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 2019

Company name**: ARGUS S.A. CONSTANŢA**
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 2019 technological equipment were acquired and upgrades were made to the existing ones in total value of 1.654.131 lei and a social share worth 1,000 lei was purchased at Argus Trans SRL Constanta, thus ARGUS, becoming uniquely associated.

e) Business performance result.

In 2019 turnover grew by 5,41% compared to 2018.
The company recorded a profit of 4.832.988 lei.

1.1.1. Overall assessment of 2019

Criterion	lei
Profit (loss)	4.832.988
Turnover	202.173.788
External sales	28.518.539

Total costs at 2019 are in the amount of 200.529.004 lei, of which:

Criterion	2017 %	2018 %	2019 %
Expenses with raw materials and consumables	83,69	81,38	82,16
Amortization	1,68	1,66	1,48
Salaries	4,56	4,53	4,83
Expenditure on external services	10,07	12,43	11,53

On the bottled oil market, ARGUS S. A. held an average market share of about 9.78% in 2019.

Liquidity (available in the account, etc)

Criterion	**2017**	**2018**	**2019**
Available funds (lei)	3.888.528	8.725.698	15.402.893
Currents liabilities indicator	1,16	1,07	1,22
Immediate liabilities indicator	0,26	0,26	0,54

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 2019 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 2019 the weighting of hypermarkets and cash & carry stores in total sales on the Romanian market of refined bottled oil is over 97,09%. 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	**2017**	**2018**	**2019**
Refined oil in bulk	2,82	4,86	0,36
Refined bottled oil	71,05	76,87	80,35

Crude oils	6,26	1,63	0,25
Meal	16,28	14,65	17,81
Fatty acids	0,52	0,69	0,55
Others	3,07	1,30	0,68
Total	100,00	100,00	100,00

c) new products taken in consideration for that will affect a substatial 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 and there was an increase in demand.

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 2019 the company, by contracting bank loans, had the necessary financial resources to ensure the raw materials respectively rapeseed, sunflower seed, crude sunflower oil for the purpose of production. Argus acquired raw materials both on the domestic and foreign market. In 2019 the company purchased 83.775 tons of sunflower seeds, of which 3.016 tones of sunflower seeds were imported from Republic of Moldova. 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 renegociated annually.

The share of bottled oil sales (Argus and private label brands) through cash&carry chains, hypermarkets and supermarkets is over 97,09%, the rest of the production 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 2019.

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 remaind 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 2019 the average market share was 9,78%.

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 2019 the company had 223 employees, of which 10,14% have higher education. The unionisation is about 27,35%, between administration and the Union, and they signed a collective bargaining agreement and there were no labor conflicts at the company level during 2019.

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

In 2019 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 2019 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 2019 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 Eco Synergy S.R.L and Reciclad'Or SA.

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.

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

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 2019 the company made capital expenditures totaling 1.655.131 lei regarding the acquisition and modernization of tangible assets according to the investment plan approved by the 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; S eeds 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) R efining line; modernized and increased capacity in years 1998 and 2004; refining capacity from 250 TO sunflower crude oil per day

c) T he 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.

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 2019 the company registers profit that will be distributed to cover losses recorded in previous years.

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

In the 2019's financial year, own shares were not purchased, and at December 31st 2019 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:

- EMILIAN- MIHAI NICULESCU, engineer, chairman;
- ANINA RADU, legal adviser, member
- CARMEN POPA, legal adviser, provisional member;

The mandate of the administrators is valid until 24.01.2022.

In 2019, according to the decision of the General Meeting the shareholders ' order no. 2 from 20.08.2019, was removed from the position of administrator and Chairman of the Board of Administration Mr. Busu Cristian and was appointed Mr. Niculescu Emilian – Mihai. Following the resignation of Mr. Patrascu Doru-Dorel from the position of administrator, by the decision of the Board of Directors No. 39 of 01.11.2019 was appointed provisional administrator Mrs. Popa Carmen.

During 2019, 24 meetings of the Board of Directors were convened and held.

4.2 Presentation of the Company's senior executives

In 2019 executive leadership of the company has been exercised by the:

- NICULESCU EMILIAN - MIHAI, General Manager with mandat contract
- SABIN- MARCU ROBU, Technical Director with employment contract for indefinite period until 25.11.2019, when his death occurred, he owned 100 shares UARG;
- VALENTINA TRANDAFIR – Chief Accountant with a contract of employment for an indefinite period;

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 2019 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 31.12.2019 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 31.12.2019 , in the dynamics of it shows this:

Criteria	31.12.2017 - Lei	31.12.2018 - Lei	31.12.2019 - Lei
A. Fixed assets, from which:	**60.941.823**	**60.344.263**	**58.903.201**
Intangible assets	13.033	3.580	2.699
Tangible assets	45.017.476	44.429.369	42.988.188
Financial assets	15.911.314	15.911.314	15.912.314
B. Current assets,from which:	**129.374.143**	**119.952.974**	**78.332.979**
Stocks	100.810.773	91.332.416	43.645.494
Receivables	24.674.842	19.894.860	19.284.592
Cash and bank accounts	3.888.528	8.725.698	15.402.893
C. Prepayments	60.464	61.019	53.519
D. Debts: amounts to be paid in a period of up to one year	111.433.573	112.197.795	64.298.934
E. Debts: amounts to be paid over a period of more than one year	0	0	0
F. Provisions	675.674	719.196	716.680
G . Deferred income	3.675	3.507	3.339
H . Equity	78.263.508	67.437.758	72.270.746

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

- At 31.12.2019 **net tangible assets** decreased by 1.441.181 lei in comparison to 31.12.2018 because:
  a) decreasing the annual depreciation in the amount of 2.968.011 lei;
  b) increase as a result of the investments made in accordance with the investment program approved by the shareholders in ordinary meeting from March 2019.
- **Financial assets** as of 31.12.2019 they increased by 1,000 lei compared to 2018 after the acquisition of a social part from Argus Trans SRL Constanta.

Current assets.

a1) **Stocks decreased** from the accounting point of view from 91.332.416 lei at 31.12.2018, to 43.645.494 lei at 31.12.2019.

a2) **The receivables** at the end of the period have decreased from 19.894.860 lei (at the beginning of the year) to 19.284.592 lei at 31.12.2019.

a3) **Cash availabilities** of the company increased from 8.725.698 lei at the beginning of the year to 15.402.893 lei at 31.12.2019.

- **Short-term debts** decreased due to the fact that the company accessed a smaller loan from Transilvania Bank for the purchase of sunflower seeds. We mention that at the present date we have no arrears on its repayment, so that on 01.02.2020 the debts to the credit institutions are in the amount of 50.000.000 lei.
- **The Equity at** 31.12.2019 registered an increase of 4.832.988 lei on account of profit registration for 2019.

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	31.12.2017 LEI	31.12.2018 LEI	31.12.2019 LEI
Turnover	163.002.991	191.791.120	202.173.788
Operating income	176.219.346	176.229.300	202.522.528
Operating expenses	184.673.197	185.806.868	196.906.720
Operating result	-8.453.851	-9.577.568	5.615.808
Financial income	1.316.458	2.711.253	2.839.464
Financial expense	2.080.569	3.959.435	3.622.284
Financial result	(764.111)	(1.248.182)	(782.820)
Total income	177.535.804	178.940.553	205.361.992
Total expenditure	186.753.766	189.766.303	200.529.004
Gross profit or loss	(9.217.962)	(10.825.750)	4.832.988
Income taxes	0	0	0
Net result	(9.217.962)	(10.825.750)	4.832.988
The rate of profit - Net profit on turnover			2,39 %

From the analysis of the profit and loss account shows the increase in the turnover of 2019 by 5,41% compared to the one registered in 2018.

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 01.01.2019 8.725.698 lei
Cash Flow 31.12.2019 15.402.893 lei

6. Special events in 2019

In 2019, according to the decision of the General Meeting the shareholders ' order no. 2 from 20.08.2019, was removed from the position of administrator and Chairman of the Board of Administration Mr. Busu Cristian and was appointed Mr. Niculescu Emilian – Mihai. Following the resignation of Mr. Patrascu Doru-Dorel from the position of administrator, by the decision of the Board of Directors No. 39 of 01.11.2019 was appointed provisional administrator Mrs. Popa Carmen.

Thus the new Board of Directors has the following composition:

- Mr. Emilian-Mihai Niculescu – engineer, chairman
- Mrs. Anina Radu – legal adviser, member
- Mrs. Carmen Popa – legal adviser, provisional member

7. The situation of the participations

ARGUS S.A. CONSTANTA owns at 31.12.2019 the following participations:

1. S.C. COMCEREAL SA TULCEA - the shareholding is of 95,36%, registering a profit of 1.198.030 lei;

2. S.C. ALIMENT MURFATLAR SRL CONSTANTA - the shareholding is of

55,04 %, registering a profit of 2.193.789,70 lei;

3. S.C. ARGUS TRANS SRL Constanta - the shareholding is of 100%, registering a loss of 109.081,53 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

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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,
General Manager,
Emilian-Mihai Niculescu

Chief Accountant,
Valentina Trandafir

ARGUS SA CONSTANTA
Corporate governance statement

Annex to the Annual Report
for the financial year 2019

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 2020 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 2019.
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,
Emilian – Mihai Niculescu

ARGUS SA

ANNUAL INDIVIDUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED
DECEMBER 31, 2019

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, 2019

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Management report

COUNTY Constanţa
LEGAL PERSON ARGUS SA
ADDRESS Constanţa, 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, 2018 (lei)	December 31, 2019 (lei)
A. FIXED ASSETS				
I. INTANGIBLE ASSETS				
3. Concessions, patents, licenses,trademarks, rights and similar assets and other intangible assets	03		3.580	2.699
6. Advances	06		0	0
TOTAL	07	2(a)	3.580	2.699
II. TANGIBLE ASSETS				
1. Land and construction	08		36.618.232	35.551.098
2. Equipment and machinery	09		5.959.448	5.669.893
3. Other installations,equipment and furniture	10		433.137	477.412
4. Real estate investments	11		45.358	46.689
5. Tangible assets in the process of execution	12		1.334.543	1.233.596
9. Advances	16		38.651	9.500
TOTAL	17	2(b)	44.429.369	42.988.188
III. FINANCIAL ASSETS				
1. Shares held in subsidiaries	18	2(c)	15.894.313	15.895.313
3. The shares owned in the associated entities and joint controlled entities	20	2(c)	6.592	6.592
6. Other loans	23	6	10.409	10.409
TOTAL	24		15.911.314	15.912.314
FIXED ASSETS - TOTAL	25		60.344.263	58.903.201
B. CURRENT ASSETS				
I. STOCKS		3		
1. Raw materials and consumables	26		69.760.132	22.400.268
2. Production in progress	27		14.657.465	17.700.211
3. Finished goods and merchandise	28		6.894.013	3.533.869
4. Advances	29		20.806	11.146
TOTAL	30		91.332.416	43.645.494
II. RECEIVABLES				
1. Trade receivables	31	4	19.291.481	18.960.631
2. Amounts to be received from affiliated entities	32	4	0	0
4. Other receivables	34	4	603.379	323.961
TOTAL	36		19.894.860	19.284.592

Notes from 1 to 14 forman integral part of the financial statements.

COUNTY Constanţa
LEGAL PERSON ARGUS SA
ADDRESS Constanţa, 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, 2018 (lei)	December 31, 2019 (lei)
IV. CASH AND BANK ACCOUNTS	41		8.725.698	15.402.893
CURRENT ASSETS - TOTAL	42		119.952.974	78.332.979
C. PREPAYMENTS	43		61.019	53.519
Amounts of resumed in a period of up to one year	44		61.019	46.706
Amounts of resumed in a period longer than one year	45		0	6.813
D. DEBTS: AMOUNTS TO BE PAID IN A PERIOD OF UP TO ONE YEAR				
2. Amounts owed to credit institutions	46	6	97.247.287	53.081.744
3. Advances collected for orders	47	6	15.680	273.907
4. Commercial debts - suppliers	48	6	12.266.920	5.383.933
6.Amounts owed to entities of the group	50	6	903.890	0
8. Other liabilities, including tax debts and debts regarding social insurances	52	6	1.764.018	5.559.350
TOTAL	53		112.197.795	64.298.934
E. NET CURRENT ASSETS/NET CURRENT LIABILITIES	54		7.816.030	14.080.583
F. TOTAL ASSETS MINUS CURRENT LIABILITIES	55		68.160.293	72.990.597
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		309.204	302.709
3.Other provisions	67		409.992	413.971
TOTAL	68	7	719.196	716.680
I. DEFERRED INCOME				
1. Investment grants	69		3.507	3.339
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		3.339	3.171
TOTAL	79		3.507	3.339

Notes from 1 to 14 forman integral part of the financial statements.

ARGUS SA

BALANCE SHEET

	Row	Note	December 31, 2018 (lei)	December 31, 2019 (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		30.949.908	30.911.127
IV. RESERVES				
1. Statutory reserves	88		6.806.595	7.048.244
3. Other reserves	90		1.873.159	1.873.159
TOTAL	91		8.679.754	8.935.793
Losses related to equity instruments	94		578.989	578.989
V. LOSS CARRIED FORWARD				
C BALANCE	95		0	0
D BALANCE	96		14.555.112	25.342.081
VI. PROFIT OR LOSS AT THE END OF REPORTING PERIOD C BALANCE	97		0	4.832.988
D BALANCE	98		10.825.750	0
Profit distribution	99		0	241.649
SHAREHOLDERS EQUITY - TOTAL	100		67.437.758	72.270.746
EQUITY-TOTAL	103		67.437.758	72.270.746

Approved and signed on behalf of the Board of Directors on January 30, 2020 by:

ADMINISTRATOR
Name and surname Emilian-Mihai Niculescu
Signature_____

Stamp

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

Notes from 1 to 14 forman integral part of the financial statements.

ARGUS SA

PROFIT AND LOSS ACCOUNT

	Row	Note	Financial year ended December 31, 2018 (lei)	Financial year ended December 31, 2019 (lei)
1. Net turnover	01	9.1	191.791.120	202.173.788
Production sold	02		195.845.779	207.175.071
Revenue from the sale of good	03		3.076.383	946.353
Trade discounts granted	04		7.131.042	5.947.636
2. Revenue related to the cost of production of work in progress				
Balance C	07		0	319.822
Balance D	08		15.689.119	0
3.Income from production of tangible and intangible assets	09		0	0
7. Other operating revenue	13		127.299	28.918
-of which,income from investments subsidies	15		168	168
OPERATING INCOME - TOTAL	16		176.229.300	202.522.528
8. a) Expenses with raw materials and consumables	17		154.425.350	164.515.723
Other material expenses	18		140.464	132.794
b) Other external expenses (with energy and water)	19		6.121.439	7.894.332
c) Expenses regarding goods	20		2.829.332	649.918
Commercial discounts received	21		14.493	2.667
9. Personnel expenses,of which:	22		8.600.172	9.687.362
a) Salaries and allowances	23		8.294.150	9.088.008
b) Social security contributions	24		306.022	599.354
10. a) Value adjustments of tangible and intangible assets	25	2 a), b)	3.143.644	2.968.011
a.1) Expenses	26		3.143.644	2.968.011
a.2)Revenue	27		0	0
b) Value adjustments of current assets	28		(44.471)	374.301
b.1) Expenses	29		383.035	648.156
b.2) Revenue	30		427.506	273.855

ARGUS SA

PROFIT AND LOSS ACCOUNT

	Row	Note	Financial year ended December 31, 2018 (lei)	Financial year ended December 31, 2019 (lei)
11. Other operating expenses	31		10.561.909	10.689.462
11.1 Expenditure on external services	32		9.448.639	9.785.093
11.2 Other taxes, fees and similar liabilities	33		813.762	753.216
11.3 Environmental protection expenses				1.172
11.6 Other expenses	37		299.508	149.981
Adjustments for provisions	39		43.522	-2.516
Expenses	40		54.517	3.979
Revenue	41		10.995	6.495
OPERATING EXPENSES –TOTAL	42		185.806.868	196.618.926
OPERATING PROFIT				
- Profit	43		**0**	**5.615.809**
-Loss	44		**9.577.568**	**0**
12. Income from participating interests	45		1.866.555	2.354.884
- of which, revenue from affliated entities	46		1.866.555	2.354.884
13. Interest income	47		17.697	23.830
15.Other financial income	50		827.001	460.750
FINANCIAL INCOME – TOTAL	52		2.711.253	2.839.464
16. Value adjustments of financial assets and investments held as current assets	53		0	0
-Expenses	54		0	0
- Revenue	55		0	0
17. Interest expenses	56		3.154.239	3.241.824
- Of which expenses in relation to affiliated entities	57		32.279	13.599
Other financial expenses	58		805.196	380.460
FINANCIAL EXPENSES – TOTAL	59		3.959.435	3.622.284

Notes from 1 to 14 forman integral part of the financial statements.

ARGUS SA

PROFIT AND LOSS ACCOUNT

	Row	Note	Financial year ended December 31, 2018 (lei)	Financial year ended December 31, 2019 (lei)
FINANCIAL PROFIT OF LOSS				
-Profit	60		0	0
- Loss	61		1.248.182	782.820
TOTAL INCOME	62		178.940.553	205.361.992
TOTAL EXPENDITURE	63		189.766.303	200.529.003
18.GROSS PROFIT OF LOSS				
- Profit	64		0	4.832.988
-Loss	65		10.825.750	0
19. Income taxes	66	12 d)	0	0
21. NET PROFIT OR LOSS OF THE REPORTING PERIOD				
- Profit	68		0	4.832.988
-Loss	69		10.825.750	0

Approved and signed on behalf of the Board of Directors on January 30, 2020 by:

ADMINISTRATOR

Name and surname Emilian-Mihai Niculescu

Signature_____

Stamp

DRAFTED,

Name and surname Valentina Trandafir

As Chief Accountant

Signature_____

Registration No. in professional body

Notes from 1 to 14 forman integral part of the financial statements.

ARGUS SA

CASH FLOW STATEMENT

	Note	Financial year ended December 31, 2018 (lei)	Financial year ended December 31, 2019 (lei)
Cash flow from operating activities:			
Net cash flow (used in)/generated from operating activities	13	14.255.227	53.379.037
Interest paid		(3.154.239)	(3.241.824)
Profit tax paid		-	-
Net cash from operating activities		11.100.988	50.137.213
Cash flow from investing activities:			
Cash payments for purchase of tangible and intangible fixed assets		(2.862.675)	(1.666.661)
Cash proceeds from the sale of tangible and intangible assets		66.681	0
Acquisitions of equity		-	(1.000)
Proceeds from interest		12.499	18.303
Collected dividends		1.866.555	2.354.884
Net cash from investing activities		(916.940)	705.526
Cash flow from financing activities:			
Decrease / increase of bank loans		(5.346.878)	(44.165.544)
Dividends paid		-	-
Regularization from previous years		-	-
Net cash used in financing activities		(5.346.878)	(44.165.544)
Net increase/decrease in cash and cash equivalents		4.837.170	6.677.195
Cash and cash equivalents at the beginning of the financial year		3.888.528	8.725.698
Cash and cash equivalents at the end of the financial year		8.725.698	15.402.893

ADMINISTRATOR

Name and surname Emilian-Mihai Niculescu

Signature_____

Stamp

DRAFTED,

Name and surname Valentina Trandafir

As Chief Accountant

Signature_____

Registration No. in professional body

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ARGUS SA

STATEMENT OF CHANGES IN EQUITY

Element of equity	**Balance at Jan 1,2018 (lei)**	**Increase (lei)**	**Decrease/ Distributions (lei)**	**Balance at Dec 31, 2018 (lei)**	**Increase (lei)**	**Decrease / Distributions (lei)**	**Balance at Dec 31,2019 (lei)**
	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	1.013.239	30.949.908	0	38.781	30.911.127
Legal reserves	6.806.595	0	0	6.806.595	241.649	0	7.048.244
Reserves representing the revaluation surplus	85.412	1.013.239	0	1.098.651	38.781	0	1.137.432
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	(4.330.914)	(9.217.962)	0	(13.548.876)	(10.825.750)	0	(24.374.626)
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	4.832.988	0	4.832.988
Debit balance	(9.217.962)	(10.825.750)	(9.217.962)	(10.825.750)	0	(10.825.750)	0
Allocation of profit	0	0	0	0			
Debit balance	0	0	0	0	(241.649)	0	(241.649)
Retained earning- correction of fundamental errors	(83.096)	0	0	(83.096)	0	0	(83.096)
Total equity	78.263.508	(19.030.473)	(8.204.723)	67.437.758	(5.953.981)	(10.786.969)	72.270.746

ADMINISTRATOR

Name and surname Emilian-Mihai Niculescu

Signature_____

Stamp

DRAFTED,

Name and surname Valentina Trandafir

As Chief Accountant

Signature _____

Registration No. in professional body

Notes from 1 to 14 forman integral part of the financial statements.

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 fot 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.

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 presumtive, leadership examines estimates related to the future cash inflows.

Based on these analyses, the management belives 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 then 3 years.

D Tangible assets

(1) Cost/ valuation

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 thei fair value, taking into account inflation, value goods, their condition and market value. The increase in book value resulting from such revaluation was credited to revaluation reserve.

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

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

At 31 December 2007 the company's land and buildings were revalued by indepedent 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.

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.

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:

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

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

(3) Sale/scrapping tangible assets

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

When the 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.

1. PRINCIPLES, POLICIES ACCOUNTING METHODS (CONTINUED)

F. Financial assets

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

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

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 impairement 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.

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 acount for the dutation 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

1. PRINCIPLES, POLICIES AND ACCOUNTING METHODS (CONTINUED)

Provisions for taxed 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 cost can be found in the profit and loss account together with the related salary.

According to the employment agreement in effect at the balance sheet date, the 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.

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 pronciples in accordance with economic contracts.

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

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

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

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.

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, 2019	309.866
Increases	1.916
Balance at Decembre 31, 2019	311.782
Cumulative depreciation	
Balance at January 01, 2019	306.286
Depreciation recorded during the year	2.797
Balance at Decembre 31, 2019	309.083
Net book value at January 01, 2018	3.580
Net book value at Decembre 31, 2019	2.699

2. Fixed ASSETS (CONTINUED)

b) Tangible assets

	Land and construction (lei)	Equipment and machinery (lei)	Other installations, equipment and furniture (lei)	Advances and tangible assets in progress (lei)	Total (lei)
Gross value					
Balance at January 01, 2019	58.503.112	54.659.382	613.592	1.373.194	115.149.280
Increases	260.699	1.297.142	96.292	1.106.087	2.760.220
Disposal, transfers and other discounts	0	126.770	12.454	1.236.185	1.375.409
Balance at Decembre 31, 2019	58.763.811	55.829.754	697.430	1.243.096	116.534.091
Accumulated amortization and impairment ajustments					
Balance at January 01, 2019	21.839.522	48.699.934	180.455	0	70.719.911
Depreciation recorded during the year	1.326.502	1.586.695	52.017	0	2.965.214
Reductions or reversals	0	126.768	12.454	0	139.222
Balance at December 31, 2019	23.166.024	50.159.861	220.018	0	73.545.903
Net book value at January 01, 2019	36.663.590	5.959.448	433.137	1.373.194	44.429.369
Net book value at Decembre 31, 2019	35.597.787	5.669.893	477.412	1.243.096	42.988.188

Revaluation of tangible assets

Land and buildings were not revalued at December 31, 2018 and December 31,2019.

2. FIXED ASSETS (CONTINUED)

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

	2018 (lei)	2019 (lei)
Revaluation reserve at the beginning of the financial year	31.963.147	30.949.908
Amounts reprezenting surplus from revaluation reserves	1.013.239	38.781
Revaluation reserve at the end of financial year	30.949.908	30.911.127

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 31,2018 and December 31, 2019.

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 29.471.709 lei (December 31, 2018: 32.342.121 lei).

2. FIXED ASSETS (CONTINUED)

Fully depreciated tangible assets

At December 31, 2019 the cost for fully depreciated tangible assets was 33.192.978 lei (December 31, 2018: 33.239.981 lei).

c) Financial assets

Shares held in affiliated entities

On December 31, 2019 the company held shares in the following affiliated entities:

		December 31, 2018		December 31, 2019	
Company	**Business line**	**Percentage held (%)**	**Cost (lei)**	**Percentage held (%)**	**Cost (lei)**
Entities					
Comcereal SA Tulcea	Agriculture services	95,36	13.265.914	95,36	13.265.914
Argus Trans SRL Constanţa	Transport services	99,95	2.125.000	100,00	2.126.000
Aliment Murfatlar SRL Constanţa	Renting and sublease of own or rented real estate	55,04	1.111.414	55,04	1.111.414
			16.502.328		16.503.328

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

	Decembre 31, 2018 (lei)	**Decembre 31, 2019 (lei)**
Cost	16.502.328	16.503.328
Provision for impairment	(608.015)	(608.015)
	15.894.313	15.895.313

On December 31, 2018 and December 31, 2019 Argus did not set up a provision for the loss recorded by Argus Trans SRL.

2. FIXED ASSETS (CONTINUED)

Equity interests

In December 31, 2019 the company held equity interests in the following unlisted entities:

		December 31, 2018		December 31, 2019	
Company	**Business line**	**Percentage held (%)**	**Cost (lei)**	**Percentage held (%)**	**Cost (lei)**
ECO-ROM Ambalaje SA Bucureşti	Packaging waste recovery services	7,69	6.592	7,69	6.592
			6.592		6.592

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

	December 31, 2018 (lei)	December 31, 2019 (lei)
Raw materials and consumables	69.760.132	22.400.268
Production in the course of execution	14.657.465	17.700.211
Finished goods and merchandise	6.894.013	3.533.869
Advances	20.806	11.146
TOTAL	91.332.416	43.645.494

4. RECEIVABLES

Receivables	Balance at December 31, 2019 (lei)	Liquidity Under 1 year (lei)	Over 1 year (lei)
	1=2+3	2	3
Trade receivables	18.960.631	18.960.631	-
Other receivables	323.961	323.961	-
Other long-terms receivables	10.409	-	10.409
Amounts to be received from affiliated entities	-	-	-
Total	19.295.001	19.284.592	10.409

5. CASH AND BANK ACCOUNTS

	December 31, 2018 (lei)	December 31, 2019 (lei)
Cash:		
- RON	19.407	5.014
- foreign currency	0	0
	19.407	5.014
Current accounts at banks:		
- Ron	3.684.490	4.498.597
- foreign currency	5.021.801	10.899.282
	8.706.291	15.397.879

6. DEBTS

Debts	Balance at December 31, 2019 (lei)	Maturities Under 1 year (lei)	1 - 5 years (lei)	over 5 years (lei)
	1=2+3+4	2	3	4
Amounts owed to credit institutions	53.081.744	53.081.744	0	0
Advances collected for orders	273.907	273.907	0	0
Commercial debts - suppliers	5.383.933	5.383.933	0	0
Amounts owed to entities of the group	0	0	0	0
Other liabilities, including tax payable and debts relating to social security	5.559.350	5.559.350	0	0
Total	**64.298.934**	**64.298.934**	0	0

6.1 AMOUNTS OWED TO CREDIT INSTITUTIONS

	December 31, 2018 (lei)	December 31, 2019 (lei)
Short-term loans	97.247.287	53.081.744
Total loans	97.247.287	53.081.744

Short-term loans are analyzed below:

Lender	Currency	Maturity	December 31, 2018 (lei)	December 31, 2019 (lei)
Working capital loans				
Transilvania Bank	Lei	31.07.2020	90.000.000	50.000.000
Credit line for working capital and letters of guarantee				
Transilvania Bank	Lei	10.08.2020	7.247.287	3.081.744
			97.247.287	53.081.744

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, 2019 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	4.168.256	4.168.256

7. PROVISIONS

Provision	Balance at January 1, 2019 (lei)	Transfers into account (lei)	from account (lei)	Balance at December 31, 2019 (lei)
	1	2	3	4=1+2-3
Provisions for taxes	309.204	0	6.495	302.709
Other provisions for risk and expenses	409.992	3.979	0	413.971
Total	719.196	3.979	6.495	716.680

8. EQUITY

a) Share capital

The value of the share capital at December 31, 2018 and December 31, 2019 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, 2019 is:

	Number of shares	Nominal value (lei)	Percentage held (%)
Legal entities, of which:	32.759.261	49.138.892	91,56
SIF OLTENIA	30.920.056	46.380.084	86,42
SIF BANAT-CRISANA	1.790.432	2.685.648	5,00
Other legal entities	48.773	73.160	0,14
Individuals	3.021.205	4.531.807	8,44
Total	35.780.466	53.670.699	100,00

8. EQUITY (CONTINUED)

Shareholding structure on December 31,2018 was as follows:

	Number of shares	Nominal value (lei)	Percentage held (%)
Legal entities, of which:	32.726.110	49.089.165	91,4636
SIF OLTENIA	30.891.705	46.337.558	86,3368
SIF BANAT-CRISANA	1.790.432	2.685.648	5,0039
Other legal entities	43.973	65.959	0,1229
Individuals	3.054.356	4.581.534	8,5364
	35.780.466	53670.699	100,00

c) Bonds

The company had no bonds issued on December 31, 2018 and December 31, 2019.

d) Allocation of profit and loss

Distributions below were made by the company according to regulations on mandatory distributions that are made according to Law31/1990..

Destination	Financial year ended December 31, 2018 (lei)	Financial year ended December 31, 2019 (lei)
Net profit/loss to be distributed	(10.825.750)	4.832.988
Legal reserve	0	241.649
Retained earnings	0	4.591.339

Board of Directors proposal for the General meeting of Shareholders in 2020 will be that the profit registered in 2019, will cover the losses recorded in previous years according to the legislation in force.

9. OPERATING RESULT AND TURNOVER

a) Operating result

Indicator	Financial year ended December 31, 2018 (lei)	Financial year ended December 31, 2019 (lei)
1. Net turnover	191.791.120	202.173.788
2. Cost of sold goods and rendered services (3+4)	189.014.785	185.609.606
3. Expenditure on basic activity	184.309.769	179.426.564
4. Expenditure on ancillary activities	4.705.016	6.183.042
6. Gross profit related to net turnover (1-2)	2.776.335	16.564.182
7. Selling and distribution expenses	6.239.416	5.277.954
8. General administrative expenses	6.241.786	5.699.337
9. Other operating income	127.299	28.918
10. Operating result (6-7-8+9)	(9.577.568)	5.615.809

b) Turnover

	Financial year ended December 31, 2018 (lei)	Financial year ended December 31, 2019 (lei)
Sales of finished goods	188.376.462	200.787.005
- Domestic market	157.854.939	172.268.466
- Foreign market	30.521.523	28.518.539
Merchandise sales	3.076.383	946.353
Service sales	0	0
Sales of residual products	197.340	224.738
Others	140.935	215.692
	191.791.120	202.173.788

10. INFORMATIONS ABOUT EMPLOYEES, BOARD OF DIRECTORS AND MANAGEMENT

On December 31, 2019 the Board of Directors was :

- NICULESCU EMILIAN-MIHAI – Chairman of the Board of Directors
- RADU ANINA – administrator
- POPA CARMEN – administrator

In 2019, as per decision no. 02/20.08.2019 of the Ordinary General Meeting of Shareholders, Mr. Busu Cristian was dismissed from the position of administrator and Chairman of the Board of Directors and was appointed Mr. Niculescu Emilian-Mihai. Following the resignation of Mr Patrascu Doru-Dorel from the position of administrator, by the decision of the Board of Directors no 39 from 01.11.2019, Mrs Popa Carmen was appointed as temporary administrator.

Therefore at December 31, 2019 the company's executive management is exercised by Mr. Niculescu Emilian-Mihai as General Manager and Mrs. Trandafir Valentina as Chief Accountant.

a) Allowances granted to Board of Directors and management

	Financial year ended December 31, 2018 (lei)	**Financial year ended December 31, 2019 (lei)**
Salaries and allowance expenses		
Administrators	112.778	106.144
Directors	369.163	367.456
Total	481.941	473.600

	December 31, 2018 (lei)	**December 31, 2019 (lei)**
Salaries and allowances to be paid at the end of the year :		
Administrators	0	0
Directors	7.853	5.329
Total	7.853	5.329

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, 2019.

c) Employees

Average number of employees during the year was as follows:

	Financial year ended December 31, 2018	**Financial year ended December 31, 2019**
Administrators and directors	6	5
Administrativ personnel	36	34
Production personnel	200	192
Total	242	231

	Financial year ended December 31, 2018 (lei)	**Financial year ended December 31, 2019 (lei)**
Employee salaries expense (excluding directors and administrators)	8.141.421	9.007.397

	December 31, 2018 (lei)	**December 31, 2019 (lei)**
Salaries to be paid at the end of the year	225.921	234.310

11. ANALYSIS OF THE MAIN ECONOMIC AND FINANCIAL INDICATORS

1. Liquidity indicators

a) Current liquidity	December 31, 2018	December 31, 2019
Current assets / Current liabilities =	1,07	1,22

b) Immediate liquidity indicator	December 31, 2018	December 31, 2019
(Current assets - stocks) / Current liabilities =	0,26	0,54

2. Risk indicators

a) Indebtedness indicator	December 31, 2018 (%)	December 31, 2019 (%)
Long-term loans / Equity x 100	0	0

Where:
- Long term loans = loans over a year

b) Interest coverege

Earnings before interest and tax / Interest expenses	0	2,49

3. Activity indicators (management indicators)

a) Inventory turnover

	Financial year ended December 31, 2018	Financial year ended December 31, 2019
Sales cost / Average age of inventory = Number of times	1,97	2,75

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

b) Debit speed rotation -customers

	Financial year ended December 31, 2018 (zile)	Financial year ended December 31, 2019 (zile)
Average customer balance / Turnover x 365 =	54,68	35,62

c) Credit speed Rotation -suppliers

	Financial year ended December 31, 2018 (zile)	Financial year ended December 31, 2019 (zile)
Average supplier balance / Purchase of goods (withour services) x 365 =	17,87	15,91

d) Rotation speed – tangible assets

	Financial year ended December 31, 2018	Financial year ended December 31, 2019
Turnover / Tangible assets =	4,32	3,43

e) Rotation speed – total assets

	Financial year ended December 31, 2018	Financial year ended December 31, 2019
Turnover / Total assets =	1,06	1,47

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

4. Profitability indicators

a) Return on capital employed

	Financial year ended December 31, 2018 (%)	Financial year ended December 31, 2019 (%)
Earning before interest and tax / Capital employed	0	0,21

b) Gross Profit margin

	Financial year ended December 31, 2018 (%)	Financial year ended December 31, 2019 (%)
Gross Profit / Turnover	1,45	8,19

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.

12. OTHER INFORMATIONS (CONTINUATION)

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

Foreign currency	Abbreviation	Exchange rate (lei for 1 unit of foreign currency)	
		December 31, 2018	December 31, 2019
US Dollar	USD	4,0736	4,2608
Euro	EUR	4,6639	4,7793

d) Information regarding current income tax

	Financial year ended December 31, 2018 (lei)	Financial year ended December 31, 2019 (lei)
Net profit/Loss	(10.825.750)	4.832.988
Non-taxable income and deductions	5.103.118	8.519.276
Non-deductible expenses and similar items of revenue	7.195.208	4.832.323
Fiscal profit/loss	(9.172.161)	1.146.035
Reported fiscal loss	(16.058.000)	(25.230.161)
Reported fiscal loss from Rex Agra	0	0
Fiscal profit after deferral	(25.230.161)	(24.084.126)
Calculated tax on income	-	-
Tax on income discounts	-	-
Current tax on income	-	-
Tax on income payable at the end of the period	-	-

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 December 31, 2018 (lei)	Financial year ended December 31, 2019 (lei)
Rents	658.388	488.277

f) Fees paid to auditors

The Company paid during year 2019 to auditors fees for the financial audit of the individual financial statements in the amount of 81.034 lei (including VAT) (2018: 87.417 lei).

g) Probable liabilities and granted commitments

At December, 2019 the company hasn't any granted commitments.

h) Received commitments

The company has received commitments at December 31st 2019 in the form of letters of guarantee and promissory notes from clients in the amount of 278.000 lei (December 31st 2018: 507.159 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 significat influence.

The following transactions with the affiliated and related parties occured during the financial years closed at December 31st 2018 and December 31st 2019 and the following balances for this data have resulted from this transactions:

Sales of goods and services

	Financial year ended December 31, 2018 (lei)	Financial year ended December 31, 2019 (lei)
Sales of services – Affiliated parties	8.756	8.923
Sales of services – Related parties		0
Sales of goods, total of which	1.153.284	985.688
- affiliated parties	1.153.284	985.688
- related parties		
	1.162.040	994.611

Purchases of goods and services

	Financial year ended December 31, 2018 (lei)	Financial year ended December 31, 2019 (lei)
Purchases of services	4.584.207	4.999.162
- Affiliated parties	4.363.045	4.999.162
- Related parties	221.162	0
Purchases of goods	56.356.920	23.576.864
- Affiliated parties	56.356.920	23.576.864
- Related parties		

Balances resulted from sales/purchases of goods/services

	December 31, 2018 (lei)	December 31, 2019 (lei)
Debit balances – Trade receivables		
- Affiliated parties	0	256
- Related parties	0	0
Adjustment for impairment- related parties		
	0	256

	December 31, 2018 (lei)	December 31, 2019 (lei)
Credit balances – Providers		
- Affiliated parties	5.230.919	1.549.869
- Related parties	19.075	0
	5.249.994	1.549.869

12 OTHER INFORMATIONS (CONTINUED)

Dividends from related parties

	December 31, 2018 (lei)	December 31, 2019 (lei)
Dividends collected from related parties	1.866.555	2.354.884

Loans granted

	December 31, 2018 (lei)	December 31, 2019 (lei)
Credit balances		
- Affiliated parties	0	0
- Related parties	0	0
	0	0

j) Occurences after the balance sheet date

There were no significant events subsequent balance sheet.

13. NET CASH FLOW FROM THE OPERATING ACTIVITIES

	Financial year ended December 31, 2018 (lei)	Financial year ended December 31, 2019 (lei)
Operating activities:		
Net profit	(10.825.750)	4.832.988
Adjustments to reconcile net income with net cash used in operating activities:	-	-
Adjustment of value for tangible and intangible assets	3.143.644	2.968.011
Adjustment of value for financial assets	-	-
Adjustment of value of receivables	-	287.794
Adjustment of value for inventories	44.471	86.507
Adjustments regarding risk and expenses provisions	(43.522)	(2.516)
Gain on sales of tangible assets		
Incomes from equity and other financial investments	(1.866.555)	(2.354.884)
Tax on income		
Interest incomes	(12.499)	(23.830)
Interest expenses	(3.154.239)	3.241.824
Subsidity income	(168)	(168)
Increase of operating cash flow before changes in working capital	(6.406.140)	9.035.726
Changes of the working capital:		
Increase in balances of trade receivables and other receivables	5.031.292	406.317
(Increase)/decrease in inventory balances	9.522.830	47.600.415
Increase in balances of trade liabilities and other liabilities	6.107.245	(3.663.421)
Cash flows from operating activities	14.255.227	53.379.037

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.

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

Name and surname Emilian-Mihai Niculescu

Signature_____

Stamp

DRAFTED,

Name and surname Valentina Trandafir

As Chief Accountant

Signature_____

Registration No. in professional body

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

REPORT
regarding on distribution of profit

The Board of Directors of the Argus SA Constanta, in view of the profits achieved in financial year 2019 in the amount of 4.832.988,44 lei, proposes to the general meeting of shareholders to approve the distribution thereof, as follows:

- *5% of the profit, representing 241.649,42 lei for the reserve fund, according to art.183 (1) of law 31/1990 on commercial companies;*
- *4.591.339,02 lei to cover the loss from previous years, loss which at this date is 24.374.626 lei*

Board Chairman,
Niculescu Emilian-Mihai

STATEMENT

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

The annual financial statement on 31/12/2019 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, Emilian-Mihai Niculescu – as Chairman of the Board of Directors and General Manager, and Valentina Trandafir- as Chief Accountant, undertake entire responsibility for the drafting of the individual yearly financial statements at 31/12/2019 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-
General Manager
Emilian-Mihai Niculescu

Chief Accountant
Valentina Trandafir

JPA Romania
03 -02- 2020
Nr. INTRARE 1187
IESIRE

ARGUS S.A.
1 Industriala Street,
Constanta

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, 2019, 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:

Activ net/Total capitaluri proprii	72.270.746 lei
Profit net	4.832.988 lei

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Company as at December 31, 2019 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.

Emphasis of matter

We draw the attention to the fact that at the date of February 21, 2019 the court decision no. 3368/118/2014 has been issued, concerning the litigation between Argus SA and Expur SA regarding the obligation for Argus SA to pay damages in amount of 810.071,67 lei and court expenses of 22.705,71 lei. The management has appealed against this decision and is confident that it would be in Argus SA advantage in the future. The nest term is 6.02.2020.

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. 162/2019 ("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, 2019, 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, 2019, 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 March 15, 2019 to audit the financial statements of Argus S.A. for the financial year ended December 31, 2019. The total uninterrupted period of our commitment is 2 years, covering the financial years ended December 31, 2019 and December 31, 2020.

We confirm that in conducting our audit, we have retained our independence with the audited entity.

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

February 3rd, 2020

In the name of
JPA Audit și Consultanta S.R.L.
Registered Auditor ASPAAS no. FA319

Florin Toma
Registered Auditor ASPAAS no. AF1747