TTS (Transport Trade Services) S.A.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

PREPARED IN ACCORDANCE WITH
THE INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")
AS ADOPTED BY EU

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of,
TTS (Transport Trade Services) S.A.

Opinion

1. We have audited the consolidated financial statements of TTS (Transport Trade Services) SA (the Company), which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

2. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

3. We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in Romania, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

4. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

5. In preparing the 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.

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

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Auditor's Responsibilities for the Audit of the Financial Statements

7. 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.

8. 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.

9. 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.

Deloitte Audit SRL

Deloitte Audit S.R.L.
Bucharest, Romania
April 24, 2018

TTS (Transport Trade Services) S.A.
CONSOLIDATED STATEMENT OF PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2017
(all amounts are expressed in RON, unless specified otherwise)

		Year ended December 31, 2017	Year ended December 31, 2016
Revenue	4	468,471,975	405,685,476
Raw materials and consumables		(77,223,202)	(66,011,183)
Merchandise sold		(22,683,179)	(19,530,587)
Depreciation and amortization		(59,608,506)	(58,334,399)
Subcontractors expenses	8	(162,277,389)	(135,022,649)
Payroll expenses		(86,368,255)	(73,007,238)
Other expenses	5	(35,629,757)	(31,475,779)
Other gain and losses	7	(4,227,793)	(1,892,537)
Total operating result		20,453,893	20,411,104
Investment expenses	6	366,439	4,827,736
Net of finance cost/income	9	(2,320,485)	(2,057,189)
Profit of the year from continuing operations		**18.499.847**	**23,181,651**
Income tax expenses	10	(3,980,521)	(4,911,415)
Profit ofthe year attributable to:		**14,519,326**	**18,270,236**
Attributable to:			
Owners of the Company		14,098,776	15,117,074
Non-controlling interests		420,550	3,153,160
Total comprehensive income for the year attributable to:			
Owners of the Company		14,098,776	15,117,074
Non-controlling interest		420,550	3,153,160

These consolidated financial statements have been approved by the Board of Directors and authorized to be issued on April 19, 2018.

TRANSPORT TRADE SERVICES S.A. TTS S.A. BUCUREȘTI

Mihailescu Alexandru Mircea,
President of the Board of Directors

Stefanut Petru,
CFO

Notes attached are an integrant part of these consolidated financial statements.

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

	Note	Year ended December 31, 2017	Year ended December 31, 2016
ASSETS			
Non-current assets			
Property, plant and equipment	12	579,938,168	536,048,620
Goodwill	13	2,943,521	2,943,521
Intangible assets	14	4,641,845	4,930,858
Investments in associates	15	27,096,967	27,155,577
Other long term assets	16	6,565,116	2,066,984
Total non-current assets		**621,185,618**	**573,145,560**
Current assets			
Inventories	17	21,555,623	23,751,224
Trade and other receivables	18	59,311,939	47,461,664
Loans granted to associates		-	-
Other current assets	19	18,861,974	17,724,704
Cash and cash equivalents	28	50,672,186	55,746,682
		-	-
Total current assets		**150,401,722**	**144,684,274**
Total assets		**771,587,340**	**717,829,834**
EQUITY AND LIABILITIES			
Equity and reserves			
Share capital	20	33,072,751	35,072,441
Share premiums	20	46,417,946	46,417,946
Reserves	21	219,347,355	155,530,829
Retained earnings		208,145,148	245,944,482
Equity attributable to equity holders of the parent		**506,983,199**	**482,965,698**
Non-controlling interest	22	**96,419,550**	**95,980,547**
Non-current liabilities			
Interest-bearing loans and overdraft	23	46,800,862	30,039,845
Deferred tax liabilities	10	8,474,812	(19,352)
Long term leasing	23	7,781,689	9,541,397
Other long term liabilities	23	1,154,377	913,974
Total non-current liabilities		**64,211,739**	**40,475,864**

TTS (Transport Trade Services) S.A.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017
(all amounts are expressed in RON, unless specified otherwise)

	Note	Year ended December 31, 2017	Year ended December 31, 2016
Current liabilities			
Trade and other payables	**24**	39,921,554	42,151,828
Current portion of the leasing		3,295,059	3,956,323
Interest bearing loans and borrowings	**23**	34,067,806	29,402,522
Provisions for risks and charges	**25**	3,397,806	3,822,175
Other current liabilities	**26**	23,290,627	19,074,878
Total current liabilities		**103,972,852**	**98,407,726**
Total liabilities		**168,184,591**	**138,883,590**
Total equity and liabilities		**771,587,341**	**717,829,835**

These consolidated financial statements have been approved by the Board of Directors and authorized to be issued on April 19, 2018.

TRANSPORT TRADE SERVICES S.A. TTS S.A. BUCUREȘTI

Mihailescu Alexandru Mircea,
President of the Board of Directors

Stefanut Petru,
CFO

TTS (Transport Trade Services) S.A.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2017
(all amounts are expressed in RON, unless otherwise specified)

	Share capital	Share premiums	Legal reserves	Other Reserves	Retained earnings	Attributable to owners of the parent	Non controlling interests	Total
Balance as at January 1, 2017	**35,072,442**	**46,417,946**	**6,666,572**	**148,864,257**	**245,944,483**	**482,965,697**	**95,980,547**	**578,946,245**
Profit for for the year	-	-	-	-	14,098,776	14,098,776	420,550	14,519,326
Shares acquisition	(1,999,690)	-	-	-	(40,584,719)	(42,584,409)	-	(42,584,409)
Revaluation reserves	-	-	-	72,116,901	-	72,116,901	-	72,116,901
Reserves	-	-	-	2,997,788	(2,997,788)	-	-	-
Translation adjustments	-	-	-	-	(823,196)	(823,196)	-	(823,196)
Dividends distributed	-	-	-	-	(5,549,072)	(5,549,072)	-	(5,549,072)
Increase in percentage held in subsidiaries	-	-	-	-	(1,943,335)	(1,943,335)	656,335	(1,287,000)
Dividends distributed to minority interest	-	-	-	-	-	-	(637,882)	(637,882)
Deferred taxes pertaining to the revaluation reserve	-	-	-	(11,298,163)	-	(11,298,163)	-	(11,298,163)
Balance as at December 31, 2017	**33,072,751**	**46,417,946**	**6,666,572**	**212,680,783**	**208,145,147**	**506,983,199**	**96,419,550**	**603,402,749**

On June 30,2017, a Share Purchase Agreement has been concluded between TTS SA and International Finance Corporation("IFC") where the Company has bought back a number of 39,994 shares, representing 6% of the TTS Share capital. The total acquisition price is of EUR 9,358,596 (RON 42,584,419)
The loss resulted from the shares redemption is in amount of RON 40,584,719. Upon entering the Company in 2008, the IFC paid a capital premium of 46,218,631 lei.
During 2017 the nominal value of one share has changed from 50 lei / share to 1 leu / share, so that the total number of shares issued by the Company increased from 665,570 to 33,332,850 and the share capital remained unchanged.
On August 28, 2017, the shareholders approved the reduction of the share capital from 33,332,850 lei to 31,333,150 lei in proportion to the nominal value of the canceled shares amounting to 1,997,700 lei.
After the reduction, the share capital of the company is 31,333,150 lei divided into 31,333,150 nominative shares, with a nominal value of 1 leu.
In 2017 the shareholders decided to distribute dividends worth 5,549,072 lei.
In addition, during the year, the Group increased its shareholdig in the Superquatro Group from 69.30% to 91.79%. The amount paid was 1,287,000 lei. Also, the share capital of Superquatro was increased by 2,399,600 lei and Cernavoda Shipyard by 9,700,000 lei.
In 2017, TTS (Transport Trade Services) S.A. strengthened its position by increasing the share capital in existing companies from the portfolio. Thus, the Company proceeded to increase the share capital of TTS Porturi Fluviale S.R.L. (eg Trans Europa Port S.A.) with an amount of 7,862,400 lei, Agrimol Trade S.R.L., the value of the new contribution being 5,800,000 lei.

These consolidated financial statements have been approved by the Board of Directors and authorized to be issued on April 19, 2018

Mihailescu Alexandru Mircea,
President of the Board of Directors

TRANSPORT TRADE SERVICES S.A. TTS BUCUREȘTI

Stefanut Petru,
CFO

Notes attached are an integrant part of these consolidated financial statements.

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

	Share capital	Share premiums	Legal reserves	Other Reserves	Retained earnings	Attributable to owners of the parent	Non controlling interests	Total
Balance as at January 1, 2016	**35,072,442**	**46,417,946**	**6,666,572**	**148,864,257**	**235,896,709**	**472,917,926**	**88,055,150**	**560,973,076**
Profit for for the year	-	-	-	-	15,117,074	15,117,074	3,153,159	18,270,234
Revaluation reserves	-	-	-	-	-	-	-	-
Dividends distributed	-	-	-		(4,465,540)	(4,465,540)	(691,724)	(5,157,264)
Increase in percentage held in subsidiaries	-	-	-	-	(603,761)	(603,761)	(1,119,016)	(1,722,777)
Acquisition of subsidiaries (Plumisoll/Fluvius)	-	-	-	-	-	-	6,582,977	6,582,977
Deferred taxes pertaining to the revaluation reserve	-	-	-	-	-	-	-	-
Balance as at December 31, 2016	**35,072,442**	**46,417,946**	**6,666,572**	**148,864,257**	**245,944,483**	**482,965,697**	**95,980,547**	**578,946,245**

During 2016, the shareholders decided dividend distribution in amount of RON 4,465,540.

Also during 2016, the Group increased its shareholding in Trans Europa Port from 91.26% to 99.9184%. The amount paid was RON 1,810,740. Shareholding in Cargo Trans Vagon S.A. was increased in 2016 from 29.60% to 43.67%.

Additionally to this, the Group has acquired in 20 June 2016 the 51% stake in Plimsoll KFT for a consideration of EUR 2,000,000. Plimsoll KFT owns in a proportion of 100% the entity Fluvius KFT.

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President of the Board of Directors

Stefanut Petru,
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(all amounts are expressed in RON, unless otherwise specified)

	Year ended December 31, 2017	Year ended December 31, 2016
	RON	*RON*
Cash flows from operating activities		
Profit before taxation	**18,499,847**	**23,181,649**
Adjustments for non-cash items:		
Depreciation, amortization and impairment	59,608,507	58,334,399
Net interest expenses	1,641,781	1,602,498
(Gain)/ Loss from disposals of fixed assets	(796,485)	(3,651,686)
Net increase in provision for current assets	(1,563,559)	6,116,513
Net increase / (Decrease) in provision for risks and charges	(424,369)	795,912
Net increase / (Decrease) from assets held for sale	-	833,694
Net increase in investments	58,610	(6,684,730)
Income from fixed assets received free of charge	2,212,218	-
Net increase in provision for for fixed assets	-	-
Deferred tax income / (expense)	-	-
IFRS transition of non-monetary items	(132,972)	-
Exchange rates differences	-	-
Operating profit before working capital changes	**79,103,577**	**80,528,244**
Changes in operating assets and liabilities:		
Increase in trade and other receivables	(15,509,191)	16,025,314
Decrease / (Increase) in inventories	1,782,743	(4,592,344)
Increase / (Decrease) in trade and other payables	(1,033,666)	4,893,510
Cash generated from operations	**63,343,463**	**96,854,723**
Interests paid	(1,641,781)	(1,602,498)
Income tax paid	(3,013,454)	(8,149,617)
Net cash flow generated from operations	**59,688,229**	**87,102,608**
Investing activities:		
Purchases of tangible and intangible assets	(34,873,548)	(40,648,552)
Paymentsfor investments	(1,287,000)	(21,107,800)
Income from sale of fixed assets	904,777	7,793,871
Loans reimbursed / (granted) from / to associates	-	-
Encashments from sale of investments	132,972	5,566,823
Encashments from sale of investments held for sale	(637,882)	2,385,000
Interest received	-	-
Cash flow used in investing activities	**(35,760,680)**	**(46,010,659)**

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

	Year ended December 31, 2017	Year ended December 31, 2016
	RON	*RON*
Financing activities:		
Proceeds from share capital increase	-	-
Non-controlling interest contribution	-	-
Dividends paid	(5,549,072)	(6,946,774)
Loan (paid) / received	21,426,301	(10,885,312)
Increase / (Decrease) in leasing	(2,294,865)	(1,184,423)
Shares acquisition	(42,584,409)	
Proceeds from reimbursements of loans from associates	-	-
Cash flow generated by financing activities	**(29,002,045)**	**(19,016,509)**
Net (decrease) / increase in cash and cash equivalents	(5,074,497)	22,075,440
Cash and cash equivalents at the beginning of the year	**55,746,682**	**31,796,025**
Cash and cash equivalents obtained from take-over of subisidiaries	**-**	**1,875,217**
Cashand cash equivalentsat the end of the year	**50,672,186**	**55,746,682**

These consolidated financial statements have been approved by the Board of Directors and authorized to be issued on April 19, 2018.

TRANSPORT TRADE SERVICES S.A. TTS S.A. BUCUREȘTI

Mihailescu Alexandru Mircea,
President of the Board of Directors

Stefanut Petru,
CFO

1. GENERAL INFORMATION

TTS (Transport Trade Services) SA (hereinafter referred to as 'the Company'), is a company incorporated in Romania, in1997 having its registered office atno 34, Vaselor Street, Bucharest. The core business of the Company is represented by activities related to transports. SC TTS (Transport Trade Services) S.A. operates as sender of goods in domestic and international transport, on interior river ways, offering integrated/modular transport services.

The consolidated financial statements of the Company as at and for the year ended December 31, 2017 were authorized for issue on April 19, 2018.

The consolidated financial statements of the Company as at and for the year ended 31 December 2017 comprise the Company and its subsidiaries (together referred to as "Group" and individually as "Group entities").

As at December 31, 2017 the Company owned directly or through other subsidiaries investments in the following entities:

CNFR NAVROM SA is a stockholding entity established in 1991 where TTS SA holds 91.79% (2016: 91.79%) of the share capital, the rest being owned by several individuals. The entity's headquarters is at No 34, Portului Street, Galati County. The core business of the entity is transportation of goods on rivers (code CAEN 5040).

CANOPUS STAR SRL is a limited liability entity, established in 2001, where TTS SA ownes 51% of the share capital. The entity's headquarter is in Incinta Port Digul de Nord Km1+ 100 Street, Cladirea Administrativa Et.1, Constanta County. The core business is represented by the river handling of goods (code CAEN 5224).

TTS PORTURI FLUVIALE SRL (TRANS EUROPA PORT SA) is a stockholding entity, established in 1996, where TTS SA ownes 100% (2016: 99.92%) from the total share capital. The entity's headquarters is on Regiment 11 Siret Street, Galati County. The core business is represented by the river handling of goods (code CAEN 5224) which merged with Europort Logistics (another subsidiary) during 2014.

TTS OPERATOR SRL is a limited liability entity, established in 1994, where TTS SA owns 90% from the total share capital. The entity's headquarter is in Incinta Port Digul de Nord Km1+ 100 Street, Cladirea Administrativa Et.1, Constanta County. The core business is represented by the river handling of goods (code CAEN 5224).

AGRIMOL TRADE SRL is a limited liability entity, established in 2010, where TTS SA owns 99.9%. The entity's headquarters is at no 34, Vaselor Street, Bucharest. The core business is trading of agricultural raw materials, live animals, textile raw materials and semi-finished goods(cod CAEN 4619).

SIM TUR SRL is a limited liabilities entity, established in 2006, where TTS SA owns 91,79%. The heaquarters of the entity is in Town Berca, no. 320, Buzau Couty. The core business is represented by hotels and similar services (code CAEN 5510).

CERNAVODA SHIPYARD SRL is a limited liability entity, established in 2013, where TTS SA owns indirectly 91.78%, as follows: 91.04% through Navrom S.A., respectively 0.74% through TTS Operator S.R.L..The investment was sold to Navrom in 12 December 2016. The entity's headquarters is at no 1, Canalului Street, Cernavoda. The core business is related to repair and maintenance of ships and boats (cod CAEN 3315).

Bunker Trade Logistics SRL is a limited liability entity, established in 2013, where TTS SA owns indirectly 91.70%, as follows: 87.20% through Navrom S.A, respectively 4.50% through TTS Operator S.R.L..The entity's headquarters is in Constanta, incinta Port. The core business is related river various services (cod CAEN 5222).

1. GENERAL INFORMATION (continuare)

TTS (Transport Trade Services) GMBH is a liability entity established in 2014, where TTS owns 75% of share capital. The entity headquarters is at 15b Lerchengasse, Langerzersdorf, Austria. The core business is representedby activities related to transport.

NAVROM BAC SRL is a limited liability entity, established in 1999, where TTS SA owns indirectly through CNFR Navrom SA 89,38% from the share capital. The entity's headquarters is at no. 1, Faleza Dunarii Street, Galati County. The core business is related to the transportation of passangers on rivers (code CAEN 5030).

NAVROM - CENTRU DE AFACERI SA is a stockholding entity, established in 1999, where TTS SA owns indirectly through CNFR Navrom 87.69% from the share capital. The entity's headquarters is at no. 23, Portului Street, Galati County. The entity's core business is relatedto the renatl and sub-rental of goods owned or rented (code CAEN 6820).

NAVROM SHIPYARD SRL is a limited liability entity established in 1999, where TTS SA owns indirectly through CNFR Navrom 91.55% from the share capital. The core business is related to the mainainace and repair of the ships and boats (code CAEN 3315).

Navrom River is an entity established in 2011, where TTS SA owns indirectly through CNFR Navrom 91.79%. The entity's headquarters is at no. 23, Portului Street, Galati county.

ROM PESC IMPEX SRL is a limited liability entity, established in 2003, where TTS SA owned indirectly through Navrom-Centru de Afaceri S.R.L.87.69%. The entity's headquarters is at No. 23, Portului Street, Galati Couty. The core business is growing fishes (cod CAEN 0322). The investment was sold in July 2017. The Group recorded a gain of 3,653 ron from this sale.

SUPERQUATRO Grup SRL is a limited liability entity headquartered in Galati, str. Portului 20. CNFR Navrom owns 91,79% (2016: 69.3%) of Superquatro.

CARGO TRANS VAGON SA is a stockholding entity, established in 2004, where TTS SA owns directly 40.74%, through TTS Operator 2.93% from the share capital. The change in ownership is due to purchase contract concluded in 24 October 2016.The entity's headquarters is at no. 34, Vaselor Street, Bucharest. The core business is represented by the railway transportation of goods (code CAEN 4920).

TRANSTERMINAL-S SRL is a limited liability entity, established in 2006, where TTS SA owns 25.5%. The entity's headquarter is at no. 14/3, Gradina Botanica Street, Chisinau. The core business is represented by the railway transportation of goods.

NAVROM PORT SERVICE SA is a stockholding entity, established in 1999, where TTS SA owns indirectly through CNFR Navrom SA 45,87%. The entity's headquarter is at no 39, Portului Street, Galati County. The core business is represented by the goods transportation on rivers (code CAEN 5040).

PLIMSOLL KFT is a limited liability entity, established in April 1992, where TTS SA owns directly 51%. TTS SA has acquired in 20 June 2016 the 51% stake. The entity's headquarter is at no 1139, Frangepan street, Budapest, Hungary .The core business is represented by railway and maritime shipping, forwarding and river shipping.

FLUVIUS KFT is a limited liability entity where TTS SA indirectly owns 51% through PLIMSOLL KFT.The entity's headquarter is at no 1139, Frangepan street, Budapest, Hungary. The core business is represented by river shipping .

MANAGEMENT NFR SA is a stockholding entity, established in 2003, where TTS SA owns 20%. The entity's core business is at no 34, Vaselor Street, Bucharest. The core business is represented by the business and management consultancy services (code CAEN 7022).

CARGO TRANS VAGON BULGARIA JSA is an entity established in 2006, where TTS SA owns 10% from the total share capital. The entity's headquarters is in Bulgaria, and the core business is related to the railway transportation of goods.

GIF LEASING IFN is a limited liability entity, established in 2004, where TTS SA owns 7.7% from the share capital. The entity's headquarters is at no. 24, Negustori Street, Bucharest. The core business is related to leasing (code CAEN 6491). The Company is in insolvency.

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

1. GENERAL INFORMATION (continued)

Name of investment	Core Business	Place of establishment and operations	December 31, 2017 %	December 31, 2016 %	December 31, 2017 Lei	December 31, 2016 Lei	Status
CNFR Navrom S.A.	Transportation of goods on rivers	Galati, Romania	91,79%	91,79%	39,073,677	39,073,677	Subsidiary
Canopus Star S.R.L.	Handling of goods	Constanta, Romania	51%	51,00%	45,079,480	45,079,480	Subsidiary
TTS Porturi Fluviale S.R.L.	Handling of goods	Galati, Romania	100%	99,92%	25,206,269	17,343,869	Subsidiary
TTS Operator S.R.L	Handling of goods	Constanta, Romania	90,00%	90,00%	1,706,207	1,706,207	Subsidiary
Cargorom Trans BVBA	Complementary transportation services of goods	Antwerpen, Belgium	-	51,00%	-	911,677	Subsidiary
Navrom Bac S.R.L.	Passangers transportation on rivers	Galati, Romania	89,38%	89,38%	1,118,660	1,118,660	Subsidiary
Navrom - Centru de Afaceri S.A.	Rental and sub-rental of goods owned or rented	Galati, Romania	87,69%	87,69%	1,945,709	1,945,709	Subsidiary
Navrom Shipyard S.R.L.	Repair and maintenance of ships and boats	Galati, Romania	91,55%	91,55%	4,750,000	4,750,000	Subsidiary
Navrom River S.R.L.	Hotels and similar activities	Galati, Romania	91,79%	91,79%	17,855,000	17,855,000	Subsidiary
Rom Pesc Impex S.R.L.	Growing of fish	Galati, Romania	-	87,69%	-	1,240,200	Subsidiary
Superquatro Group SRL		Galati, Romania	91,79%	69,30%	3,859,670	173,080	Subsidiary

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

1. GENERAL INFORMATION (continued)

Name of investment	Core business	Place of establishment and operations	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016	Status
			%	%	Lei	Lei	
Sim Tur S.R.L.	Hotels and similar services	Buzau, Romania	91.79%	91.79%	3,852,790	3,852,790	Subsidiary
TTS (Transport Trade Services) Gmbh	Comlementary activities related to transport	Austria	75.00%	75.00%	116,477	116,477	Subsidiary
Agrimol Trade SRL	Trading various products	Bucuresti, Romania	99,96%	99.9%	9,352,500	3,552,500	Subsidiary
Cernavoda Shipyard SRL	Repair and maintenance of ships and boats	Cernavoda, Romania	91,78%	91.78%	15,155,000	5,500,000	Subsidiary
Bunker Trade Logistics	Complementary transportation services	Constanta, Romania	91,70%	91.70%	200,000	200,000	Subsidiary
Cargo Trans Vagon S.A.	Railway transportation of goods	Bucuresti, Romania	43,67%	43.67%	19,997,800	19,997,800	Associate
Transterminal-S S.R.L.	Railway transportation of goods	Chisinau, Rep. Moldova	25,50%	25.50%	147,339	147,339	Associate

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

1. GENERAL INFORMATION (continued)

Name of investment	Core business	Place of establishment and operations	December 31, 2017 %	December 31, 2016 %	December 31, 2017 Lei	December 31, 2016 Lei	Status
Navrom Port Service S.A.	Transportation of goods on rivers	Galati, Romania	45,87%	45.87%	878,700	878,700	Associate
Management NFR S.A.	Business and consulancy services	Bucuresti, Romania	20,00%	20.00%	18,000	18,000	Associate
PR Shipping S.R.L.	Complementary transportation services	Constanta, Romania	-%	10.00%	-	700	Investment
Cargo Trans Vagon Bulgaria JSA	Railway transportation of goods	Bulgaria	10,00%	10.00%	54,230	54,230	Investment
GIF Leasing IFN	Financial lease	Bucuresti, Romania	7.701%	7,701%	-	0,00	Investment
For Serv Drum	Construction	Arges, Romania	30.00%	30.00%	559,493	559,493	Investment

1. GENERAL INFORMATION (continued)

Consolidation perimeter

TTS SA prepares consolidated financial statements for the year ended December 31, 2017. Consolidated financial statements include the financial statements of companies TTS SA („the Company") and its subsidiaries CNFR Navrom S.A., Canopus Star S.R.L., TTS Porturi Fluviale S.R.L.., TTS Operator S.R.L., Navrom Bac S.R.L. Navrom - Centru de Afaceri S.A., Navrom Shipyard S.R.L., Agrimol Trade S.R.L., Cernavoda Shipyard S.R.L, Bunker Trade Logistic S.R.L, Sim Tur S.R.L., TTS (Transport Trade Services)GMBH, Navrom River S.R.L.,, Superquatro Group SRL, Plimsoll Kft and Fluvius Kft, known as "the Group". The last two entities are condensed only starting June 2016 when the ownership was obtained.

Subsidiaries are consolidated from the date that theCompany prepared for the first time the opening consolidated balance sheet - January 1, 2011 in accordance with the requirements ofInternational Financial Reporting Statements as adopted by EU.

2. APPLICATION OF THE NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

Initial application of new amendments to the existing standards and interpretation effective for the current reporting period

The following amendments to the existing standards and new interpretation issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period:

- **Amendments to IAS 7 "Statement of Cash Flows"** - Disclosure Initiative (effective for annual periods beginning on or after 1 January 2017),
- **Amendments to IAS 12 "Income Taxes"** - Recognition of Deferred Tax Assets for Unrealised Losses (effective for annual periods beginning on or after 1 January 2017),
- **Amendments to IFRS 12 due to "Improvements to IFRSs (cycle 2014-2016)"** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 12 and IAS 28) primarily with a view to removing inconsistencies and clarifying wording (amendments to IFRS 12 are to be applied for annual periods beginning on or after 1 January 2017).

Amendments to the existing Standards issued by IASB and adopted by the EU but not yet effective

At the date of authorisation of these financial statements the following amendments to the existing standards issued by IASB and adopted by the EU were in issue but not yet effective:

- **IFRS 9 "Financial Instruments"** (effective for annual periods beginning on or after 1 January 2018),
- **IFRS 15 "Revenue from Contracts with Customers"** and further amendments (effective for annual periods beginning on or after 1 January 2018),
- **IFRS 16 "Leases"** (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IFRS 2 "Share-based Payment"** - Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2018),
- **Amendments to IFRS 4 "Insurance Contracts"** - Applying IFRS 9 "Financial Instruments" with IFRS 4 "Insurance Contracts" (effective for annual periods beginning on or after 1 January 2018 or when IFRS 9 "Financial Instruments" is applied first time),
- **Amendments to IFRS 9 "Financial Instruments"** - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019),

2. APPLICATION OF THE NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Amendments to the existing Standards issued by IASB and adopted by the EU but not yet effective (continued)

- **IFRS 15 "Revenue from Contracts with Customers"** and amendments to IFRS 15 "Effective date of IFRS 15" - adopted by the EU on 22 September 2016 (effective for annual periods beginning on or after 1 January 2018),

- **Amendments to IAS 40 "Investment Property"** - Transfers of Investment Property (effective for annual periods beginning on or after 1 January 2018),

- **Amendments to IFRS 1 and IAS 28 due to "Improvements to IFRSs (cycle 2014-2016)"** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 12 and IAS 28) primarily with a view to removing inconsistencies and clarifying wording (amendments to IFRS 1 and IAS 28 are to be applied for annual periods beginning on or after 1 January 2018),

- **IFRIC 22 "Foreign Currency Transactions and Advance Consideration"** (effective for annual periods beginning on or after 1 January 2018),

New Standards and amendments to the existing Standards issued by IASB but not yet adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except from the following new standards and amendments to the existing standards, which were not endorsed for use in EU as at May 24, 2018 (the effective dates stated below is for IFRS in full):

- **IFRS 14 "Regulatory Deferral Accounts"** (effective for annual periods beginning on or after 1 January 2016) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard,

- **IFRS 17 "Insurance Contracts"** (effective for annual periods beginning on or after 1 January 2021),

- **Amendments to IFRS 10 "Consolidated Financial Statements"** and **IAS 28 "Investments in Associates and Joint Ventures"** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded),

- **Amendments to IAS 19 "Employee Benefits"** - Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019),

- **Amendments to IAS 28 "Investments in Associates and Joint Ventures"** - Long-term Interests in Associates and Joint Ventures (effective for annual periods beginning on or after
- 1 January 2019),

- **Amendments to various standards due to "Improvements to IFRSs (cycle 2015 -2017)"** resulting from the annual improvement project of IFRS (IFRS 3, IFRS 11, IAS 12 and IAS 23) primarily with a view to removing inconsistencies and clarifying wording (effective for annual periods beginning on or after 1 January 2019),

- **IFRIC 23 "Uncertainty over Income Tax Treatments"** (effective for annual periods beginning on or after 1 January 2019).

2. APPLICATION OF THE NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

New Standards and amendments to the existing Standards issued by IASB but not yet adopted by the EU (continued)

The Group anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact on the financial statements of the Group in the period of initial application.

Hedge accounting for a portfolio of financial assets and liabilities, whose principles have not been adopted by the EU remains unregulated.

According to the Group's estimates, the application of hedge accounting to a portfolio of financial assets or liabilities pursuant to **IAS 39: "Financial Instruments: Recognition and Measurement"** would not significantly impact the financial statements, if applied as at the balance sheet date.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as addopted by EU.

3.2 Basis of preparation

The consolidated financial statements have been prepared at historic cost, except for certain financial instruments that are stated at restated value or fair value as described in the accounting policies. The historic cost is generally based on the fair value of the provision supplied in exchange of the assets.

The financial statements have been prepared on a going concern basis, according to the historic cost convention adjusted for the effects of hyperinflation by December 31, 2003 for the share capital, reserves and investments.

The financial statements are prepared on the basis of the statutory accounting records in accordance with the Romanian accounting principles, adjusted for compliance to IFRS, as addopted by EU.

The main accounting policies are presented below.

Functional and presentation currency

These financial statements are presented in lei, which is the functional currency of the Company. The financial statements are presented in lei, rounded, without decimals. The transactions realised in a foreign currency are stated in RON (lei) by applying the exchange rate at the transaction date. The monetary assets and debts stated in a foreign currency, at the year end, are stated in RON (lei) using the exchange rate at the respective date. Gains and losses from the exchange rate differences, realised or not realised, are stated in the profit and loss account for the respective year.

The exchange rates as at December 31, 2017 and as at December 31, 2016 are:

	December 31, 2017	December 31, 2016
EUR	4.6597	4.5411
USD	3.8915	4.3033

Non-monetary assets and liabilities measured in terms of fair value in a foreign currency are translated in functional currency at closing rate of the date when the the fair value has been determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern financial and operating policies of an entity so as to obtain benefits from its activities. Please see also Note 1.

Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

3.3.1 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group losses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of the retained interest and (ii) the previous carrying amount of the assets (including goodswill), and liabilities of the subsidiary and non-controlling interests.

When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognized in other comprehensive and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets.

The fair value of any investment retained in the former subsidiary when the control is lost is regarded as the fair value on initial recognitionfor subsequent accounting under IAS 39 or, when appolicable, the cost on initial recognition of an inventment in an associate or a jointly controlled entity.

3.4 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units (or groups of cash generating units) that is espected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in the profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

The Group's policy for goodwill arising on the acquisition of an associate is described in note 3.5 below.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an inventment in an associate is initially recognized in the consolidated statement of financial position at cost and adjuted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate.

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with IAS 39. The difference between the previous carrying amount of the associate attributatble to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate.

3.6 Non-current assets held for sale

Non-current assets and disposals groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

3.7 Revenue recognition

Income is measured at the fair value of the consideration received or receivable. Revenue is reduced by estimated customer returns, commercial rebates and other similar allowances.

3.7.1. Sale of goods

Revenue from sales of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are met:

- The Group has transferred to the buyer all the significant risks and rewards of ownership over the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured in a reliable manner;
- It is probable that the economic benefits will flow directly to the Group, and
- the costs incurred or to be incurred in respect to the transaction can be measured in a reliable manner.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Revenue recognition (continuare)

3.7.2. Income from rendering transport services

A. **Transport income** shall be registered as the transport is confirmed by the beneficiary based on the following documents:

- freightdocuments (bill of lading)in case of AMG;
- documents attesting to the unloading of the commodities (tally upon unloading / Out Turn Report - OTR / draft unloading survey).

Special recognition criteria

Income from ***services in progress*** shall be recognised depending on:

- the ships' location at the end of each month in the electronic ship monitoring system in Navrom's Dispatch Office;
- the virtual route of the convoy (quantity x virtual distance) corroborated with the virtual trade of the order;

B. **Income from other services (repairs, etc.)** shall be recorded as they are rendered, correlated with the stage of execution of the works.

The stage of execution of the work shall be determined based on the statements of works accompanying the invoices, the minutes or other documents attesting to the stage of execution and acceptance of the services rendered.

Special recognition criteria

The production cost of goods and services in progress shall be presented at the end of the period (monthly) in account 711 – Variation in inventory.

At the beginning of the following period, production in progress is restated at the costs registered cumulatively from the beginning of the period.

3.7.3. Dividend and interest income

Dividend income from investments is recognized when the shareholders'right to receive payment has been established.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Groupand the amount of income can be measured reliably. Interest income is accrued on a timely basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assetto the asset's net carrying amount on initial recognition.

3.8 Construction contracts

Revenue and costs for construction contracts in Navrom Shipyard are recognized by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on proportion of costs incurred for work performed to date relative to the estimated total contract costs.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Foreign currencies

Transactions in foreign currencies are translated to the respective functional currency of individual Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

3.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets, which are assets that necessarly take a substantial period of time in order to be used or for sale are added to the cost of those assets, until such time as the respective assets are ready to be used for their purpose or for sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in the income statement in the period in which they are incurred.

3.11 Retirement benefit costs

The Group, in the normal course of business, makes payments to the Romanian State on behalf of its employees. All employees of the Group are members of the Romanian State pension plan. The Group does not operate any other pension scheme or postretirement benefit plan and, consequently, has no obligation in respect of pensions. In addition, the Group is not obliged to provide further benefits to its employees.

3.12 Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax.

3.12.1 Current tax

The tax currently payable is based on the taxable profit of the year. Taxable profit differs from the 'profit before tax' as reported in the consolidated statement of profit and loss, as it excludes the elements of income and expenses that are taxable or deductible in other years and items that are never taxable or deductible.The Group's liability for current tax is calculated using tax rates that have enacted or substantively enacted by the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12.2 Deferred tax

3.12 Taxation (continued)

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the Romanian laws that have been enacted or substantively enacted by the reporting date (2017 and 2016: 16%).

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Current tax and deferred tax

Current and deferred tax are recognized in profit and loss, except when they relate to items that are recognized in other comprehensive income, or directly in equity in which case, the current and deferred tax are also recognized in orther comprehensive income or directly in equity respectively.

The income tax for the period ending December 31, 2017 was 16% (December 31, 2016: 16%), in accordance with the Romanian legislation.

3.13 Property, plant and equipment

Land and buildings held to be used in the production or supply of goods or services or for administrative purposes are stated in the consolidated statement of financial statements at their cost less accumulated depreciation and accumulated impairment losses.

The depreciation of the buildings is recorded in the statement of comprehensive income through the profit and loss of the year.

Properties in the course of construction for production, supply or administrative purposes are carried out at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intented use. The depreciation of these assets, on the same basis as other tangible assets, commences when the assets are ready to be used. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures and equipment including ships are stated at cost less accumulated depreciation and accumulated impairment losses. Ships are evaluated starting December 31, 2017 at revalued value set by an independent member of ANEVAR.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Property, plant and equipment (continued)

As at December 31, 2012, for the scope of preparing consolidated financial statements, the Group has applied one of the exemptions included in IFRS 1 which relieves first time adopters from the requirements to recreate cost information for the property, plant and equipment – *"IFRS1 - D8 allows event - driven fair value to be taken as the deemed cost as the date of that measurement"* In more detail the point refers allows a first time adopter to use and event drivenfair value as deemed cost at the measurement date, for measurements events that occurred after the date of transition to IFRS and to specify accounting in such circumstances.

For the Group the measurement date was after the date of transition to IFRs, respective December 31, 2012, when a fair value exercise was considered for all fixed assets which has became the deemed cost.

Depreciation is recognized so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straign line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

The average useful life of each category of property, plant and equipment is presented as follows:

	Years
Buildings and special constructions	8 - 60
Technical installations and equipment	3 - 30
Vehicles	4 - 6

3.14 Intangible assets

Intangible assets purchased separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated depreciation amortization and accumulated impairment losses. Amortization is calculated on a straight line basis throughout the useful life. The estimated useful life and the amortization method are revised at the end of each reporting period, effecting changes in the future accounting estimates.

The following useful lives are used in the calculation of amortization:

	Years
Concessions & patents	1 - 5

3.15 Impairment of tangible and intangible assets other than goodwill

Intangible assets with an indefinite useful life and the intangible assets that are not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

At the end of each reporting period, the Group reviewes the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of an individual asset of the cash generating unit into which the asset belongs.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Impairment of tangible and intangible assets other than goodwill (continued)

Where there can be identified a consistent allocation basis, the Group's assets are also allocated to individual cash generating units or to the smallest group of cash generating units for which a consistent allocation basis can be identified.

Intangible assets with an indefinite useful life and the intangible assets that are not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of the fair value less the costs of sale and the value-in-use. In assessing the value-in-use, the estimated future cash flows are discounted at the current value using a discount rate before taxes, which reflects the current market estimates of the time-value of money and the risks specific to the asset, for which the future cash flows have not been adjusted.

When an impairment loss is subsequently reversed, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable value, but so that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized for the respective asset (cash generating unit) in the prior years. A reversal of the impairment loss is immediately recognized in profit or loss, unless the relevant asset is carried at a revalued amount, in which casethe reversal of the impairment loss is treated as a revaluation increase.

3.16 Inventories

Inventories are stated at the lower of cost and net realizable value. Costs, including a part corresponding to the fixed and variable expenses are allocated to the inventories held through the method that is most adequate to the respective class of inventories, the weighted average basis. Net realizable value represents the sale price estimated for inventories less all the costs estimated for completion and the costs pertaining to the sale.

3.17 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and when a reliable estimate can be made of the respective obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation. When a provision is measured using the estimated cash flows estimated to settle the present obligation, its carrying amount is the presentvalue of those cash flows.

3.18 Warranties

Provisions for the expected cost of warranty obligations under local sale of goodslegislation are recognized at the date of sale of the relevant products, at the director's best estimate requiredto settle Group's obligation.

3.19 Financial instruments

i Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit and loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Financial instruments (continued)

i Non-derivative financial instruments (continued)

A financial instrument is recognized if the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are derecognized if the Group's contractual rights to the cash flows from the financial assets and liabilities expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the assets. Regular way purchases and sales of financial assets and liabilities are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognized if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

Subsequent measurement of equity investments for which no quoted price exists on an active market is at cost. If the recoverable amount falls below the carrying amount, an impairment loss is recognized.

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

Financial assets at fair value through profit and loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

ii Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Impairment of financial assets

Financial assets, other than those at fair value through profit and loss account are assessed for indicators of impairment at the end of each reporting period.

Financial assets are considered to be impaired when there is objective evidence that one or several events occurred after the initial recognition have had an impact on the future cash flow pertaining to the investment.

Certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they are assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the past experience of the Group in respect of the collection of payments, an increase of the payments delayed beyond the credit term, as well as visible changes in the national and local economic conditions that are correlated with the payment incidents regarding the receivables.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Financial instruments (continued)

ii Loans and receivables (continued)

Impairment of financial assets (continued)

The carrying amount of the financial asset is reduced by the impairment loss, directly for all the financial assets, except for the trade receivables, a case where the carrying amount is reduced by using a provision account. If a receivable is considered not recoverable, it is written off and deducted from the provision. Subsequent recoveries of the amounts previously written off are credited to the provision account. The changes in the carrying amount of the provision account are recognized in the profit or loss.

iii Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risks.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Derecognition of the assets and liabilities

The Group derecognizes the financial asset only when the contractual rights to the cash flows expire, or transfer the financial asset and, substantially, all the risks and rewards pertaining to the asset to another entity.

The Group derecognizes the financial liabilities if and only if all its obligations have been paid, cancelled or have expired.

Use of estimates

The preparation of the financial statements requires making estimates and assumptions by the management, which affect the reported amounts of the contingent assets and liabilities as at the balance sheet date, as well as the reported amounts of the income and expenses during the reporting period. Actual results may differ from those estimates. The estimates and assumptions on which the financial statements are based are revised on an ongoing basis. The reviews of the accounting estimates are recognized in the period when the estimate is revised, if such review affects only the respective period, or in the future periods, if the review affects both the current and the future periods.

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

4. REVENUE

The following is an analysis of the Group's revenue for the year from continuing operations:

	Year ended December 31, 2017	Year ended December 31, 2016
Revenue from sales of merchandises	29,921,902	24,617,319
Revenue from sales of raw materials	1,106,853	1,109,682
Revenues from sales of finished products	-	-
Revenue from rendering of services	432,174,245	372,680,788
Revenue from other activities	5,268,975	7,277,686
Total	**468,471,975**	**405,685,476**

5. OTHER EXPENSES

	Year ended December 31, 2017	Year ended December 31, 2016
Electricity expenses	3,741,393	3,753,187
Repairs	8,830,563	6,849,000
Rent expenses	7,647,846	7,343,808
Insurance expenses	6,029,119	5,557,163
Training	169,594	200,508
Transportation services	1,032,125	944,402
Expenses with commissions	2,901,397	1,053,292
Advertising and protocol expenses	1,197,547	1,296,063
Travel expense	658,816	551,759
Communication expenses	1,493,600	1,316,334
Tax expenses	1,920,246	2,595,694
Expenses with packages	7,510	14,569
Total	**35,629,757**	**31,475,779**

6. INVESTMENT EXPENSES / INCOME

	Year ended December 31, 2017	Year ended December 31, 2016
Income from financial investments	468,912	7,951,886
Expenses from financial investments	(851,432)	(4,493,395)
Income from financial assets	351,529	45,797
Other financial income	764,728	1,862,948
Other financial expenses	(367,298)	(539,500)
Income / (Expense) from financial investments	**366,439**	**4,827,736**

In 2017, income from financial investments and expenditure mainly includes the result of the sale of shareholding participation in SOCEP, Rompesc and Danu Transport (2016 sale of Navrom Delta and Danu Transport.)

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

7. OTHER GAINS AND LOSSES

	Year ended December 31, 2017	Year ended December 31, 2016
Other income	7,408,216	11,289,197
Net expenses from foreign exchange differences	(2,472,261)	1,077,619
Net income / (expenses) from adjustments for current assets	523,242	(6,129,357)
Net income / (expenses) from adjustments for non-current assets	1,996,017	(32,388)
Net income / (expenses) from provisions	424,369	(795,912)
Net income / (expense) from services in progress	(1,669,349)	2,821,722
Income/ (expenses) as result of reevaluation	(2,268,949)	-
Income from non-current assets in progress	1,047,624	748,032
Write off doubtful receivables	(1,139,097)	(1,137,022)
Other administrative expenses	(7,094,666)	(5,195,393)
Expenses related to fixed assets disposals	(982,937)	(4,539,035)
Total	**(4,227,793)**	**(1,892,537)**

In 2016, in Other income are included mainly revenues from sale of fixed assets (RON 7,793,871) recorded mainly by CNFR Navrom (sales of ships that amount RON 5,194,201) and Navrom BAC (RON 1,691,333).

In 2017, in Other income are included the legal interest in amount of 2,124,863 lei, obtained from the lawsuit with Mopan. It is the result of the forced execution of the land with which the advance paid by the TTS was guaranteed.

8. SUBCONTRACTORS EXPENSES

Subcontractors expenses include expenses with third parties for the rendering of the transportation services.

9. NET FINANCE COST

An analysis of the Group's revenue from investments for the year is presented below:

	Year ended December 31, 2017	Year ended December 31, 2016
Financial income	193,302	390,790
Bank fees and commissions	(712,031)	(592,227)
Interests on borrowings	(1,801,756)	(1,855,752)
Total	**(2,320,485)**	**(2,057,189)**

The financial incomes relate to the interest gained by the Group for overdrafts and short term deposits.

The interests on borrowings relate mainly to the loans received from IFC and Uncredit Bank SA by TTS SA and CNFR Navrom SA,from ING Bank SA to Trans Europa Port and Citibak to Canopus, Unicredit to Fluvius, but also also to the overdraft received from Unicredit Bank by Navrom.

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

10. INCOME TAX

	Year ended December 31, 2017	Year ended December 31, 2016
Current tax expense (note 10.2)	6,784,520	5,149,737
Expenses / (Income) with deferred tax recognized in the current year (note 10.1)	(2,803,999)	(238,322)
Total	**3,980,521**	**4,911,415**

The tax rate applied for the reconciliation above for the years 2017 and 2016 is 16% in Romania.

10.1 Details regarding deferred tax

	Year ended December 31, 2017	Year ended December 31, 2016
Balance as at January 1 deferred tax liabilities	**(19,352)**	**496,193**
Expense / (revenue) in the period		
- generated by the revaluation reserves	(782,719)	(1,087,671)
- borrowings and others	(2,021,280)	(79,148)
Total impact – Profit and Loss account	**(2,803,999)**	**(1,166,818)**
Total impact – Plimsol & Fluvius aquisition	**-**	**651,273**
Total impact result	**11,298,163**	**-**
Balance as at December, 31 deferred tax liabilities	**8,474,812**	**(19,352)**

10.2 Details regarding income tax

	Year ended December 31, 2017	Year ended December 31, 2016
Profit before tax	**18,499,847**	**23,181,649**
Income tax calculated at 16%	2,959,975	3,709,064
Effects of the non-taxable expenses	2,824,494	2,114,254
Effects of income that are exempt from taxation	(1,000,051)	(3,839,340)
Effects of other elements similar to income	-	3,165,759
Net effects of non-taxable expenses, respective income elements that are exempt from taxation in relation with subsidiaries	-	-
Current tax in respect with the current year before fiscal losses	-	-
Fiscal credit	-	-
Current tax in respect with the current year	**4,784,418**	**5,149,737**

11. SEGMENT INFORMATION

The Group's core business is transportantion of goods on the Danube and other complementary services related to the transportation of goods such as manipulation of goods, loading and unloading, storage.

Information reported to the chief operating decision maker for the purposes of resource allocation and assesment of segment performance focuses on the type of activities- intemediation, river transport, operations services and other services (repairs of the transportation fleet, hotel business, distribution of different goods (timber, oil, lubricants).

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

11. SEGMENT INFORMATION (continued)

Segment revenue and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment:

2017	Total	Forwarding	River transport	Port Operations	Others	Intersegments
Venituri	**468.471.975**	**329,607,078**	**255.202.937**	**62.696.118**	**57.620.168**	**(236,654,323)**
Merchandise sold	(22.683.178)	(267.095)	(957.815)	(6.410)	(21.858.615)	406.757
Raw materials and consumables	(77.223.203)	(279.963)	(65.289.098)	(6.374.813)	(5.842.542)	563.213
Depreciation and amortization	(59.608.506)	(3.027.347)	(40.099.728)	(12.608.844)	(3.872.587)	-
Packaging costs	(7.510)	-	(5.052)	(1.530)	(928)	-
Subcontractors espenses	(162.277.390)	(277.168.493)	(88.323.520)	(10.665.367)	(9.759.795)	223.639.785
Payroll expenses	(86.368.256)	(8.880.817)	(45.516.672)	(15.274.745)	(16.696.022)	-
Electricity, heating and water	(3.741.394)	(145.799)	(566.459)	(1.580.748)	(1.480.324)	31.936
Maintenance and repair expenses	(8.830.562)	(1.143.569)	(8.979.411)	(2.841.481)	(257.916)	4.391.814
Other administrative expenses	(23.050.290)	(7.393.794)	(10.195.329)	(8.005.536)	(2.941.675)	5.486.043
Other gains	22.595.728	8.591.312	9.074.047	1.297.436	5.461.401	(1.828.469)
Other loss	(26.823.521)	(6.928.475)	(11.531.235)	(2.218.737)	(6.343.824)	198.751
Pofit operational	**20.453.892**	**32,963,038**	**(7.187.334)**	**4.415.343**	**(5.972.659)**	**(3,764,493)**
Investment expenses	366.439					
Net of finance cost/ income	(2.320.485)					
Profit before tax	**18.499.846**					
Income tax expenses	(3.980.521)					
Profit for the year from continuing operations	**14.519.326**					

11. SEGMENT INFORMATION (continued)

Segment revenue and results

	Total	Forwarding	River transport	Port Operations	Others	Intersegments
Other comprehensive income for the year	-					
Deferred tax pertaining to comprehensive income	-					
Total comprehensive income for the year	**14.519.326**					
Profit of the year attributable to:						
Attributable to:						
Equity holders of the parent	14.098.775					
Non controlling interest	420.550					
Total comprehensive income	**-**					
Attributable to:						
Equity holders of the parent	14.098.775					
Non controlling interest	420.550					

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

11. SEGMENT INFORMATION (continued)

Segment revenue and results

2016	**Total**	**Forwarding**	**River transport**	**Port Operations**	**Others**	**Intersegments**
Venituri	**405,685,476**	**282,921,872**	**229,825,437**	**63,562,932**	**53,454,979**	**(224,079,743)**
Merchandise sold	(19,530,587)	0	(360,033)	0	(19,389,241)	218,687
Raw materials and consumables	(66,025,754)	(207,944)	(52,130,102)	(5,734,959)	(9,979,539)	2,026,790
Depreciation and amortization	(58,334,399)	(2,962,461)	(39,946,382)	(11,620,876)	(3,804,680)	0
Subcontractors espenses	(135,022,649)	(249,373,155)	(79,133,401)	(10,269,321)	(7,932,766)	211,685,993
Payroll expenses	(73,007,238)	(8,035,544)	(36,298,657)	(13,427,767)	(15,245,270)	0
Electricity, heating and water	(3,753,188)	(139,971)	(611,849)	(1,627,730)	(1,421,932)	48,294
Maintenance and repair expenses	(6,848,996)	(943,395)	(7,068,638)	(2,132,770)	(212,830)	3,508,637
Other administrative expenses	(20,859,027)	(4,747,019)	(9,682,390)	(8,902,437)	(3,507,716)	5,980,535
Other gains	28,536,179	7,694,001	20,749,353	1,869,799	7,451,014	(9,227,988)
Other loss	(30,428,714)	(12,022,915)	(17,487,298)	(2,099,064)	(6,685,570)	7,866,130
Pofit operational	**20,411,104**	**12,183,469**	**7,856,039**	**9,617,808**	**(7,273,551)**	**(1,972,665)**
Investment expenses	4,827,736					
Net of finance cost/ income	(2,057,189)					
Profit before tax	23,181,651					
Income tax expenses	(4,911,415)					
Profit for the year from continuing operations	**18,270,236**					
Other comprehensive income for the year	-	-	-	-	-	-

	Total	Forwarding	River transport	Port Operations	Others	Intersegments
Total comprehensive income for the year	**18,270,236**	-	-	-	-	-
Profit of the year attributable to:						
Attributable to:						
Equity holders of the parent	15,117,074	-	-	-	-	-
Non controlling interest	3,153,160	-	-	-	-	-
Total comprehensive income		-	-	-	-	-
Attributable to:						
Equity holders of the parent	15,117,074	-	-	-	-	-
Non controlling interest	3,153,160	-	-	-	-	-

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

11. SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3.

2017	**TOTAL**	**Forwarding**	**River transport**	**Port Operations**	**Others**	**Intersegments**
Total	468,471,977	329,607,078	255,202,937	62,696,117	57,620,168	(236,654,323)
Agri	169,251,930	145,630,953	76,043,816	46,215,977	-	(98,638,816)
Chemicals	50,646,724	42,414,416	33,837,602	10,226,065	-	(35,831,359)
Minerals	147,215,601	111,474,434	122,819,230	2,447,558	-	(89,525,621)
Other merchadises	12,686,075	-	12,686,075	-	-	-
Other services	88,671,647	30,087,275	9,816,214	3,806,517	57,620,168	(12,658,527)

2016	**TOTAL**	**Forwarding**	**River transport**	**Port Operations**	**Others**	**Intersegments**
Total	405,685,477	282,921,872	229,825,437	63,562,932	53,454,979	(224,079,743)
Agri	148,795,773	136,276,918	64,522,350	49,946,616	-	(101,950,111)
Chemicals	37,269,866	34,202,511	25,297,288	7,806,091	-	(30,036,024)
Minerals	130,992,770	100,159,915	111,738,607	1,943,321	-	(82,849,073)
Other merchadises	14,498,046	-	14,498,046	-	-	-
Other services	74,129,022	12,282,528	13,769,146	3,866,904	53,454,979	(9,244,535)

Other services for the Other segment include mainly sales of goods, shipyards incomes, hydro-construction, rental and sub-rentals, bunker and aquaculture services.

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

11. SEGMENT INFORMATION (continued)

Segment assets and liabilities

Segment assets 2017	**December 31, 2017**
Forwarding	87,712,726
River transport	387,664,307
Port Operations	173,354,503
Others	95,758,834
Total segment assets	**744,490,372**
Unallocated assets	
Investment in the investee	27,096,966
Total assets	**771,587,340**

Segment liabilities	**December 31, 2017**
Forwarding	16,142,874
River transport	33,979,868
Port operations	5,300,951
Others	11,088,708
Total segment liabilities	**66,512,401**
Unallocated liabilities	
Borrowings LT	46,800,862
Deferred tax liabilities	8,474,812
Other non current liabilities	1,154,377
Leasing	11,076,748
Borrowings ST	34,067,805
Other current liabilities	97,585
Total liabilities	**168,184,591**

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

11. SEGMENT INFORMATION (continued)

Other segment information (continued)

Segment assets 2016	**December 31, 2016**
Forwarding	114,975,102
River transport	312,530,121
Port Operations	169,439,366
Others	93,729,667
Total segment assets	**690,674,256**
Unallocated assets	
Investment in the investee	27,155,577
Total assets	**717,829,833**

Segment liabilities	**December 31, 2016**
Forwarding	11,535,511
River transport	36,392,720
Port operations	8,875,786
Others	8,244,864
Total segment liabilities	**65,048,880**
Unallocated liabilities	
Borrowings LT	30,039,845
Deferred tax liabilities	(19,352)
Other non current liabilities	10,455,371
Leasing	3,956,323
Borrowings ST	29,402,522
Total liabilities	**138,883,589**

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are alocated to reportable segments other than interests in associates, assets classified as held for sale and deferred tax assets

- all liabilities are allocated to reportable segments other than borrowings, other financial liabilities, leasing liabilities and deferred taxes

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

10. SEGMENT INFORMATION (continued)

Other segment information

Depreciation and amortization	**2017**
Forwarding	2.738.734
River transport	40.648.247
Port operations	12.445.504
Others	3.776.021
	59.608.507

Additions to non-current assets net of put in functions from WIP	**2017**
Forwarding	215,495
River transport	24,817,808
Port operations	6,568,919
Others	1,810,428
	33,412,651

Depreciation and amortization	**2016**
Forwarding	2,962,461
River transport	39,946,382
Port operations	11,620,876
Others	3,804,680
	58,334,399

Additions to non-current assets net of put in functions from WIP	**2016**
Forwarding	2,420,769
River transport	48,649,864
Port operations	14,001,255
Others	2,413,301
	67,485,189

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

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Plant and equipment	Fixtures and furniture	Tangible assets in progress and advances for fixed assets	Assets intranzit	Total
	RON	*RON*	*RON*	*RON*	*RON*	*RON*	*RON*
COST							
Balance as at January 1, 2017	**15,673,707**	**180,331,022**	**516,796,898**	**5,187,815**	**26,078,477**	**4,002,320**	**748,070,239**
Increases	208,751	1,505,917	35,081,946	227,821	36,757,540	110,260	73,892,234
Disposals	767,251	543,148	4,396,828	94,151	36,956,496	4,077,417	46,835,291
Reevaluation impact	-	-	(102,502,128)	-	-	-	(102,502,128)
Balance as at December 31, 2017	**15,115,207**	**181,293,790**	**444,979,889**	**5,321,485**	**25,879,521**	**35,163**	**672,625,055**
ACCUMULATED DEPRECIATIONS							
Balance as at January 1, 2017	**62,529**	**23,739,744**	**186,392,507**	**1,826,840**	**-**	**-**	**212,021,619**
Depreciation expense	15,965	5,792,779	52,214,999	738,708	-	-	58,762,451
Disposals	-	42,252	5,606,955	41,164	-	-	5,690,372
Impact reevaluare	-	-	(172,406,811)	-	-	-	(172,406,811)
Provision	-	-	-	-	-	-	-
Balance as at December 31, 2017	**78,494**	**29,490,271**	**60,593,739**	**2,524,383**	**-**	**-**	**92,686,887**
NET BOOK VALUE							
As at December 31, 2016	**15,611,178**	**156,591,278**	**330,404,392**	**3,360,975**	**26,078,477**	**4,002,320**	**536,048,620**
As at December 31, 2017	**15.036.713**	**151.803.520**	**384.386.149**	**2.797.102**	**25.879.521**	**35.163**	**579.938.168**

As at December 31, 2017 the plant and equipment class (ships category) were revalued by an ANEVAR society member Elf Expert. The method used by the evaluator was the cost approach and market value approach. The impact of the reevaluation methods used was an increase of 72,116,901 RON and a decrease of 2,212,218 RON

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

12. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land	Buildings	Plant and equipment	Fixtures and furniture	Tangible assets in progress and advances for fixed assets	Assets intranzit	Total
	RON	*RON*	*RON*	*RON*	*RON*	*RON*	*RON*
COST							
Balance as at January 1, 2016	**15,431,149**	**178,678,370**	**471,033,223**	**4,878,852**	**24.726.299**	**-**	**694,747,893**
Increases	289,538	2,101,952	56,825,020	770,392	48,965,479	4,002,320	112,954,701
Disposals	46,980	449,300	11,061,345	461,429	47,613,301	-	59,632,355
Balance as at December 31, 2016	**15,673,707**	**180,331,022**	**516,796,898**	**5,187,815**	**26,078,477**	**4,002,320**	**748,070,239**
ACCUMULATED DEPRECIATIONS							
Balance as at January 1, 2016	**47,895**	**18,838,652**	**141,925,141**	**1,331,392**	**-**	**-**	**162,143,080**
Depreciation expense							
Disposals	14,634	5,896,963	51,217,956	625,855	-		57,755,409
Provision	-	995,872	6,750,591	130,407	-	-	7,876,870
Balance as at December 31, 2016	**62,529**	**23,739,744**	**186,392,507**	**1,826,840**	**-**	**-**	**212,021,619**
NET BOOK VALUE							
As at December 31, 2015	**15,383,254**	**159,839,718**	**329,108,082**	**3,547,460**	**24.418.576**	**-**	**532,604,812**
As at December 31, 2016	**15,611,178**	**156,591,278**	**330,404,392**	**3,360,975**	**26,078,477**	**4,002,320**	**536,048,620**

Following the acquisition of Plimsol and Fluvius during 2016, fixed assets with a fair value of RON 21,386,426 belonging to these two companies are included in additions in the table above. These are mainly ships belonging to Fluvius for river transportation.

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

13. GOODWILL

COST	Year ended December 31, 2017	Year ended December 31, 2016
Balance at beginning of year	**2,943,521**	**713,142**
Combinations occuring during the year	-	2,230,379
Balance at end of year	**2,943,521**	**2,943,521**

As at December 31, 2015, the goodwill was recognized for 2 of the subsidiaries consolidated: Canopus Star SRL in amount of RON 364,260 and Trans Europa Port in amount of RON 348,882. During 2016, the Group invested in Plimsoll KFT, by buying 51% of its shares. Plimsoll KFT owns 100% of Fluvius KFT.

14. OTHER INTANGIBLE ASSETS

	Other intangible assets	Total
COST		
As at December 31, 2015	**5,378,070**	**5,378,070**
Additions	2,143,789	2,143,789
Disposals	(106,895)	(106,895)
As at December 31, 2016	**7,414,964**	**7,414,964**
Additions	554,329	554,329
Disposals	135,105	135,105
As at ZDecember 31, 2017	**7,834,189**	**7,834,189**
ACCUMULATED DEPRECIATION		
As at December 31,2015	**2,025,350**	**2,025,350**
Amortization for the year	578,990	578,990
Amortization pertaining to disposals	(120,234)	(120,234)
Fair value adjustment	-	-
As at December 31, 2016	**2,484,106**	**2,484,106**
Amortization for the year	846,055	846,055
Amortization pertaining to disposals	137,818	137,818
Fair value adjustment	-	-
As at December 31, 2017	**3,192,344**	**3,192,344**
Net book value as at December 31, 2015	**3,352,721**	**3,352,721**
Net book value as at December 31, 2016	**4,930,858**	**4,930,858**
Net book value as at December 31, 2017	**4,641,845**	**4,641,845**

Management has analyzed the impairment of the net book value of the tangible and intangible assets and decided that it is not necessary to calculate and record supplementary adjustments for their impairment, as the fair value less costs to sell exceed the carrying amounts at which they are reflected in the financial position as at December 31, 2017 and December 31, 2016.

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

15. INVESTMENTS IN ASSOCIATES

Name of investment	Core business	Holding percentage 12/31/2017	Cost of the investment 12/31/2017	Post-acquisition change in the investor's share of net assets of the investee	Carrying amount of the investment 12/31/2017	Cost of the investment 12/31/2016	Post-acquisition change in the investor's share of net assets of the investee	Carrying amount of the investment 1/1/2016
		%	Lei	Lei	Lei	Lei	Lei	Lei
Cargorom Trans BVBA	Complementary transportation services of goods	-	-	-	-	911,677	(614,671)	297,006
Cargo Trans Vagon S.A.	Railway transportation of goods	40.74%	18,072,552	-	18,072,552	18,072,552	-	18,072,552
Cargo Trans Vagon S.A. (investment held by TTS Operator SA)	Railway transportation of goods	2.93%	1,040,000	-	1,040,000	1,040,000	(86,634)	953,366
Transterminal-S S.R.L.	Railway transportation of goods	25.5%	147,339	4,649,520	4,796,856	147,339	3,934,149	4,081,488
Management NFR S.A.	Business and consulancy services	20%	18,000	-	18,000	18,000	-	18,000
PR Shipping S.R.L.	Complementary transportation services	-	-	-	-	700	-	700

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

15. INVESTMENTS IN ASSOCIATES (continued)

Name of investment	Core business	Holding percentage 12/31/2017	Cost of the investment 12/31/2017	Post-acquisition change in the investor's share of net assets of the investee	Carrying amount of the investment 12/31/2017	Cost of the investment 12/31/2016	Post-acquisition change in the investor's share of net assets of the investee	Carrying amount of the investment 1/1/2016
		%	*Lei*	*Lei*	*Lei*	*Lei*	*Lei*	*Lei*
Cargo Trans Vagon Bulgaria JSA	Railway transportation of goods	10%	54,230	-	54,230	54,230	-	54,230
Navrom Port Service S.A.	Railway transportation of goods	49.97%	878,700	2,123,992	3,002,692	878,700	2,085,935	2,964,635
For Serv Drum		559,493	(559,493)	-	-	559,493	-	559,493
Alte investiții		111,934	-	111,934	111,934	154,108		154,108
TOTAL VALUE OF THE INVESTMENT IN THE ASSOCIATES					**27,096,967**			**27,155,577**

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

16. OTHER LONG TERM ASSETS

	Year ended December 31, 2017	Year ended December 31, 2016
	RON	*RON*
Long term receivables	6,565,116	2,066,984
Total	**6,565,116**	**2,066,984**

As at December 31, 2017 long-term receivables is included the value to be recovered from Europolis (5,883,840 lei) related to the sale of fixed asset.

17. INVENTORIES

	Year ended December 31, 2017	Year ended December 31, 2016
	RON	*RON*
Consumables	17,042,087	14,201,571
Small tools	1,329,124	1,385,853
Goods	1,966,472	3,592,773
Goods with third parties	379,063	300,700
Work in progress	-	256,214
Services in progress	2,515,586	5,277,389
Packages	14,974	15,552
Impairment of materials	(1,172,087)	(1,271,710)
Impairment for small tools	(512,686)	-
Impairment of packages	(6,912)	(7,117)
Total	**21,555,623**	**23,751,224**

The line consumables contains mainly fuel used by the ships and cranes in the transportation operations.

The work in progress line is related mainly to the construction in progress of ships from Navrom Shipyard and Cernavoda Shipyard.

The sevices in progress are related to services rendered by Navrom Shipyard (RON 652,804) to CNFR Navrom, Cernavoda Shipyard for various projects and Superquatro for the project with Giurgiu town .

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

18. TRADE AND OTHER RECEIVABLES

	Year ended December 31, 2017	Year ended December 31, 2016
	RON	*RON*
Trade receivables	79,277,369	71,754,720
Allowance for doubtful receivables	(24,752,040)	(25,260,737)
Advances paid to suppliers of services	-	-
Other receivables	4,786,611	967,681
	59,311,939	**47,461,664**

Movement in the allowance for **doubtful debts:**

	Year ended December 31, 2017	Year ended December 31, 2016
	RON	*RON*
Balance at the beginning of the year	**25,260,737**	**22,154,765**
Net Increase / (decrease) in allowance for the period	(508,697)	3,105,972
Balance at the end of the year	**24,752,040**	**25,260,737**

In determining the recoverability of a trade receivable, the Entity considers any change in the crediting quality of the loan up to the reporting date. The concentration of the recoverability risk of the receivable is limited due to the existence of a big number of non affiliated clients. Thus, the management considers that no supplementary impairment adjustments are necessary for trade receivables to the ones already recognized in the current financial statements.

19. OTHER CURRENT ASSETS

	Year ended December 31, 2017	Year ended December 31, 2016
	RON	*RON*
Amounts paid in advance	2,282,628	992,477
Sundry debtors	15,388,145	21,854,752
Allowance for sundry debtors	(9,479,292)	(10,947,012)
Taxes receivable from state budget	5,380,623	2,817,512
Other current assets	5,289,871	3,006,975
Total	**18,861,974**	**17,724,704**

In 2016, Sundry debtors mainly includes mainly receivables from sale of fixed and VAT receivable.

In 2017, Sundry debtors mainly includes sundry debtors from Comcereal SA in amount of 3,565,113 lei, For Serv Drum S.R.L. amount of 2,659,946 lei, MASINI-HIBRID CONSTRUCT S.R.L. amount of 749,953 lei. All the mentioned amount are also included in the allowance for sundry debtors. Another amount included in sundry debtors is also the afrom the sale of two ships to Europolis worth 5,405,455 lei (less than a year).

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

20. ISSUED CAPITAL

Issued capital comprises:

	No. of shares	Share capital	Share Premium
Balance at 31 December, 2013	**666,657**	**35,072,442**	**46,417,946**
Issue of shares	-	-	-
Balance at 31 December, 2014	**666,657**	**35,072,442**	**46,417,946**
Issue of shares	-	-	-
Balance at 31 December, 2015	**666,657**	**35,072,442**	**46,417,946**
Issue of shares	-	-	-
Balance at 31 December, 2016	**666,657**	**35,072,442**	**46,417,946**
No shares after reduction of the nominal value	33,332,850	35,072,441	46,417,946
Issue of shares	(1,997,000)	(1,997,000)	-
Sold la 31 decembrie 2017	**31,333,150**	**33,072,751**	**46,417,946**

The share capital increase was done in cash. On July 18, 2012, the shareholders of the Company approved the share capital increase by issuing additional 66,657 fully paid common shares of RON 50 each nominal value to International Finance Corporation for a contribution of EUR 10,854,426 equivalent of RON 49,551,480. The transaction generated also the increase off the share premium by RON 46,218,631.

At December 31, 2016 the number of ordinary shares was 666,657.

In June 2017, after the acquisition of 39,994 shares of the IFC shareholder, the nominal value of the shares changed from 50 lei / share to 1 leu / share so the total number of ordinary shares increased from 666,657 to 33,332,850 .

On August 28, 2017, the shareholders approved the cancellation of 1,997,700 own shares acquired from the shareholder of International Finance Corporation, representing 6% of the company's subscribed share capital.

Also, at the same date, shareholders approved the reduction of the share capital from RON 33,332,850 to RON 31,333,150, with the nominal value of the canceled shares amounting to RON 1,997,700.

After the reduction the share capital of the company is 31,333,150 lei divided into 31,333,150 nominative shares, with a nominal value of 1 leu.

The inflated IFRS of the share capital at 31 December 2017 is RON 33,072,751 (2016: 35,072,441 RON).

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

20. ISSUED CAPITAL (continued)

As at 31 December 2017, the Company's shareholding structure is as follows:

Shareholding structure	No. of shares	Ratio
International Finance Corporation	1,333,150	4,2548%
Peter Hungerbuehler	3,030,300	9,6712%
Moldoveanu Aurel Florin	303,050	0,9672%
Hartan Constantin	1,515,150	4,8356%
Stefan Viorel	3,030,300	9,6712%
Simion Daniela Camelia	303,050	0,9672%
Miron Mihaela	153,500	0,4899%
Cismek Mihaela Aurelia	153,500	0,4899%
Stefan Jancovschi Daniel	453,050	1,4459%
Mihailescu Alexandru Mircea	14,847,000	47,3843%
Stefanut Petru	909,100	2,9014%
Stoean Antonio Gabriel	453,050	1,4459%
Petrea Silviu Catalin	453,050	1,4459%
Stanciu Ion	4,242,400	13,5397%
Alexandrescu Florin	153,500	0,4899%
Total	**31,333,150**	**100%**

As at 31 December 2016 and 31 December 2015, the Company's shareholding structure is as follows:

Shareholding structure	No. of shares	Ratio
Mihailescu Alexandru Mircea	296,940	44.54%
Stanciu Ion	84,848	12.73%
Peter Hungerbuehler	60,606	9.09%
Stefan Viorel	60,606	9.09%
Hartan Constantin	30,303	4.54%
Stefanut Petru	18,182	2.73%
Moldoveanu Aurel Florin	6,061	0.91%
Petrea Silviu Catalin	9,061	1.36%
Stefan Jancovschi Daniel	9,061	1.36%
Stoean Antonio Gabriel	9,061	1.36%
Simion Camelia	6,061	0.91%
Alexandrescu Florin	3,070	0.46%
Cismeck Aurelia Mihaela	3,070	0.46%
Miron Mihaela	3,070	0.46%
International Finance Corporation	66,657	10%
Total	**666,657**	**100%**

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

21. RESERVES

	Year ended December 31, 2017	Year ended December 31, 2016
	RON	*RON*
Legal reserves	6,666,572	6,666,570
Revaluation reserves	60,818,738	-
Share premiums	46,417,946	46,417,946
Other reserves	151,862,045	148,864,259
Total	**265,765,301**	**201,948,775**

The main lines from reserves are related to the reserves obtained from the first time adoption of IFRS included in the line with "Other reserves".

The share premium was generated by the transaction with International Finance Corporation (IFC) during 2012, when the IFC acquired 10% representing 66,657 shares from the total shares of the Company. The legal reserves line contains the reserves established in accordance with Romanian regulations. Revaluation reserves amount is the result of the reevaluation process made for the ships class as at December 31, 2017.

22. NON-CONTROLLING INTEREST

	Year ended December 31, 2017	Year ended December 31, 2016
	RON	*RON*
Balance at 1 January	**95,980,547**	**88,055,150**
Share of profit for the year	420,550	3,153,159
Increase/ (Decrease) of the Non-controlling interest - contribution	18,453	4,772,237
Balance at 31 December	**96,419,550**	**95,980,547**

23. INTEREST BEARING LOANS AND BORROWINGS

	Year ended December 31, 2017	Year ended December 31, 2016
	RON	*RON*
Secured borrowings		
Short term borrowings	17,351,132	14,927,314
Current part of long term borrowings	16,716,674	14,475,208
Long term borrowings		
Long term borrowings	46,800,862	30,039,845
Total short and long term borrowings	**80,868,668**	**59,442,367**

23. INTEREST BEARING LOANS AND BORROWINGS (continued)

Amounts due to credit institutions

On April 10, 2008, the Company obtained a credit facility in amount of EUR 10,000,000 from International Finance Corporation for the expansion of TTS SA's operations, including at Constanta Port and Galati. The loan was repaid in 16 consecutive equal, semi-annual installments (15-Jan-2010 till 15-Jul-2017). The IFC loan has been totally repaid as of September 30,2017.

Also, the Company has the following loans contracted from Unicredit Bank SA:

- Credit line for general needs with a total value of EUR 2,000,000 The maturity date is on 30.12.2020. The total withdrawn amount as of December 31,2017 is of EUR 1,600,000 (RON 7,455,520) out of which RON 1,863,880 – short term and RON 5,591,640 – long term. Overdraft and letter of guarantess with a total value of EUR 3,000,000 with a maturity date on 28.12.2017. This loan is not used as at 30.09.2017

- Overdraft and letter of guarantess with a total value of EUR 3,000,000 with a maturity date on 28.12.2017. This loan is not used as at 31.12.2017

- Treasury line with a total value of 1,000,000 EUR, with a maturity date on 29.12.2018. The line is not used as at 31.12.2017

The credit line of EUR 2,000,000 is guaranteed by the mortgage on the buildings owned by the Company in Bucharest 34 Vaselor Street, the real estate mortgage on cash receivables and their accessories, coming from contracts concluded by TTS with its clients as debtors; the mortgage on all present and future bank accounts and sub-accounts opened by TTS SA at the bank, the mortgage on the cash receivables resulting from the insurance contracts / policies issued by an insurance company agreed by the bank

On 14th of April 2017 the Company has concluded a new loan contract with Unicredit Bank SAfor a total amount of EUR 7.000.000. The Company has withdrawn the entire amount on 28.06.2017. The loan has to repaid in 8 consecutive equal semi-annual installments of EUR 875,000 each. The balance amount as at December 31, 2017 amounts 7,000,000 EUR (32,617,900 lei) out of which short term value is 8,154,475 lei and long term value is 24,463,425 lei.

This loan of 7,000,000 is guaranteed by the mortgage on the buildings owned by the Company in Bucharest 34 and 27 Vaselor Street, the land in Bucharest, Ion Maiorescu no.14 and 16B, as well as the property and equipment of TTS Porturi Fluviale SRL located in Galati, 56, Portului Street, Docks Port; the mortgage on the cash receivables and their accessories, coming from the contracts concluded by TTS with its clients in the capacity of debtors divested; the mortgage on all present and future bank accounts and sub-accounts opened by TTS SA at the bank, the mortgage on the cash receivables resulting from the insurance contracts / policies issued by an insurance company agreed by the bank

All loans from Unicredit Bank are secured by the mortgage on the buildings owned by the Company in Bucharest 34 and Vaselor Street no. 27, the land in Bucharest, Ion Maiorescu street no.14 and 16B, Silos in Giurgiu.

The following covenants were mentioned in the contract:

- Current ratio must be over 1
- Debt Service ratio over 1.1
- 80% of the annually turnover is to be routed through its current accounts.

The Company complies with the above covenants as at December 31, 2017.

The Company it also warranting for the credit agreements concluded by its subsidiaries with Unicredit Bank S.A. and Citibank, respectively for CNFR Navrom S.A., Canopus Star S.R.L. (up to 51% under the share capital), TTS Porturi Fluviale S.R.L., Agrimol Trade S.R.L. Navrom Shipyard S.R.L ..

23. INTEREST BEARING LOANS AND BORROWINGS (continued)

CNFR Navrom has the following loans contracted from Unicredit Bank SA:

- Overdraft from Unicredit Bank SA with a balance of 8,381,779 RON as at December 31,2017. The overdraft facility has a total limit of 3,000,000 EUR. The overdraft is due on 28.12.2018. Within the same loan agreement of CNFR Navrom, Navrom River SRL(Hotel Mercur) was granted an overdraft of maximum 50,000 EUR of which 43,314 EUR (201,829 RON) was used as at December 31, 2017.

- Treasury line with a total value of 2,000,000 EUR, with a maturity date on 29.12.2018. The line is not used as at 31.12.2017

The 2 loans are secured by:

- mortgage on the real estate property of Navrom – land located in Galati on strada portului nr 23, lot 2-5, Galati county;
- mortgage on the receivable of Navrom against debtor Arcelor Mittal;
- fidejussion issued by TTS;
- mortgage on all the receivables, bank accounts, collateral account and deposits in the accounts of Navrom River SRL;

On October 15, 2013, Canopus signed an agreement with Royal Bank of Scotland (RBS) for financing the ongoing investment of Canopus for extention of the deposit capacity of cereal terminal from Constanta harbour. Total value of the credit facility was of EUR 11,500,000, having a maturity date on August 31, 2018. The loan was transferred during 2015 to Unicredit Bank SA and afterwards to Citibank Europe plc Dublin, in June 2016. Total value of credit facility is EUR 9,187,500, with the following destination:

- EUR 7.187.500 are related to refinancing of exposure to Unicredit Bank SA due in 31 May 2021 – used amount as at 31.12.2017 is EUR 5,031,250;

- EUR 2.000.000 are related to a credit line for treasury transaction (IRS transaction or swap on interest).

In accordance with the contract with Citi Bank the following have to be complied by Canopus as of December 31, 2017:

- 80% of the annually turnover is to be routed through its current accounts
- total interest bearing debts divided by EBITDA of not more than 3
- total debt divided by equity of not more than 0.5
- Debt Service ratio of at least 1.20
- notification of Bank in case of change in shareholder structure

The Company complies with the above covenants as at December 31, 2017
The balance of the loan taken by Canopus from to Citibank Europe plc Dublin is EUR 5,031,250 EUR (RON 23,444,116 lei) of which RON 6,698,319 short term and RON 16,745,797 long term.

TTS Porturi Fluviale SRL has a long term loan maturing in 26 July 2017 2017 from ING Bank with a balance of RON 454,561. This Entity has also a multipurpose limit to be used as overdraft and for issuance of letters of guarantees of 2,000,000 EUR contracted from ING, not used as at 31.12.2016. Also it has an overdraft contracted from ING: used amount RON 1,106,415.

Fluvius KFT has a bank overdraft concluded with Commerzbank in 2016 with an used amount as of December 31,2017 in amount of EUR 258,571 (RON 1,204,861).

Also, Agrimol Trade SRL has an overdraft from Citibank with a limit of 1,710,000 eur with a balance of RON 4,152,416 as at December 31, 2017.

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

23. INTEREST BEARING LOANS AND BORROWINGS (continued)

Other loans and similar debts

The Company has as at December 31, 2017 RON 12,231,125 as outstanding other loans and similar debts, mostly composed by leasing (RON 11,076,748). The most significant amount of EUR 1,991,740 is from Fluvius KFT for its vessels:Melanie 2 (EUR 835,772), Melanie 1 (EUR 576,475), Ulm (EUR 283,796), Johanna (EUR 194,331), Herso (EUR 101,365).

	Less than 1 year	More than 1 year	Total
	RON	*RON*	*RON*
Other loans and similar debts	3,295,059	8,936,066	12,231,125

24. TRADE AND OTHER PAYABLES

	Year ended December 31, 2017	Year ended December 31, 2016
	RON	*RON*
Trade payables	35,140,131	36,923,186
Payables regarding invoices to receive	2,381,536	5,208,682
Sundry creditors	2,399,887	19,960
Total	**39,921,554**	**42,151,828**

25. PROVISIONS

	Year ended December 31, 2017	Year ended December 31, 2016
	RON	*RON*
Provisions for risks and charges	3,397,806	3,822,175
Total	**3,397,806**	**3,822,175**

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

26. OTHER CURRENT LIABILITIES

	Year ended December 31, 2017	Year ended December 31, 2016
	RON	*RON*
Employees related payables	3,628,889	3,066,749
Social security payable	3,235,479	2,627,310
Income tax payable	3,037,557	(733,510)
Tax on salaries payable	1,067,575	883,528
Interest payable	51,166	58,211
Other non-commercial liabilities	2,649,726	2,923,790
Liabilities related to VAT	4,159,900	3,638,571
Sundry creditors	5,460,336	6,610,229
Total	**23,290,627**	**19,074,878**

Other non-commercial liabilities include: RON 1,550,173 subventions for fixed assets.

27. FINANCIAL INSTRUMENTS

a) Capital management

The Group manages its capital in order to make sure that it can continue as a going concern also ensuring a maximization of the shareholders' wealth by optimizing the balance of liabilities and equity.

The equity structure of the Group comprises of liabilities, which include the borrowings presented in note 20.

Equity includes share capital, reserves and retained earnings, as disclosed in notes 21 and 22.

The Group is not subject to any externally imposed capital requirements.

The Group monitors the equity based on gearing. Gearings is calculated as long term borrowings divided to net worth.Net worth is calculated as "Equity and reserves" as reported in the statement of financial position.

Gearing as at December 31, 2017 and December 31, 2016 was the following:

	Year ended December 31, 2017	Year ended December 31, 2016
	RON	*RON*
Long term borrowings	46,800,862	30,039,845
Total equity and reserves	506,983,199	482,965,698
Gearing	**9,23%**	**6.22%**

b) Foreign currency risk

The Group is exposed to fluctuations in the foreign exchange rates in the commercial and financing transactions. Foreign currency risk results from the recognized assets and liabilities, including borrowings, expressed in foreign currencies. Due to the high costs associated, the Group's policy is not to use derivatives to hedge this risk.

27. FINANCIAL INSTRUMENTS(continued)

c) Interest rate risk management

The interest rate risk at fair value is the risk that the value of a financial instrument should fluctuate due to the variations in the market interest rates. Financial instruments are interest bearing at market rates and, as a result, it is considered that their fair values do not differ significantly from their book values.

d) Credit risk management

The Group is exposed to a credit risk due to its trade receivables and other receivables. The Group has policies in place meant to ensure that the sales are made to the clients with proper payment history. The due date of the liabilities is carefully monitored and the amounts outstanding after the expiration of the due date are promptly pursued. Trade receivables (clients) are presented net of the adjustments for the impairment of doubtful receivables. The Group develops policies that limit the value of the credit exposure to any financial institution.

e) Liquidity risk management

A prudent liquidity risk management involves maintaining sufficient cash and credit lines available, a continuous monitoring of the estimated and actual cash flow and correlation of the due dates of the financial assets and liabilities. Due to the nature of its business, the Group intends to be flexible in respect of the financing options with the support of the majority shareholder.

f) Fair value of the financial instruments

The fair values of the financial assets and liabilities are determined as follows:

- the fair value of the financial assets and liabilities under standard terms and conditions and traded active and liquid and active market is determined by reference to the listed market rates;

- the fair value of other financial assets and liabilities (excluding derivatives) is determined in accordance with the generally accepted price models, based on the analysis of the discounted cash flows, using prices from observable current market transactions; and

- the fair value of the derivatives is calculated using the listed prices. Where such prices are not available, the analysis of the discounted cash flows is applied using the yield curve applicable to derivatives that do not include options and option evaluation models for the derivatives based on options.

- The financial instruments in the balance sheet include trade receivables and other receivables, cash and cash equivalents, short and long term borrowings and other liabilities. The estimated fair values of these instruments approximate their book values. The book values represent the maximum exposure of the Company to the credit risk related to the existent receivables.

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

27. FINANCIAL INSTRUMENTS (continued)

The carrying amounts of the Group's currencies expressed in monetary assets and liabilities as at the reporting date are the following:

2017	EUR	USD	CHF	GBP	RON	31-Dec-17
	1 EUR = 4,6597	1 USD =3,8915	1 HUF = 0,015011	1 GBP = 5,253	1	Total
	RON	*RON*	*RON*	*RON*	*RON*	*RON*
ASSETS						
Cash and cash equivalents	13,898,881	6,523,847	175,150	113	30,074,195	50,672,186
Receivables and other current assets	22,246,056	5,409,787	9,067,752	752,500	40,697,818	78,173,913
Other long term receivables	4,611,442	-	-	-	1,953,674	6,565,116
LIABILITIES						
Trade payables and other payables	(15,875,644)	(1,642,398)	(12,689,834)	(1,920)	(33,002,386)	(63,212,181)
Short and long term borrowings	(68,246,962)	-	(381,342)	-	(12,240,364)	(80,868,668)
Net balance sheet exposure	**(43,366,227)**	**10,291,236**	**(3,828,274)**	**750,693**	**27,482,938**	**(8,669,634)**

2016	EUR	USD	CHF	GBP	RON	31-Dec-16
	1 EUR = 4.5411	1 USD = 4.3033	1 CHF = 4.2245	1 GBP = 5.2961	1	Total
	RON	*RON*	*RON*	*RON*	*RON*	*RON*
ASSETS						
Cash and cash equivalents	6,186,154	1,113,935	1,009	114	48,445,470	55,746,682
Receivables and other current assets	34,944,799	3,122,469	-	-	27,119,100	65,186,368
Other long term receivables	-	-	-	-	2,066,984	2,066,984
LIABILITIES						
Trade payables and other payables	(21,939,769)	(6,085,153)	-	-	(33,201,783)	(61,226,706)
Short and long term borrowings	(59,442,367)	-	-	-	-	(59,442,367)
Net balance sheet exposure	**(40,251,183)**	**(1,848,750)**	**1,009**	**114**	**44,429,771**	**2,330,961**

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

27. FINANCIAL INSTRUMENTS(continued)

Sensitivity analysis

The Group is mainly exposed to the variations in the foreign exchange rates of EUR and USD against RON, The table below details the Group's sensitivity to a 10% increase or decrease of EUR / USD against RON, 10% is the sensitivity rate used when the internal reporting of the FX risk is made to the top management and represents the management's estimate regarding the reasonably possible changes in the FX rates, Sensitivity analysis includes only the remaining currency expressed in the monetary elements and adjust the translation at the end of the period for a 10% change in the FX rates, In the following table, a negative value indicates a decrease in profit when RON is impaired by 10% as against EUR / USD. A 10% increase of RON against EUR / USD would have an equal and contrary impact on profit and other equity and the balances below would be positive, The changes will be attributable to the exposures pertaining to the borrowings in EUR and USD at year end.

The exchange rates as at December 31, 2017 and as at December 31, 2016 are:

	December 31, 2017	December 31, 2016
EUR	4,6597	4.5411
USD	3,8915	4.3033

	Year ended December 31, 2017	Year ended December 31, 2018
	RON	*RON*
Profit or loss	(3,615,257)	(4,209,993)

The impact on the result according to each currency is the following:

Currency	Year ended December 31, 2017	Year ended December 31, 2018
	RON	*RON*
EUR	(4,336,623)	(4,025,118)
USD	1,029,124	(184,875)
HUF	(382,827)	-
GBP	75,069	-
Total	**(3,615,257)**	**(4,209,993)**

Tables regarding the liquidity risk and interest rate risk

The following tables detail the periods to the due dates of the financial liabilities of the Group.

The tables have been prepared based on the cash flows not updated of the financial liabilities as at the nearest date when the Group can be required to pay. The table includes both the interestand the cash flows pertaining to equity.

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

27. FINANCIAL INSTRUMENTS(continued)

2017	**Less than 1 year**	**1 – 2 years**	**2 - 5 years**	**Total**
Not bearing interest				
Trade payables and other current payables	63,212,181	-	-	63,212,181
Receivables and other current assets	78,173,913	-	-	78,173,913
Other long-term receivables	-	6,565,116	-	6,565,116
Interest bearing instruments				
Long and short term borrowings	34,067,806	46,800,862	-	80,868,668
Cash and cash equivalents	50,672,186	-	-	50,672,186

2016	**Less than 1 year**	**1 – 2 years**	**2 - 5 years**	**Total**
Not bearing interest				
Trade payables and other current payables	61,226,706	-	-	61,226,706
Receivables and other current assets	65,186,368	-	-	65,186,368
Other long-term receivables	-	2,066,984	-	2,066,984
Interest bearing instruments				
Long and short term borrowings	29,402,522	30,039,845	-	59,442,367
Cash and cash equivalents	55,746,682	-	-	55,746,682

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

28. CASH AND BANK ACCOUNTS

For the purposes of the cash flow statement, cash and cash equivalents include petty cash and bank accounts, Cash and cash equivalents at the end of the financial year, as presented in the cash flow statement can be reconciled with balance sheet elements as follows:

	Year ended December 31, 2017	Year ended December 31, 2018
	RON	*RON*
Cash in banks	27,864,912	22,321,156
Petty cash	380.847	335,463
Cash equivalents	22.426.426	33,090,063
Total	**50,672,186**	**55,746,682**

Cash equivalents item contains short term deposits and overdrafts. The Group has the following breakdown at the end of each reporting period.

Entity name	Year ended December 31, 2017	Year ended December 31, 2018
	RON	*RON*
TTS SA	22,426,002	32,726,036
CNFR Navrom SA	420	630
Cernavoda Shipyard	-	289,520
Hotel Mercur	-	1,506
Agrimol Trade	-	72,372
	22,426,426	**33,090,063**

29. COMMITMENTS AND CONTINGENCIES

Contingent liabilities

Taxation

Taxation system in Romania is still developing and is subject to various interpretations and constant changes, which may sometimes be retroactive, Although the tax actually due for a transaction can be low, penalties can be significant, as they can be calculated at the value of the transaction plus a ratio of 0.03% per day for late payment for interest and penalties at 0.02% per day of late payment. In Romania, the statute of limitation for audits by the tax authorities is of 5 years. Management considers that the tax obligations included in these financial statements are adequate.

In accordance with the provisions issued by the Ministry of Public Finance, which regulate the fiscal regime of the elements of equity that have not been subject to the calculation of the income tax at the date of being entered in the accounts, due to their nature, if the Company changes the destination of the revaluation reserves (to cover losses or to distribute to the shareholders), this will lead to supplementary income tax liabilities.

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

29. COMMITMENTS AND CONTINGENCIES (continued)

Environment

The regulations regarding the environment are still developing in Romania and the Company did not record any obligations as at December 31, 2017 or December 31, 2016 for any anticipated costs, including legal and consulting fees, surveys of the location, design and implementation of remedial plans regarding the environment.

Guarantees

Bank	Value	Currency	Start date	Maturity date	Beneficiary
	5,000	EUR	20-Jan-17	31-Dec-17	Compania Națională Administrația Porturilor Maritime S.A. Constanța
	2,000	EUR	30- Jan-17	31-Dec-17	Compania Națională Administrația Porturilor Maritime S.A. Constanța
	18,112	RON	5-Feb-16	31-Dec-17	Compania Națională Administrația Porturilor Maritime S.A.
	252,850	RON	4-Apr-16	31-Dec-17	Compania Națională Administrația Porturilor Maritime S.A. Galați

Transfer prices

The tax regulations in Romania regarding transfer pricing have been established in Romania starting with the year 2000. The current legal frame defines the concept of „market price" for transactions between related parties as well as the methods to establish transfer prices. As a result, it is possible that the fiscal authorities start detailed verifications of the transfer prices, to insure that the fiscal result and/or the customs value of the imported goods are not affected by the prices used in transactions with related parties. The Company cannot assess the result of this verification, but the management considers that the Company does not have a significant exposure from this point of view, as there are documentations for the price transfers for the previous period, that will be further updated.

30. SUBSEQUENT EVENTS

By GMS Resolution no. 1 of 12.03.2018, the shareholders decided to allocate to reserves the share premiums in amount of RON 46,218,631 and the premium merger of RON 199,315.03 resulting from the merger with Bac Shipping. The Company also decided to cover the losses incurred by the buy-back of its own shares in amount of RON 40,584,719 lei from the reserve set up further to the incorporation of share premiums and retained earnings.

On March 23, 2018 the Company bought back from IFC 1,333,150 shares representing 4.2548% against EUR 6,239,142 the equivalent of RON 29,111,213, further to which IFC no longer holds any shares in TTS.

These consolidated financial statements have been approved by the Board of Directors and authorized to be issued on April 19, 2018.

Mihailescu Alexandru Mircea,
President of the Board of Directors

TRANSPORT TRADE SERVICES S.A. TTS S.A. * BUCUREȘTI *

Stefanut Petru,
CFO