.C. ECO-ROM Ambalaje S.A. Bucharest and Next Eco Reciclyng SA Buzau.

ARGUS SA has paid all amounts owed to the Environment Fund Authority for air emissions (for boilers and refinery sections).

Technological wastes are managed in accordance with the instructions of the environment that have been implemented and certified at the level of the company respectively Environment Management System.

In 2018 ARGUS SA made the transition to the new ISO 14001:2015 regarding Quality Management System Environment.

The company has no litigation on environmental issues.

1.1.7. The assessment of research and development activities

Indication of expenditure in the financial year and those that are anticipated in the next financial year for research and development activity.

The company does not have a separate sector on research and development, but is concerned both in terms of research in technology, quality, and in the market.

1.1.8. The assessment of the company's activity regarding risk management

Description of the company exposure to price risk, credit risk, liquidity and cash flow. Description of the policies and objectives of the company regarding risk management.

By the nature of the activities performed, the company is exposed to a variety of risks which include: credit risk, currency risk, interest rate risk and the risk of liquidity. Management seeks to reduce potential adverse effects associated with these risk factors on the financial performance of the company.

a) Credit risk

Company is subject to credit risk due to its trade receivables and other types of claims. References concerning the creditworthiness of the customers are normally obtained for all new customers, the maturity date of the debts is being closely monitored and the amounts due after the period to be exceeded, are watched with expeditiously.

b) Currency risk

Company is exposed to foreign exchange rate fluctuations through debt generated by loans and payables in foreign currencies and through foreign trade receivables. Company did

not use financial instruments to mitigate this risk.

c) Interest rate risk

The Company's operating cash flows are affected by changes in interest rates mainly due to loans in lei. Company loans have a variable interest rate. The Company does not use financial instruments to protect against fluctuations in interest rates.

d) Liquidity risk / cash flow

Due to its performance in recent years, ARGUS had access to financing from the banking units which led to decreasing of the liquidity risk. At the same time the increase in sales has ensured the liquidity level required to carry out the activity of the company and the payment of the obligations within the time limits laid down.

1.1.9. Elements of perspective on the company's activity

a) Presentation and analysis of trends, items, events or uncertainty factors that affect or could affect the liquidity of the company compared to the same period last year.

ARGUS is a stable, balanced company from a financial standpoint, and those factors which could affect the company's liquidity were eliminated.

b) Presentation and analysis of capital expenditures effects, current or anticipated financial position of the company compared to the same period last year.

In 2018 the company made capital expenditures totaling 1.628.054 lei on the acquisition of tangible assets under the investment plan approved by shareholders.

c) Presentation and analysis of events, transactions, economic changes that significantly affect revenues from core business.

Changing the ownership structure and appearance of a shareholder owning majority of shares, makes Argus SA to easily access various funding schemes for working capital with beneficial effects on operating income. Also financing can be obtained for future investments that supports increased production, income and company performance.

2. The tangible assets of the company

2.1. Specify the location and characteristics of the main production facilities owned by the company.

The company's headquarters is in Constanta, Industrial Street no. 1 and has the following constructions and installations:

a) C rude oil line which includes:

The silo of raw materials; equipped with bunker and railways and large capacity dryer; Seeds processed and presses; equipped with Romanian, Buhler and Krupp equipments; Solvent extraction brought into service in 1970, refurbished in 1998 and 2006; 500 TO processing capacity of sunflower seeds per day;

b) Refining line; modernized and increased capacity in years 1998 and 2004; refining capacity from 250 TO sunflower crude oil per day

c) The bottling line which includes:

The 1 liter line; modernised, and increased capacity in the years 1995, 2003, 2005 and 2012; ability average of bottling is of 9,000 liters per hour;

The line of 2 liters brought into service in the year 2005.

Lines of 5 liters and 10 liters were put into operation in 2002.

The company has four workstations consisting as storage capacities: Workstation in Mangalia – grain storage; Workstation in Lumina – grain storage; Workstation in Amzacea – grain storage Workstation in Dor Marunt – grain storage.

The working point Lumina works since 2010 a line of husk pelletizing through which is achieved valuing the high surplus of husk, resulting from the processing of sunflower seeds.

2.2. *The description and analysis of the degree of wear of the properties of the company.*

Company's properties are all in very good working condition, they are performant and operational.

2.3. *Specify potential problems related to ownership of the tangible assets of the company - Not applicable*

3. Market securities issued by the company

3.1. *Specifying the market in Romania and in other countries on that shall be negotiated securities issued by the company*

Company shares are traded under the symbol UARG on Aero market alternative trading system administered by BSE since 05.06.2015

3.2. *Description of company policy regarding dividends. Specification of dividends due / paid / accumulated over the past three years and, if applicable, the reasons for any decrease in dividends during the last three years.*

For 2018 the company records a loss that will be recovered from the following years profits.

3.3. *Description of any activities of the company to purchase its own shares*

In the 2018's financial year, own shares were not purchased, and at December 31st 2018 Argus SA doesn't hold own shares.

3.4. *In case the company has subsidiaries, an indication of the number and nominal value of shares issued by the mother company held by subsidiaries - Not applicable*

3.5. *In the case in which the company has issued bonds and/or other debt securities, presentation the way in which the company pays its obligations to the holders of such securities - Not applicable.*

4. The management of the ARGUS SA company

4.1. Presentation of the administrators of the company

The Board of Directors is as follows:

- CRISTIAN BUSU, economist, chairman, holds 100 shares UARG;
- ANINA RADU, legal adviser, member
- DORU DOREL PATRASCU, economist, member;

The mandate of the administrators is valid until 24.01.2022.

On 01.04.2018, Mr. Pauna Ioan resigns from the position of member of the Board Of Directors and is appointed as interim administrator Mrs. Anina Radu. Starting 25.05.2018 by Decision no.13 of the Board of Directors, Mrs Anina Radu is appointed administrator definitively by GMS decision on 20.08.2018.

4.2 Presentation of the Company's senior executives

In 2018 executive leadership of the company has been exercised by the:

- VERDES PAUL , General Manager with mandat contract term between 01.09.2017-24.01.2018

- SABIN- MARCU ROBU, General Manager with mandat contract term between 01.02-31.05.2018, owns 100 shares UARG;
- VALENTINA TRANDAFIR – Chief Accountant with a contract of employment for an indefinite period;
- CULETU STEFAN- Commercial Manager with a contract of employment during 05.02.2018-05.08.2018.

4.3 Other information

Persons under section 4.1 and 4.2 have not been and are not in litigation or administrative procedures relating to their activity in the ARGUS SA.

5. Financial and accounting situation

Financial statements for 2018 prepared and presented by management of the company are audited by external financial auditor JPA Audit & Consulting SRL Bucuresti.

The financial situation of the company on 31.12.2018 is as follows:

5a) elements of the balance sheet: active who represent at least 10 % of the total assets; Cash and other liquidities; reinvested revenue; total current assets; total current liabilities;

Patrimony in accordance to the balance sheet is as follows:

The situation of patrimonial elements at 31.12.2018 , in the dynamics of it shows this:

Criteria	31.12.2016 - Lei	31.12.2017 - Lei	31.12.2018 - Lei
A. Fixed assets, from which:	62.247.256	60.941.823	60.344.263
Intangible assets	34.298	13.033	3.580
Tangible assets	46.310.355	45.017.476	44.429.369
Financial assets	15.902.603	15.911.314	15.911.314
B. Current assets,from which:	91.444.495	129.374.143	119.952.974
Stocks	57.481.292	100.810.773	91.332.416
Receivables	13.378.859	24.674.842	19.894.860
Cash and bank accounts	20.584.344	3.888.528	8.725.698
C. Prepayments	54.620	60.464	61.019
D. Debts: amounts to be paid in a period of up to one year	65.578.888	111.433.573	112.197.795
E. Debts: amounts to be paid over a period of more than one year	0	0	0
F. Provisions	682.170	675.674	719.196
G . Deferred income	3.843	3.675	3.507
H . Equity	87.481.470	78.263.508	67.437.758

As a result of economic and financial analysis of the company may offer the following observations:

- At 31.12.2018 **net tangible assets** decreased by 588.107 lei in comparison to 31.12.2017 because:
 - a) decreasing the annual depreciation in the amount of 3.143.644 lei;
 - b) increase as a result of the investments made in accordance with the investment program approved by the shareholders in ordinary meeting of April 2018.
- **Financial assets** at 31.12.2018 remained at the same level as in 2017.

Current assets.

a1) **Stocks decreased** from the accounting point of view from 100.810.773 lei at 31.12.2017, to 91.332.416 lei at 31.12.2018.

a2) **The receivables** at the end of the period have decreased from 24.674.842 lei (at the beginning of the year) to 19.894.860 lei at 31.12.2018.

a3) **Cash availabilities** of the company increased from 3.888.528 lei at the beginning of the year to 8.725.698 lei at 31.12.2018.

- **Short-term debts** have increased due to the fact that the company has used all the credit accessed from Transilvania Bank for the acquisition of rapeseeds and sunflower seeds. We mention that to this date we have no outstanding reimbursements. Mentionam ca la data prezentei nu avem restante la rambursarea acestuia, so as from the date of 01.02.2018 debts towards credit institutions are in amount of 92.946.710 lei.
- **Equity to 31.12.2018** have registered a decrease of 10.825.750 lei on the account records of the loss for the year 2018.

5b) the profit and loss account: net sales; gross revenues; elements of the costs and expenses incurred with a weight of at least 20 % in the net sales or gross income; provision of risk and for the various expenditure; reference to any sale or has been shut down for a segment of activity carried out in the last year or which are to be carried out in the following year; dividends declared and paid;

The performance of the company are presented in the profit and loss account, such:

CRITERIA	31.12.2016 LEI	31.12.2017 LEI	31.12.2018 LEI
Turnover	192.835.391	163.002.991	191.791.120
Operating income	193.843.865	176.219.346	176.229.300
Operating expenses	196.361.664	184.673.197	185.806.868
Operating result	-2.517.799	-8.453.851	-9.577.568
Financial income	2.606.564	1.316.458	2.711.253
Financial expense	2.527.823	2.080.569	3.959.435
Financial result	78.741	(764.111)	(1.248.182)
Total income	196.450.429	177.535.804	178.940.553
Total expenditure	198.889.487	186.753.766	189.766.303
Gross profit or loss	(2.439.058)	(9.217.962)	(10.825.750)
Income taxes	0	0	0
Net result	(2.439.058)	(9.217.962)	(10.825.750)
The rate of profit - Net profit on turnover			

From the analysis of the profit and loss account shows the increase in the turnover of 2018 by 17,66% compared to the one registered in 2017.

c) cash flow: all of the changes at the level of the cash in the framework of the basic activity, investments and financial activity, the level of the amount of the cash payment at the beginning and at the end of the period.

Cash Flow 01.01.2018 3.888.528 lei
Cash Flow 31.12.2018 8.725.698 lei

6. Special events in 2018

On 01.04.2018, Mr. Pauna Ioan resigns from the position of member of the Board Of Directors and is appointed as interim administrator Mrs. Anina Radu. Starting 25.05.2018 by Decision no.13 of the Board of Directors, Mrs Anina Radu is appointed administrator definitively by GMS decision on 20.08.2018.

Thus the new Board of Directors has the following composition:

- Mr. Cristian Busu – Chairman
- Mrs. Anina Radu – member
- Mr. Patrascu Doru Dorel – member

7. The situation of the participations

ARGUS S.A. CONSTANTA owns at 31.12.2018 the following participations:

1. S.C. COMCEREAL SA TULCEA - the shareholding is of 95,36%, registering a profit of 1.491.319,30 lei;
2. S.C. ALIMENT MURFATLAR SRL CONSTANTA - the shareholding is of 55,04 %, registering a profit of 2.119.00,98 lei;
3. S.C. ARGUS TRANS SRL Constanta - the shareholding is of 99,95%, registering a loss of 190.437,30 lei;
4. S.C. ECO ROM AMBALAJE Bucuresti - the shareholding is of 7,69%

8. Important events after the end of the financial year

No significant events were reported after the end of the financial exercise

9. Financial instruments

The company has not used such tools that have influenced the evaluation of assets, debts, namely the financial position or performance of the company.

**Chairman of the Board of Directors,
Cristian Busu**

**General Manager,
Emilian-Mihai Niculescu**

**Chief Accountant,
Valentina Trandafir**

Sections	Provisions to be fulfilled	YES	NO	Reasons for non-compliance
A1	The company should have an internal regulation of the Board which includes terms of reference for the Board and key management functions of the company. The management of conflict of interests at the Board level should also be presented in the Board's regulation.	YES		
A2	A Board member's other professional commitments, including executive and non-executive Board positions in companies (excluding the company's subsidiaries) and nonprofit institutions, should be disclosed to the Board before appointment and during his/her mandate.	YES		
A3	Each member of the Board should submit to the Board any relationship with a shareholder who holds directly or indirectly shares representing not less 5% of all voting rights.	YES		
A4	The annual report should inform on whether an evaluation of the Board has taken place under the leadership of the chairman. It should also include the number of the meetings of the Board.		NO	In the course of 2019 the evaluation criteria for the Council will be elaborated, considering the new structure of the Board of Directors.
A.5.	The procedure regarding the co-operation with the Authorized Advisor for the period when this co-operation is requested by Bucharest Stock Exchange should provide at least the following:			
A.5.1.	The liaison person with the Authorized Advisor	YES		
A.5.2.	The frequency of meetings with the Authorized Advisor, which should be at least once every month and also each time when new events or information imply the transmission of current or periodic reports, so that the Authorized Advisor would be consulted on that	YES		
A.5.3.	The obligation to provide to the Authorized Advisor all the relevant information and any other information that the Authorized Advisor reasonably requests or is necessary for the fulfillment of the Authorized Advisor's responsibilities;	YES		
A.5.4.	The obligation to inform Bucharest Stock Exchange on any dysfunctions of the co-operation with the Authorized Advisor, or the change of the Authorized Advisor.	YES		
B.1.	The Board should adopt a policy ensuring that any transaction of the company with any of its subsidiaries that is equal to or more than 5% of the net assets of the company as stated in the latest financial report should be approved by the Board.		NO	The Company has no subsidiaries. If they are established, the Council will adopt a policy in this regard.
B.2.	The internal audit should be carried out by a separate structural division (internal audit department) within the company or through retaining an independent third-party entity which should report to the Board, while within the company, it should report directly to the CEO.	YES		
C.1.	The company should publish in its annual report a remuneration report including the total revenues for the Board members and the CEO for the past financial year and the total value of any bonus payments or other variable compensations and also the key assumptions and guidelines for calculating the above revenues.	YES		These revenues are recorded in the Notes from the financial Statements of the year 2018.
D.1.	In addition to information required by legal	YES		

	provisions, the corporate website should have a dedicated Investors Relations section, both in Romanian and English, with all relevant information of interest for investors, including:			
D.1.1.	Principal corporate regulations, in particular the articles of association and internal regulations of its governing bodies.	YES		
D.1.2.	Professional CVs of the members of the company's governing bodies.	YES		
D.1.3.	Current reports and periodic reports	YES		
D.1.4.	Information related to general meetings of shareholders: the agenda and supporting materials; the resolutions of the general meetings.	YES		
D.1.5.	Information on corporate events, such as payment of dividends and other distributions to shareholders, or other events leading to the acquisition or limitation of rights of a shareholder) including the deadlines and principles applied to such operations.	YES		
D.1.6.	Other extraordinary information that should be disclosed: cancellation/ modification/ start of cooperation with an Authorized Adviser; the signing/ renewal/ termination of agreement with a Market Maker	YES		
D.1.7.	The company should have an investors relations function, and will include on the company's website the name and contact data of a person who should be able to provide knowledgeable information on request.	YES		
D.2.	A company should have adopted a dividend policy of the company, as a set of directions related to the distribution of net profit that the company declares to follow. The dividend policy principles should be published on the corporate website.		NO	Considering the losses that must be covered, this is not the case.
D.3.	A company must have adopted a policy regarding forecasts and if these will be supplied or not. The forecast policy should be published on the corporate website.		NO	The policy regarding forecasts cannot be made public.
D.4.	A company must set the date and place of a general meeting in order to allow the participation of a large number of shareholders.	YES		
D.5.	The financial reports should include information in both Romanian and English as regarding the key drivers influencing the change in sales, operating profit, net profit and other relevant financial indicators.	YES		
D.6.	The company should organize at least one meeting/conference call with analysts and investors each year. The information presented on these occasions should be published in the IR section of the website of the company at the time of the meeting/conference call.		NO	It was considered that continuous and periodic reports prepared by the company for presenting the financial elements were relevant in terms of information needed by investors.

**For the Chairman of the Board,
Cristian Busu**

ARGUS SA

**ANNUAL INDIVIDUAL FINANCIAL
STATEMENTS**

**FOR THE YEAR ENDED
DECEMBER 31, 2018**

**Drawn up in accordance with Minister of Public
Finance of Romania Order No 1802/2014 and
subsequent amendments**

ARGUS SA

ANNUAL INDIVIDUAL FINANCIAL STATEMENTS

DECEMBER 31, 2018

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Management report

COUNTY Constanta
 LEGAL PERSON ARGUS SA
 ADDRESS Constanta, sector -
Industrială Street no. 1, bl. -
 Sc. -, ap. -
 PHONE 0241.676.840 FAX 0241.634.367
 NUMBER OF TRADE REGISTER
 J13/550/1991

FORM OF OWNERSHIP 34
 PREPONDERANT ACTIVITY
 (CAEN group name) Production
of vegetable and animal oils and fats
 Legal Entity Identifier):315700M31ZOTBZMMBE46
 CAEN COD GROUP 154
 FISCAL COD R1872644
 UNIQUE REGISTRATION CODE 1872644

	Row	Note	December 31, 2017	December 31, 2018
			(lei)	(lei)
A. FIXED ASSETS				
I. INTANGIBLE ASSETS				
3. Concessions, patents, licenses, trademarks, rights and similar assets and other intangible assets	03		<u>13.033</u>	3.580
6. Advances	06		0	0
TOTAL	07	2(a)	13.033	3.580
II. TANGIBLE ASSETS				
1. Land and construction	08		38.005.108	36.618.232
2. Equipment and machinery	09		6.079.233	5.959.448
3. Other installations, equipment and furniture	10		430.210	433.137
4. Real estate investments	11		<u>46.846</u>	45.358
5. Tangible assets in the process of execution	12		<u>452.886</u>	1.334.543
9. Advances	16		<u>3.193</u>	<u>38.651</u>
TOTAL	17	2(b)	45.017.476	44.429.369
III. FINANCIAL ASSETS				
1. Shares held in subsidiaries	18	2(c)	15.894.313	15.894.313
3. The shares owned in the associated entities and joint controlled entities	20	2(c)	6.592	6.592
6. Other loans	23	6	<u>10.409</u>	<u>10.409</u>
TOTAL	24		15.911.314	15.911.314
FIXED ASSETS - TOTAL	25		<u>60.941.823</u>	<u>60.344.263</u>
B. CURRENT ASSETS				
I. STOCKS				
1. Raw materials and consumables	26	3	65.558.002	69.760.132
2. Production in progress	27		29.775.944	14.657.465
3. Finished goods and merchandise	28		5.265.882	6.894.013
4. Advances	29		<u>210.945</u>	<u>20.806</u>
TOTAL	30		100.810.773	91.332.416
II. RECEIVABLES				
1. Trade receivables	31	4	24.081.379	19.291.481
2. Amounts to be received from affiliated entities	32	4	0	0
4. Other receivables	34	4	<u>593.463</u>	<u>603.379</u>
TOTAL	36		24.674.842	19.894.860

COUNTY Constanța
 LEGAL PERSON ARGUS SA
 ADDRESS Constanța, sector -
Industrială Street no. 1, bl. -
 Sc. -, ap. -
 PHONE 0241.676.840 FAX 0241.634.367
 NUMBER OF TRADE REGISTER
 J13/550/1991

FORM OF OWNERSHIP 34
 PREPONDERANT ACTIVITY
 (CAEN group name) Production
of vegetable and animal oils and fats
 Legal Entity Identifier):315700M31ZOTBZMMBE46
 CAEN COD GROUP 154
 FISCAL COD R1872644
 UNIQUE REGISTRATION CODE 1872644

	Row	Note	December 31, 2017	December 31, 2018
			(lei)	(lei)
IV. CASH AND BANK ACCOUNTS	40		3.888.528	8.725.698
CURRENT ASSETS - TOTAL	41		<u>129.374.143</u>	<u>119.952.974</u>
C. PREPAYMENTS	42		60.464	61.019
Amounts of resumed in a period of up to one year	43		60.464	61.019
D. DEBTS: AMOUNTS TO BE PAID IN A PERIOD OF UP TO ONE YEAR				
2. Amounts owed to credit institutions	46	6	102.594.165	97.247.287
3. Advances collected for orders	47	6	50.752	15.680
4. Commercial debts - suppliers	48	6	6.656.673	12.266.920
6. Amounts owed to entities of the group	50	6	0	903.890
8. Other liabilities, including tax debts and debts regarding social insurances	52	6	<u>2.131.983</u>	<u>1.764.018</u>
TOTAL	53		111.433.573	112.197.795
E. NET CURRENT ASSETS/NET CURRENT LIABILITIES	54		18.000.866	7.816.030
F. TOTAL ASSETS MINUS CURRENT LIABILITIES	55		78.942.689	68.160.293
G. DEBTS: AMOUNTS TO BE PAID OVER A PERIOD OF MORE THAN ONE YEAR				
2. Amounts owed to credit institutions	57	6	-	-
8. Other liabilities, including tax debts and debts regarding social insurances	63		=	=
TOTAL	64		-	-
H. PROVISIONS				
2. Provisions for taxes	66		315.699	309.204
3. Other provisions	67		<u>359.975</u>	<u>409.992</u>
TOTAL	68	7	675.674	719.196
I. DEFERRED INCOME				
1. Investment grants	69		<u>3.675</u>	<u>3.507</u>
Amounts of resumed within a period of up to one year	70		168	168
Amounts of resumed in a period longer than one year	71		3.507	3.339
TOTAL	79		3.675	3.507

ARGUS SA

BALANCE SHEET

	<u>Row</u>	<u>Note</u>	<u>December 31, 2017</u>	<u>December 31, 2018</u>
			(lei)	(lei)
J. CAPITAL AND RESERVES				
I. CAPITAL				
1. Subscribed paid capital	80	8	53.670.699	53.670.699
TOTAL	85		53.670.699	53.670.699
II. SHARE PREMIUM	86		97.248	97.248
III. REVALUATION RESERVE	87		31.963.147	30.949.908
IV. RESERVES				
1. Statutory reserves	88		6.806.595	6.806.595
3. Other reserves	90		<u>1.873.159</u>	<u>1.873.159</u>
TOTAL	91		8.679.754	8.679.754
Losses related to equity instruments	94		578.989	578.989
V. LOSS CARRIED FORWARD				
<u>C BALANCE</u>	95		0	0
<u>D BALANCE</u>	96		6.350.389	14.555.112
VI. PROFIT OR LOSS AT THE END OF REPORTING PERIOD				
<u>C BALANCE</u>	97		0	0
<u>D BALANCE</u>	98		9.217.962	10.825.750
Profit distribution	99		0	0
SHAREHOLDERS EQUITY - TOTAL	100		78.263.508	67.437.758
EQUITY-TOTAL	103		78.263.508	67.437.758

Approved and signed on behalf of the Board of Directors on February 11, 2019 by:

ADMINISTRATOR
 Name and surname Cristian Busu
 Signature _____
 Stamp

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

PROFIT AND LOSS ACCOUNT

			Financial year ended December 31, 2017	Financial year ended December 31, 2018
	Row	Note	(lei)	(lei)
1. Net turnover	01	9.1	<u>163.002.991</u>	<u>191.791.120</u>
Production sold	02		168.063.629	195.845.779
Revenue from the sale of good	03		1.366.459	3.076.383
Trade discounts granted	04		6.427.097	7.131.042
2. Revenue related to the cost of production of work in progress				
<u>Balance C</u>	07		13.078.517	0
Balance D	08		0	15.689.119
3. Income from production of tangible and intangible assets	09		28.562	0
7. Other operating revenue	13		<u>109.276</u>	<u>127.299</u>
-of which, income from investments subsidies	15		<u>168</u>	<u>168</u>
OPERATING INCOME - TOTAL	16		<u>176.219.346</u>	<u>176.229.300</u>
8. a) Expenses with raw materials and consumables	17		156.293.232	154.425.350
Other material expenses	18		337.833	140.464
b) Other external expenses (with energy and water)	19		5.084.873	6.121.439
c) Expenses regarding goods	20		1.184.941	2.829.332
Commercial discounts received	21		0	14.493
9. Personnel expenses, of which:	22		<u>8.515.071</u>	<u>8.600.172</u>
a) Salaries and allowances	23		6.917.812	8.294.150
b) Social security contributions	24		1.597.259	306.022
10. a) Value adjustments of tangible and intangible assets	25	2 a), b)	<u>3.131.448</u>	<u>3.143.644</u>
a.1) Expenses	26		3.131.448	3.143.644
a.2) Revenue	27		0	0
b) Value adjustments of current assets	28		<u>(896)</u>	<u>(44.471)</u>
b.1) Expenses	29		261.354	383.035
b.2) Revenue	30		262.250	427.506

PROFIT AND LOSS ACCOUNT

		Financial year ended <u>December 31, 2017</u> (lei)	Financial year ended <u>December 31, 2018</u> (lei)
	Row	Note	
11. Other operating expenses	31		<u>10.133.190</u>
11.1 Expenditure on external services	32		9.392.511
11.2 Other taxes, fees and similar liabilities	33		730.557
11.6 Other expenses	37		10.122
Adjustments for provisions	39		<u>(6.495)</u>
Expenses	40		0
Revenue	41		6.495
OPERATING EXPENSES –TOTAL	42		184.673.197
OPERATING PROFIT			
- Profit	43		0
-Loss	44		8.453.851
12. Income from participating interests	45		830.400
- of which, revenue from affiliated entities	46		830.400
13. Interest income	47		3.536
15. Other financial income	50		<u>482.522</u>
FINANCIAL INCOME – TOTAL	52		1.316.458
16. Value adjustments of financial assets and investments held as current assets	53		0
-Expenses	54		0
- Revenue	55		0
17. Interest expenses	56		1.719.437
- Of which expenses in relation to affiliated entities	57		0
Other financial expenses	58		<u>361.132</u>
FINANCIAL EXPENSES – TOTAL	59		2.080.569

ARGUS SA

PROFIT AND LOSS ACCOUNT

		Financial year ended December 31, 2017 (lei)	Financial year ended December 31, 2018 (lei)
	Row Note		
FINANCIAL PROFIT OF LOSS			
-Profit	60	0	0
- Loss	61	764.111	1.248.182
TOTAL INCOME	62	177.535.804	178.940.553
TOTAL EXPENDITURE	63	186.753.766	189.766.303
18.GROSS PROFIT OF LOSS			
- Profit	64	0	0
-Loss	65	9.217.962	10.825.750
19. Income taxes	66 12 d)	<u>0</u>	<u>0</u>
21. NET PROFIT OR LOSS OF THE REPORTING PERIOD			
- Profit	68	0	0
-Loss	69	9.217.962	10.825.750

Approved and signed on behalf of the Board of Directors on February 11, 2019 by:

ADMINISTRATOR
 Name and surname Cristian Busu
 Signature _____

Stamp

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

CASH FLOW STATEMENT

		Financial year ended <u>December 31, 2017</u> (lei)	Financial year ended <u>December 31, 2018</u> (lei)
Cash flow from operating activities:			
Net cash flow (used in)/generated from			
operating activities	13	(55.342.903)	14.255.227
Interest paid		(1.719.437)	(3.154.239)
Profit tax paid		=	=
Net cash from operating activities		(57.062.340)	11.100.988
Cash flow from investing activities:			
Cash payments for purchase of tangible and intangible fixed assets		(2.078.753)	(2.862.675)
Cash proceeds from the sale of tangible and intangible assets		-	66.681
Acquisitions of equity		-	-
Proceeds from interest		3.536	12.499
Collected dividends		830.400	1.866.555
Net cash from investing activities		(1.244.817)	(916.940)
Cash flow from financing activities:			
Decrease / increase of bank loans		41.611.341	(5.346.878)
Dividends paid		-	-
Regularization from previous years		-	-
Net cash used in financing activities		41.611.341	(5.346.878)
Net increase/decrease in cash and cash equivalents		(16.695.816)	4.837.170
Cash and cash equivalents at the beginning of the financial year		20.584.344	3.888.528
Cash and cash equivalents at the end of the financial year		<u>3.888.528</u>	<u>8.725.698</u>

ADMINISTRATOR

Name and surname Cristian Busu

Signature _____

Stamp

DRAFTED,

Name and surname Valentina Trandafir

As Chief Accountant

Signature _____

Registration No. in professional body

ARGUS SA

STATEMENT OF CHANGES IN EQUITY

<u>Element of equity</u>	<u>Balance at Jan 1, 2017</u>	<u>Increase</u>	<u>Decrease/ Distributions</u>	<u>Balance at Dec 31, 2017</u>	<u>Increase</u>	<u>Decrease / Distributions</u>	<u>Balance at Dec 31, 2018</u>
	<u>(lei)</u>	<u>(lei)</u>	<u>(lei)</u>	<u>(lei)</u>	<u>(lei)</u>	<u>(lei)</u>	<u>(lei)</u>
	1	2	3	4	6	7	8
Subscribed capital (note 7)	53.670.699	0	0	53.670.699	0	0	53.670.699
Share premium	97.248	0	0	97.248	0	0	97.248
Revaluation reserves	31.963.147	0	0	31.963.147	0	1.013.239	30.949.908
Legal reserves	6.806.595	0	0	6.806.595	0	0	6.806.595
Reserves representing the revaluation surplus	85.412	0	0	85.412	1.013.239	0	1.098.651
Other reserves	1.873.159	0	0	1.873.159	0	0	1.873.159
Own shares – debit balance	0	0	0	0	0	0	0
Losses related to equity instruments	(578.989)	0	0	(578.989)	0	0	(578.989)
Reported result representing retained earnings or uncovered loss –							
Credit balance	0	0	0	0	0	0	0
Debit balance	(1.891.856)	(2.439.058)	0	(4.330.914)	(9.217.962)	0	(13.548.876)
The result carried forward from the adoption for the first time of IAS, less IAS 29 – Debit balance	(82.110)	0	0	(82.110)	0	0	(82.110)
The result carried forward from the transition to the application of accounting Regulations in accordance with the EEC IV Directive – Debit balance	(1.939.681)	0	0	(1.939.681)	0	0	(1.939.681)
Profit or loss for the financial year							
Credit balance	0	0	0	0	0	0	0
Debit balance	(2.439.058)	(9.217.962)	(2.439.058)	(9.217.962)	(10.825.750)	(9.217.962)	(10.825.750)
Allocation of profit	0	0	0	0	0	0	0
Debit balance	0	0	0	0	0	0	0
Retained earning- correction of fundamental errors	(83.096)	0	0	(83.096)	0	0	(83.096)
Total equity	<u>87.481.470</u>	<u>11.657.020</u>	<u>(2.439.058)</u>	<u>78.263.508</u>	<u>(19.030.473)</u>	<u>(8.204.723)</u>	<u>67.437.757</u>

ADMINISTRATOR

Name and surname Cristian Busu

Signature _____

Stamp

DRAFTED,

Name and surname Valentina Trandafir

As Chief Accountant

Signature _____

Registration No. in professional body

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2018

REPORTING ENTITY

These financial statements are presented by Argus SA ("Company"). The company has a shareholdings in three subsidiaries and a jointly controlled entity, as described in Note 2 (c). These financial statements do not include the results of companies in which the Company holds equity. The Company will make a separate set of consolidated financial statements.

1. PRINCIPLES, POLICIES AND ACCOUNTING METHODS

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

A Basis of preparation of the financial statements

(1) General information

These financial statements have been prepared in accordance with:

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

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

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

(2) Use of estimates

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

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2018

1. PRINCIPLES, POLICIES AND ACCOUNTING METHODS (CONTINUED)

(3) Business Continuity

These financial statements have been drawn up based on the principle of continuity of the activity which implies that the company will continue its activity in the foreseeable future. To evaluate the applicability of this presumptive, leadership examines estimates related to the future cash inflows.

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

(4) Currency for presentation of the financial statements

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

B Conversion of foreign currency transactions

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

C Intangible assets

Other intangible assets

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

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

D Tangible assets

(1) Cost/ valuation

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2018

1. PRINCIPLES, POLICIES AND ACCOUNTING METHODS (CONTINUED)

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

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

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

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

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

At 31 December 2007 the company's land and buildings were revalued by independent experts. The revaluation surplus was credited to the revaluation reserve account within equity.

At 31 December 2009 land and buildings were revalued by an independent external evaluator based on order 1752, which provides that the revaluation of tangible assets are carried at fair value determined by an appraisal normally undertaken by professionally qualified appraisers. Accumulated depreciation at the valuation date was adjusted in proportion to the change recorded the gross carrying amount of revalued assets. The revaluation surplus was credited to the revaluation reserve account within equity. The decrease in net book value resulting from revaluation was recorded as a decrease in revaluation reserve, within its credit balance and uncovered difference was recorded in the profit and loss account as adjustment value.

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2018

1. PRINCIPLES, POLICIES AND ACCOUNTING METHODS (CONTINUED)

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

At 31 December 2012 land and buildings were revalued by an independent external evaluator based on order 3055, which provides that the revaluation of tangible assets are carried at fair value determined by an appraisal normally undertaken by professionally qualified appraisers. Accumulated depreciation at the valuation date was adjusted in proportion to the change recorded the gross carrying amount of revalued assets. The revaluation surplus was credited to the revaluation reserve account within equity. The decrease in net book value resulting from revaluation was recorded as a decrease in revaluation reserve, within its credit balance and uncovered difference was recorded in the profit and loss account as adjustment value.

At 31 December 2013 and 31 December 2014 land and buildings had not been revalued because the company's management considered that their carrying amount is not significantly different from their fair value at that date.

At 31 December 2015 land and buildings were revalued by an independent external evaluator based on order 1802, which provides that the revaluation of tangible assets are carried at fair value determined by an appraisal normally undertaken by professionally qualified appraisers. The revaluation surplus was credited to the revaluation reserve account within equity.

At 31 December 2016 land and buildings were revalued by an independent external evaluator based on order 1802, for the work points Amzacea and Dor Marunt which were taken un-revalued as a result of the merger with Rex Agra SRL.

When the company sells or assigns revalued assets, revaluation differences are transferred to the "Reserves representing surplus from revaluation reserve".

If a fully depreciated tangible asset can still be used, with the occasion of the re-evaluation a new value and economic use are set, proper to the estimated period of use.

Maintenance and repairs of tangible assets are put on expenses when they occur and the significant improvements made to tangible assets that grow value or the duration of their lifetime, or which significantly increase the capacity to generate economic benefit, are capitalized.

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2018

1. PRINCIPLES, POLICIES AND ACCOUNTING METHODS (CONTINUED)

(2) Depreciation

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

<u>Assets</u>	<u>Years</u>
Constructions	20 - 50
Equipment and machinery	6 - 14
Other installations,equipment and furniture	3 - 15

Depreciation is calculated from the month following commissioning and until full recovery of their input.

Land is not depreciated as it is deemed to have an indefinite life.

(3) Sale/scrapping tangible assets

Tangible assets which are scrapped or sold are removed from the balance sheet together with the accumulated depreciation. Any profit or loss resulted as difference between the revenue generated by removing from the register and its undepreciated value, including expenditure incurred on such operation, is included in the profit and loss account in "Other operating revenue" or "Other operating expenses".

When the company recognizes in the accounting value of the tangible assets (in general those constituted in installations) the cost of a partial replacement (replacing a component), the accounting value of the replaced section with corresponding depreciation, is removed from the register.

(4) Borrowing costs

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

E. Impairment of assets

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

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2018

1. PRINCIPLES, POLICIES ACCOUNTING METHODS (CONTINUED)

F. Financial assets

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

(1) Shares held in affiliated entities

Subsidiaries are those entities in which the company holds more than half the voting rights or has the power to decide on operational or financial policies.

The existence and effect of potential voting rights that are currently exercisable are taken into account in order to assess whether the company controls another entity.

In the individual financial statements of the company, investments in subsidiaries are recorded at cost. If it is considered that investments in subsidiaries suffered impairment of permanent nature, there is an adequate provision for impairment of financial assets.

(2) Participating interest

In the individual financial statements of the company, participating interest are recorded at cost. Participating interest are held in entities in which the company holds a significant share, but it does not exercise control. Significant share is determined by holding directly or indirectly by the company of a percentage between 20% and 50% of the voting rights.

G. Stocks

Stocks are recorded at the lowest value between the cost and the net realizable value. Cost is generally determined based on the weighted average cost method and monthly calculated after each reception. The cost of finished good and work in progress goods include materials, labor and indirect related cost of production.

When necessary, provisions are made for slow-moving stocks that are worn out physically or morally. Net realizable value is estimated based on selling price reduced by the cost of completion and selling expenses.

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2018

1. PRINCIPLES, POLICIES AND ACCOUNTING METHODS (CONTINUED)

H. Trade receivables

Trade receivables are recorded at the invoice value less impairment provision of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms. The provision is calculated as the difference between the value recorded in the accounts and the recoverable value, value that represents future cash flows using the effective discount rate related to a similar financial instrument.

I. Short-term financial investments

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

J. Cash and cash equivalents

Cash and cash equivalents are shown in the balance sheet at cost. For the cash flow statement, cash and cash equivalent include cash in hand, bank accounts, short-term financial investments and cash advances.

K. Share capital

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

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

L. Dividends

Dividends related to joint stocks are recognised in equity in the period in which they are declared.

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2018

1. PRINCIPLES, POLICIES AND ACCOUNTING METHODS (CONTINUED)

M. Loans

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

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

N. Leasing contracts in which the company is the lessee

(1) Finance lease

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

(2) Operating leases

Leases in which a significant portion of the risks and benefits associated with property are retained by lessor, are classified as operating leases.

Payments made under such contract (net of any facilities granted by the locator) are recognized in the profit and loss accounts on a straight-line basis over the duration of the contract.

O. Commercial debts

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

P. Provisions

Provisions are recognized at the time that company has a legal obligation generated by an earlier event, when for the settlement of the obligation is likely to be an output of resources and it can be made a reliable estimate in terms of the amount of the obligation

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2018

1. PRINCIPLES, POLICIES AND ACCOUNTING METHODS (CONTINUED)

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

Q. Employee benefits

Pensions and other benefits after retirement

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

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

R. Grants

(1) Grants related to assets

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

(2) Grants for revenue

Grants for revenue are shown as income in the profit and loss account during this period in which for related expenses that these grants are intended to offset.

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2018

1. PRINCIPLES, POLICIES AND ACCOUNTING METHODS (CONTINUED)

S. Taxation

Income tax

The company records income tax according to the Romanian legislation.

T. Revenue recognition

Incomes relate to the sold goods and provided services.

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

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

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

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

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

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

U. Turnover

Turnover represents amounts invoiced and being invoiced for goods delivered and services rendered to third parties, net of VAT, rebates, commercial discounts and volume bonuses granted to customers.

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2018

1. PRINCIPLES, POLICIES AND ACCOUNTING METHODS (CONTINUED)

V. Operating expenses

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

2. FIXED ASSETS

a) Intangible assets

	Licenses and other intangible assets (lei)
Gross value	
Balance at January 01, 2018	308.952
Increases	<u>914</u>
Balance at December 31, 2018	309.866
Cumulative depreciation	
Balance at January 01, 2018	295.919
Depreciation recorded during the year	<u>10.367</u>
Balance at December 31, 2018	306.286
Net book value at January 01, 2018	<u>13.033</u>
Net book value at December 31, 2018	<u>3.580</u>

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2018

2. Fixed ASSETS (CONTINUED)

b) Tangible assets

	<u>Land and construction (lei)</u>	<u>Equipment and machinery (lei)</u>	<u>Other installations, equipment and furniture (lei)</u>	<u>Advances and tangible assets in progress (lei)</u>	<u>Total (lei)</u>
Gross value					
Balance at January 01, 2018	58.465.409	53.251.063	569.984	456.079	112.742.535
Increases	37.703	1.543.511	46.841	2.159.758	3.787.813
Disposal, transfers and other discounts	-	<u>135.192</u>	<u>3.233</u>	<u>1.242.643</u>	<u>1.381.068</u>
Balance at December 31, 2018	58.503.112	54.659.382	613.592	1.373.194	115.149.280
Accumulated amortization and impairment adjustments					
Balance at January 01, 2018	20.413.455	47.171.830	139.774	0	67.725.059
Depreciation recorded during the year	1.426.067	1.663.296	43.914	0	3.133.277
Reductions or reversals	-	<u>135.192</u>	<u>3.233</u>	<u>0</u>	<u>138.425</u>
Balance at December 31, 2018	21.839.522	48.699.934	180.455	0	70.719.911
Net book value at January 01, 2018	<u>38.051.954</u>	<u>6.079.233</u>	<u>430.210</u>	<u>456.079</u>	<u>45.017.476</u>
Net book value at December 31, 2018	<u>36.663.590</u>	<u>5.959.448</u>	<u>433.137</u>	<u>1.373.194</u>	<u>44.429.369</u>

Revaluation of tangible assets

Land and buildings were not revalued at December 31, 2017 and December 31, 2018.

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2018

2. FIXED ASSETS (CONTINUED)

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

	<u>2017</u> (lei)	<u>2018</u> (lei)
Revaluation reserve at the beginning of the financial year	31.963.147	31.963.147
31.12.2017 revaluation		
31.12.2018 revaluation	<u>0</u>	<u>0</u>
Amounts representing surplus from revaluation reserves	<u>0</u>	<u>1.013.239</u>
Revaluation reserve at the end of financial year	31.963.147	30.949.908

As described in Note 1 D, tangible assets were revalued until December 31, 2003 and December 31 2007, December 31, 2009, December 31, 2012, December 31, 2015 and December 31, 2016 for Amzacea and Dor Marunt work points. As a result of these successive revaluations, as well as the manner in which have been recorded in the accounts, by adjusting the accumulated depreciation in proportion to the change in the recorded at the gross book value of the revalued assets, presenting information on historical cost and accumulative depreciation has not been feasible. No revaluations of tangible assets were carried at December 31, 2017 and December 31, 2018.

Treatment for tax purposes of the revaluation reserve

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

Pledged and restricted tangible assets

The company has guaranteed bank loans with tangible assets with a net book of 32.342.121 lei (December 31, 2017: 30.299.597 lei).

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2018

2. FIXED ASSETS (CONTINUED)

Fully depreciated tangible assets

At December 31, 2018 the cost for fully depreciated tangible assets was 33.239.981 lei (December 31, 2017: 32.492.985 lei).

c) Financial assets

Shares held in affiliated entities

On December 31, 2018 the company held shares in the following affiliated entities:

<u>Company</u>	<u>Business line</u>	<u>December 31, 2017</u>		<u>December 31, 2018</u>	
		<u>Percentage held (%)</u>	<u>Cost (lei)</u>	<u>Percentage held (%)</u>	<u>Cost (lei)</u>
<i>Entities</i>					
Comcereal SA Tulcea	Agriculture services	95,36	13.265.914	95,36	13.265.914
Argus Trans SRL					
Constanța	Transport services	99,95	2.125.000	99,95	2.125.000
Rex Agra SRL	Wholesale trade agricultural products and live animals	0	0	0	0
Constanta					
Aliment Murfatlar SRL Constanța	Retail sale in non-specialized stores	55,04	<u>1.111.414</u>	55,04	<u>1.111.414</u>
			<u>16.502.328</u>		<u>16.502.328</u>

In the individual financial statements of the company, shares held in subsidiaries are presented at net cost (deducting impairment provision) as follows:

	<u>Decembre 31, 2017</u> <u>(lei)</u>	<u>Decembre 31, 2018</u> <u>(lei)</u>
Cost	16.502.328	16.502.328
Provision for impairment	<u>(608.015)</u>	<u>(608.015)</u>
	<u>15.894.313</u>	<u>15.894.313</u>

On December 31, 2017 and December 31, 2018 Argus did not set up a provision for the loss recorded by Argus Trans SRL.

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2018

2. FIXED ASSETS (CONTINUED)*Equity interests*

In December 31, 2018 the company held equity interests in the following unlisted entities:

<u>Company</u>	<u>Business line</u>	<u>December 31, 2017</u>		<u>December 31, 2018</u>	
		<u>Percentage held</u> (%)	<u>Cost</u> (lei)	<u>Percentage held</u> (%)	<u>Cost</u> (lei)
ECO-ROM Ambalaje SA București	Packaging waste recovery services	7,69	<u>6.592</u>	7,69	<u>6.592</u>
			<u>6.592</u>		<u>6.592</u>

Argus SA did not assumed any obligation and does not make any payments on behalf of companies in which it holds equity interests.

3. STOCKS

	<u>December 31, 2017</u> (lei)	<u>December 31, 2018</u> (lei)
Raw materials and consumables	65.558.002	69.760.132
Production in the course of execution	29.775.944	14.657.465
Finished goods and merchandise	5.265.882	6.894.013
Advances	210.945	20.806
TOTAL	<u>100.810.773</u>	<u>91.332.416</u>

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2018

4. RECEIVABLES

<u>Receivables</u>	<u>Balance at</u>	<u>Liquidity</u>	
	<u>December 31, 2018</u>	<u>Under 1 year</u>	<u>Over 1 year</u>
	(lei)	(lei)	(lei)
	1=2+3	2	3
Trade receivables	19.291.481	19.291.481	0
Other receivables	603.379	324.743	278.936
Other long-terms receivables	10.409	0	10.409
Amounts to be received from affiliated entities	0	0	0
Total	<u>19.905.269</u>	<u>19.615.924</u>	<u>289.345</u>

5. CASH AND BANK ACCOUNTS

	<u>December 31, 2017</u>	<u>December 31, 2018</u>
	(lei)	(lei)
Cash:		
- RON	27.504	19.407
- foreign currency	0	0
	<u>27.504</u>	<u>19.407</u>
Current accounts at banks:		
- Ron	1.233.090	3.684.490
- foreign currency	2.627.934	5.021.801
	<u>3.861.024</u>	<u>8.706.291</u>

6. DEBTS

<u>Debts</u>	<u>Balance at</u>	<u>Maturities</u>		
	<u>December 31, 2018</u>	<u>Under 1 year</u>	<u>1 - 5 years</u>	<u>over 5 years</u>
	(lei)	(lei)	(lei)	(lei)
	1=2+3+4	2	3	4
Amounts owed to credit institutions	97.247.287	97.247.287	-	-
Advances collected for orders	15.680	15.680	-	-
Commercial debts - suppliers	12.266.920	12.266.920	-	-
Amounts owed to entities of the group	903.890	903.890	-	-
Other liabilities, including tax payable and debts relating to social security	<u>1.764.018</u>	<u>1.764.018</u>	=	=
Total	<u>112.197.795</u>	<u>112.197.795</u>	-	-

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2018

6.1 AMOUNTS OWED TO CREDIT INSTITUTIONS

	<u>December 31, 2017</u> (lei)	<u>December 31, 2018</u> (lei)
Short-term loans	102.594.165	97.247.287
Total loans	<u>102.594.165</u>	<u>97.247.287</u>

Short-term loans are analyzed below:

<u>Lender</u>	<u>Currency</u>	<u>Maturity</u>	<u>December 31, 2017</u> (lei)	<u>December 31, 2018</u> (lei)
<i>Working capital loans</i>				
Transilvania Bank	Lei	20.08.2019	101.200.000	90.000.000
<i>Credit line for working capital and letters of guarantee</i>				
Transilvania Bank	Lei	11.08.2019	1.394.165	7.247.287
			<u>102.594.165</u>	<u>97.247.287</u>

Interest rate to supplement working capital is calculated as:

- Transilvania Bank add the bank margin ROBOR 3M;

6.2 Pledged assets

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

Unused loan facilities.

On December 31, 2018 the company has the following credit facilities contracted and unused:

Bank	Currency	Approved amount in loan currency	Unused amount in loan currency	Unused amount in RON
Banca Transilvania	Lei	7.250.000	2.713	2.713

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2018

7. PROVISIONS

<u>Provision</u>	<u>Balance at January 1, 2018 (lei)</u> 1	<u>Transfers into account (lei)</u> 2	<u>from account (lei)</u> 3	<u>Balance at Decembre 31, 2018 (lei)</u> 4=1+2-3
Provisions for taxes	315.699	0	6.495	309.204
Other provisions for risk and expenses	<u>359.975</u>	<u>429.517</u>	<u>379.500</u>	<u>409.992</u>
Total	<u>675.674</u>	<u>429.517</u>	<u>385.995</u>	<u>719.196</u>

8. EQUITY

a) Share capital

The value of the share capital at December 31, 2017 and December 31, 2018 is 53.670.699 lei representing 35.780.466 shares. All shares are common, have been subscribed and fully paid on December 31, 2018. All shares have equal voting rights and a nominal value of 1,5 lei/ share.

b) Shareholder structure

Shareholding structure on December 31, 2018 is:

	<u>Number of shares</u>	<u>Nominal value (lei)</u>	<u>Percentage held (%)</u>
Legal entities, of which:	<u>32.726.110</u>	<u>49.089.165</u>	<u>91,4636</u>
SIF OLTENIA	<u>30.891.705</u>	<u>46.337.558</u>	<u>86,3368</u>
SIF BANAT-CRISANA	<u>1.790.432</u>	<u>2.685.648</u>	<u>5,0039</u>
Other legal entities	<u>43.973</u>	<u>65.959</u>	<u>0,1229</u>
Individuals	<u>3.054.356</u>	<u>4.581.534</u>	<u>8,5364</u>
Total	<u>35.780.466</u>	<u>53670.699</u>	<u>100</u>

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2018

8. EQUITY (CONTINUED)

Shareholding structure on December 31, 2017 was as follows:

	<u>Number of shares</u>	<u>Nominal value (lei)</u>	<u>Percentage held (%)</u>
Legal entities, of which:	<u>32.717.910</u>	<u>49.076.865</u>	<u>91,4407</u>
SIF OLTENIA	30.891.705	46.337.558	86,3367
SIF BANAT-CRISANA	1.790.432	2.685.648	5,0039
Other legal entities	<u>35.773</u>	<u>53.659</u>	0,0999
Individuals	3.062.556	4.593.834	8,5593
	<u>35.780.466</u>	<u>53.670.699</u>	<u>100,00</u>

c) Bonds

The company had no bonds issued on December 31, 2017 and December 31, 2018.

d) Allocation of profit and loss

Distributions below were made by the company according to regulations on mandatory distributions that are made according to Law 31/1990..

<u>Destination</u>	<u>Financial year ended December 31, 2017 (lei)</u>	<u>Financial year ended December 31, 2018 (lei)</u>
Net profit/loss to be distributed	(9.217.962)	(10.825.750)
Legal reserve	0	0
Retained earnings	<u>0</u>	<u>0</u>

Board of Directors proposal for the General meeting of Shareholders in 2019 will be that the loss recorded in 2016, shall be carried over and will be covered from next years profit according to the legislation in force.

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2018

9. OPERATING RESULT AND TURNOVER**a) Operating result**

<u>Indicator</u>	Financial year ended <u>December 31, 2017</u> (lei)	Financial year ended <u>December 31, 2018</u> (lei)
1. Net turnover	163.002.991	191.791.120
2. Cost of sold goods and rendered services (3+4)	<u>159.676.274</u>	<u>189.014.785</u>
3. Expenditure on basic activity	155.882.175	184.309.769
4. Expenditure on ancillary activities	3.794.099	4.705.016
6. Gross profit related to net turnover (1-2)	3.326.717	2.776.335
7. Selling and distribution expenses	5.603.564	6.239.416
8. General administrative expenses	6.286.281	6.241.786
9. Other operating income	<u>109.277</u>	<u>127.299</u>
10. Operating result (6-7-8+9)	(8.453.851)	(9.577.568)

b) Turnover

	Financial year ended <u>December 31, 2017</u> (lei)	Financial year ended <u>December 31, 2018</u> (lei)
Sales of finished goods	161.388.764	188.376.462
- Domestic market	146.007.883	157.854.939
- Foreign market	15.380.881	30.521.523
Merchandise sales	1.366.459	3.076.383
Service sales	730	0
Sales of residual products	138.580	197.340
Others	108.458	140.935
	163.002.991	191.791.120

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2018

10. INFORMATIONS ABOUT EMPLOYEES, BOARD OF DIRECTORS AND MANAGEMENT

On December 31, 2018 the Board of Directors was :

- BUSU CRISTIAN– Chairman of the Board of Directors
- RADU ANINA – administrator
- PATRASCU DORU DOREL – administrator

In 2018, as per decision no. 13/25.05.2018 of the Board of Directors, following the resignation of Mr Pauna Ioan from the position of administrator, it appointed as temporary administrator Mrs Anina Radu, who was appointed as final administrator by AGOA Decision on 20.08.2018. Based on the decision no. 3/23.01.2018 of the Board of Directors, all work relationships with the General Manager Mr Verdes Paul will be ceased. By Decision no. 5/01.02.2018 of the Board of Directors, Mr. Robu Sabin Marcu is appointed as General Manager and Mr. Culetu Stefan is appointed as Commercial Director. On 05.08.2018, Mr Culetu Stefan contract expired and it's no longer extended. On 01.06.2018 by Decision no. 14/25.05.2018 of the Board of Directors, Mr Niculescu Emilian-Mihai is appointed as General Manager, and Mr. Robu Sabin-Marcu is appointed as Technical Director, therefore at December 31, 2018 the company's executive management is exercised by Mr. Niculescu Emilian-Mihai as General Manager, Mrs. Trandafir Valentina as chief Accountant and Mr. Robu Sabin Marcu as Technical Director.

a) Allowances granted to Board of Directors and management

	Financial year ended <u>December 31, 2017</u> (lei)	Financial year ended <u>December 31, 2018</u> (lei)
<i>Salaries and allowance expenses</i>		
Administrators	99.000	112.778
Directors	293.479	369.163
Total	392.479	481.941
	<u>December 31, 2017</u> (lei)	<u>December 31, 2018</u> (lei)
<i>Salaries and allowances to be paid at the end of the year :</i>		
Administrators	0	0
Directors	7.688	7.853
Total	7.688	7.853

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2018

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

The company has not granted any loans or advances to members of the Board of Directors or management in the course of the financial year ended on December 31, 2018.

c) Employees

Average number of employees during the year was as follows:

	Financial year ended <u>December 31, 2017</u>	Financial year ended <u>December 31, 2018</u>
Administrators and directors	6	6
Administrativ personnel	36	36
Production personnel	196	200
Total	238	242

	Financial year ended <u>December 31, 2017</u> (lei)	Financial year ended <u>December 31, 2018</u> (lei)
Employee salaries expense (excluding directors and administrators)	6.525.333	8.141.421

	<u>December 31, 2017</u> (lei)	<u>December 31, 2018</u> (lei)
Salaries to be paid at the end of the year	194.029	225.921

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2018

11. ANALYSIS OF THE MAIN ECONOMIC AND FINANCIAL INDICATORS

1. Liquidity indicators

a)	Current liquidity	<u>December 31, 2017</u>	<u>December 31, 2018</u>
	$\frac{\text{Current assets}}{\text{Current liabilities}} =$	1,16	1,07

b)	Immediate liquidity indicator	<u>December 31, 2017</u>	<u>December 31, 2018</u>
	$\frac{\text{Current assets - stocks}}{\text{Current liabilities}} =$	0,26	0,26

2. Risk indicators

a)	Indebtedness indicator	<u>December 31, 2017</u>	<u>December 31, 2018</u>
		(%)	(%)
	$\frac{\text{Long-term loans}}{\text{Equity}} \times 100$	0	0

Where:

- Long term loans = loans over a year

b)	Interest coverage		
	$\frac{\text{Earnings before interest and tax}}{\text{Interest expenses}}$	0	0

3. Activity indicators (management indicators)

a)	Inventory turnover	Financial year ended <u>December 31, 2017</u>	Financial year ended <u>December 31, 2018</u>
	$\frac{\text{Sales cost}}{\text{Average age of inventory}} =$ Number of times	2,06	1,97

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2018

11 ANALYSIS OF THE MAIN ECONOMIC AND FINANCIAL INDICATORS
(CONTINUED)

b) Debit speed rotation -customers

	Financial year ended <u>December 31, 2017</u> (zile)	Financial year ended <u>December 31, 2018</u> (zile)
$\frac{\text{Average customer balance}}{\text{Turnover}} \times 365 =$	56,88	54,68

c) Credit speed Rotation -suppliers

	Financial year ended <u>December 31, 2017</u> (zile)	Financial year ended <u>December 31, 2018</u> (zile)
$\frac{\text{Average supplier balance}}{\text{Purchase of goods (withour services)}} \times 365 =$	11,43	17,87

d) Rotation speed – tangible assets

	Financial year ended <u>December 31, 2017</u>	Financial year ended <u>December 31, 2018</u>
$\frac{\text{Turnover}}{\text{Tangible assets}} =$	3,62	4,32

e) Rotation speed – total assets

	Financial year ended <u>December 31, 2017</u>	Financial year ended <u>December 31, 2018</u>
$\frac{\text{Turnover}}{\text{Total assets}} =$	0,86	1,06

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2018

11. ANALYSIS OF THE MAIN ECONOMIC AND FINANCIAL INDICATORS
(CONTINUED)

4. Profitability indicators

a) Return on capital employed

	Financial year ended <u>December 31, 2017</u> (%)	Financial year ended <u>December 31, 2018</u> (%)
<u>Earning before interest and tax</u> = Capital employed	0	0

b) Gross Profit margin

	Financial year ended <u>December 31, 2017</u> (%)	Financial year ended <u>December 31, 2018</u> (%)
<u>Gross Profit</u> = Turnover	2,04	1,45

12. OTHER INFORMATIONS

a) Informations regarding the company's presentation

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

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

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

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

Starting with November 15th 2002, the company was listed on the RASDAQ market and starting September 2004, the company was transcribed on the technical system of BVB.

Starting with September 16th 2011, CNVM ordered the suspension of trading the company's shares, considering the illegal conditions which were carried by the General Meeting of the Shareholders of SC ARGUS S.A. from September 16th 2011. After, based on the existing disputes in law courts aimed at the company's management, CNVM upheld the suspension decision for trading until clarification, by judicial settlement, for the persons who are administrators.

On June 13th 2013, after the company's situation was clarified, CNVM decided to release the suspension for trading ARGUS shares.

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

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

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

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

The method used for expression in national currency of the patrimonial elements, incomes and expenses highlighted in a foreign currency is presented in Note 1 B.

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2018

12. OTHER INFORMATIONS (CONTINUATION)

The main exchange rates used for the lei conversion of the balances denominated in foreign currency are:

<u>Foreign currency</u>	<u>Abbreviation</u>	<u>Exchange rate</u> <u>(lei for 1 unit of foreign currency)</u>	
		<u>December 31, 2017</u>	<u>December 31, 2018</u>
US Dollar	USD	3,8915	4,0736
Euro	EUR	4,6597	4,6639

d) Information regarding current income tax

	<u>Financial year ended December 31, 2017</u> <u>(lei)</u>	<u>Financial year ended December 31, 2018</u> <u>(lei)</u>
Net profit/Loss	(9.217.962)	(10.825.750)
Non-taxable income and deductions	4.369.451	5.103.118
Non-deductible expenses and similar items of revenue	<u>4.461.304</u>	<u>7.195.208</u>
Fiscal profit/loss	(9.126.109)	(9.172.161)
Reported fiscal loss	<u>(6.795.513)</u>	<u>(16.058.000)</u>
Reported fiscal loss from Rex Agra	(473.082)	0
Fiscal profit after deferral	(16.394.704)	(25.230.161)
Calculated tax on income	-	-
Tax on income discounts	=	=
Current tax on income	=	=
Tax on income payable at the end of the period	-	-

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2018

12 OTHER INFORMATIONS (CONTINUED)**e) Expenses with rents and lease payments under an operating lease contract**

The Company recorded the following expenses:

	Financial year ended <u>December 31, 2017</u> (lei)	Financial year ended <u>December 31, 2018</u> (lei)
Rents	<u>488.277</u>	<u>658.388</u>

f) Fees paid to auditors

The Company paid during year 2018 to auditors fees for the financial audit of the individual financial statements in the amount of 87.417 lei (including VAT) (2017: 60.099 lei).

g) Probable liabilities and granted commitments

At December, 2018 the company hasn't any granted commitments.

h) Received commitments

The company has received commitments at December 31st 2018 in the form of letters of guarantee and promissory notes from clients in the amount of 507.159 lei (December 31st 2017: 490.259 lei).

i) Transactions with the affiliated / related entities

The affiliated parties are the ones described in Note 2 c) at „Shares owned at affiliated entities” .

The related parties are the ones described in Note 2 c) at „Participation Interests” in which the company exerts a significant influence, as well as entities from the group of companies presumed to act in concert described in Note 8; other related parties are represented by companies in which the ARGUS SA management members or members of their families exert a significant influence.

The following transactions with the affiliated and related parties occurred during the financial years closed at December 31st 2017 and December 31st 2018 and the following balances for this data have resulted from this transactions:

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2018

Sales of goods and services

	Financial year ended <u>December 31, 2017</u> (lei)	Financial year ended <u>December 31, 2018</u> (lei)
Sales of services – Affiliated parties	8.581	8.756
Sales of services – Related parties	-	
Sales of goods, total of which	<u>2.281.351</u>	<u>1.153.284</u>
- affiliated parties	2.281.351	1.153.284
- related parties		
	<u>2.280.932</u>	<u>1.162.040</u>

Purchases of goods and services

	Financial year ended <u>December 31, 2017</u> (lei)	Financial year ended <u>December 31, 2018</u> (lei)
Purchases of services	<u>5.238.950</u>	<u>4.584.207</u>
- Affiliated parties	4.935.967	4.363.045
- Related parties	302.983	221.162
Purchases of goods	<u>22.292.541</u>	<u>56.356.920</u>
- Affiliated parties	22.292.541	56.356.920
- Related parties		

Balances resulted from sales/purchases of goods/services

	<u>December 31, 2017</u> (lei)	<u>December 31, 2018</u> (lei)
<i>Debit balances</i> – Trade receivables		
- Affiliated parties	59.814	0
- Related parties	0	0
Adjustment for impairment- related parties		
	<u>59.814</u>	<u>0</u>
	<u>December 31, 2017</u> (lei)	<u>December 31, 2018</u> (lei)
<i>Credit balances</i> – Providers		
- Affiliated parties	451.074	5.230.919
- Related parties	<u>42.144</u>	<u>19.075</u>
	493.218	5.249.994

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2018

12 OTHER INFORMATIONS (CONTINUED)

Dividends from related parties

	<u>December 31, 2017</u> (lei)	<u>December 31, 2018</u> (lei)
Dividends collected from related parties	<u>830.400</u>	<u>1.866.555</u>

Loans granted

	<u>December 31, 2017</u> (lei)	<u>December 31, 2018</u> (lei)
<i>Credit balances</i>		
- Affiliated parties	0	0
- Related parties	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>

j) Occurences after the balance sheet date

There were no significant events subsequent balance sheet.

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2018

13. NET CASH FLOW FROM THE OPERATING ACTIVITIES

	Financial year ended <u>December 31, 2017</u> (lei)	Financial year ended <u>December 31, 2018</u> (lei)
Operating activities:		
Net profit	(9.217.962)	(10.825.750)
Adjustments to reconcile net income with net cash used in operating activities:	-	-
Adjustment of value for tangible and intangible assets	3.122.779	3.143.644
Adjustment of value for financial assets	-	-
Adjustment of value of receivables	(12.447)	-
Adjustment of value for inventories	20.220	44.471
Adjustments regarding risk and expenses provisions	6.495	(43.522)
Gain on sales of tangible assets	-	
Incomes from equity and other financial investments	(830.400)	(1.866.555)
Tax on income	-	
Interest incomes	(3.536)	(12.499)
Interest expenses	1.719.437	(3.154.239)
Subsidy income	(168)	(168)
Increase of operating cash flow before changes in working capital	(5.195.582)	(6.406.140)
Changes of the working capital:		
Increase in balances of trade receivables and other receivables	(11.069.524)	5.031.292
(Increase)/decrease in inventory balances	(43.321.141)	9.522.830
Increase in balances of trade liabilities and other liabilities	<u>4.243.344</u>	<u>6.107.245</u>
Cash flows from operating activities	55.342.903	14.255.227

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2018

14. CONTINGENCIES

(a) Court proceedings

The company is subject to a number of court proceedings. The Company's management considers that these proceedings will not have a significant adverse effect on the economic and financial results of the Company.

(b) Taxation

The Romanian tax system has undergone multiple changes in the last years and is in an adaption phase to the European Union case law. As a result, there are still different interpretations of the tax laws. In some cases, the tax authorities may approach differently some aspects, by doing calculations to some additional taxes and to related interests and penalties for late payments (presently, the penalties determined by the length of delay are plus interest of 0.02% per late day). In Romania, the fiscal year remains opened for tax verification for 5 years. The Company's Management considers that these tax liabilities included in the financial statements are adequate.

(c) Transfer price

The Romanian tax legislation includes the "market value" principle, according to which the transactions between the affiliated parties must be done at the market value. The local taxpayers who carry transactions with the affiliated parties must prepare and make available to the Romanian tax authorities, at their written request, the transfer price documentation file. When the transfer price documentation file is not presented or is incomplete can lead to penalties for non-compliance; in addition to the contents of the transfer price documentation file, the tax authorities can interpret the transactions and circumstances differently as against the company's management and, therefore, can impose additional tax liabilities resulted from the price transfer adjustments. The Company's management considers that will not suffer losses during a tax audit on account of the transfer price verification. However, the impact of the different interpretations done by the tax authorities cannot be estimated reliably. These can be meaningful for the company's financial position and/or operations.

(d) Financial crisis

The recent volatility of the international and romanian financial markets:

The exchange rate volatility for leu and major currencies used in the international trade was very high. Curently, the whole impact of the financial crisis is still impossible to totally anticipate and prevent.

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2018

14. CONTINGENCIES (CONTINUED)

The management cannot estimate very accurately the effects, regarding the company's financial position, of a potential liquidity decrease of the financial markets, an increase of the exchange rate volatility for the national currency and a continuing recession. The management considers that all the necessary measures were provided to ensure the continuity of the company in the current conditions.

Impact on liquidity:

The financing volume in economy has decreased exponentially in the last years. This may affect the company's capacity to obtain new loans and/or refinance the current loans in similar terms and conditions with the previous financings.

Impact on clients/lenders:

Company's clients and other debtors (or those who the company granted loans) may be affected by market conditions, which may affect their capacity to reimburse the owed amounts. This may also have an impact on the company's management forecasts regarding cash flows and the evaluation for financial and nonfinancial assets impairment. As far as available informations exist, the management reflected adequately the revised estimates of the future cash flows for impairment evaluation.

Revaluation of properties held at fair:

The Romanian real estate market was badly affected by the financial markets volatility that resulted to restricted access at credits for companies and individuals. As a result, the carrying amount of evaluated tangible assets at fair value has been updated regularly, in order to reflect market conditions at the balance sheet date. However, in some cases, the absence of reliable data regarding the market has forced the company to change its evaluation methodology. Additional informations are presented in Note 1D.

ADMINISTRATOR

DRAFTED,

Name and surname Cristian Busu

Name and surname Valentina Trandafir

Signature _____

As Chief Accountant

Stamp

Signature _____

Registration No. in professional body

STATEMENT

according to the provisions of art. 30 from the Accounting Law no.82/1991

The annual financial statements on 31/12/2018 were prepared for:

Legal entity: S.C. ARGUS S.A.

County : 13-Constanta

Address: INDUSTRIALA street no.1, Phone. 0241/676840

Trade Register number: J13/550/1991

Form of ownership: 34 – Joint-Stock company

Main activity (CAEN code and class name) : 1041 – Manufacture of oils and fats

Fiscal code : 1872644

We, Cristian Busu – as Chairman of the Board of Directors, Emilian-Mihai Niculescu- as General Manager and Valentina Trandafir- as Chief Accountant, undertake entire responsibility for the drafting of the individual yearly financial statements at 31/12/2018 and we confirm the following:

- a) The accounting policies used at the drafting of individual yearly financial statements are in compliance with applicable accounting regulations.
- b) The annual financial statements offer an accurate image of the financial position, financial performance and other information related to the developed activity.
- c) The legal entity develops its activity in a continuous manner.

Chairman
of the Board of Directors
Cristian Busu

General Manager
Emilian-Mihai Niculescu

Chief Accountant
Valentina Trandafir



JPA ROMANIA

Experience that counts

JPA Romania

07 FEB. 2019

ARGUS S.A.
1 Industrialia Street,
Constanta

Nr. ~~INTRARE~~ **2019 1245**
~~IESIRE~~

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ARGUS S.A.

Report on the Audit of the Financial Statements

Opinion on the Individual Financial Statements

We have audited the financial statements of the ARGUS S.A. (Argus or the "Company"), which comprise the statement of financial position as at December 31, 2018, and the statement of comprehensive income and statement of changes in equity statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

These financial statements include:

Shareholders' Equity	67,437,758 lei
Net loss	10,825,750 lei

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Company as at December 31, 2018 and its financial performance and its cash flows for the year then ended in accordance with the Order No. 1802/2014 of the Ministry of Public Finances for the approval of the accounting regulations on the individual and consolidated annual financial statements, along with subsequent changes.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA), EU Regulation no. 537 of the European Parliament and the European Council (hereafter "the Regulation") and the Law no. 162/2018 ("the Law"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company within the meaning of the Ethics Code for Professional Accountants (IESBA Code) issued by the International Ethics Standards Board for Accountants, according to ethical requirements relevant to the audit of the financial statements in Romania and have fulfilled our other responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information – Administrators’ Report

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

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

Regarding the audit of the financial statements for the financial year ended December 31, 2018, it is our responsibility to read that other information and to assess whether that other information is materially inconsistent with the financial statements or knowledge, we obtain during the audit, or if they appear to be material misstatement.

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

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

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

In addition, based on our knowledge and understanding of the Company and its environment, acquired during the audit of the financial statements for the year ended December 31, 2018, we are required to report whether we have identified significant misstatements in the Administrators’ Report. We have nothing to report on this issue.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

Report on other legal and regulatory provisions

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

We confirm that:

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

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

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

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

February 7, 2019

